



ECONOMIC RECOVERY THROUGH CO-OPERATIVE

Proceedings of the

4TH NATIONAL CONFERENCE OF THE INSTITUTE OF CO-OPERATIVE PROFESSIONALS OF NIGERIA (ICOPRON)

**5th-9th
NOVEMBER,
2018**

Theme:
**TOTAL ECONOMIC
RECOVERY
THROUGH
CO-OPERATIVE
SUSTAINABILITY**

Held at
**LASCOFED HALL,
OGBA-IKEJA, LAGOS**

4TH NATIONAL CONFERENCE OF THE INSTITUTE OF CO-OPERATIVE PROFESSIONALS OF NIGERIA (ICOPRON)



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Editors

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ADDRESS PRESENTED BY

COM. OLUBUNMI ADEBAYO FAJOBI, ficip
National President

The Institute of Co-operative Professionals of Nigeria (ICOPRON),
On the Occasion of the Institute's 4th National Conference
Holding at Lagos from 5TH – 9TH November, 2018

PROTOCOL

1. I am particularly delighted to welcome all stakeholders in ICOPRON to the 4th National Conference holding here in Lagos as planned, all odds, nonetheless. All glory to God for journey mercies granted all, both in the course of planning by the National Organising Committee, (NOC) and the Local Organising Committee, (LOC) as well as attendees of the Conference with the track name EKOCOOP2018. I pray for the safety of all as the Conference runs and when we return back to our loved ones at the close of the programme.

2. In tribute to some of our founding fathers that had transited to the great beyond: Chief Oyelakin Oyelami, the founding secretary and Prof. J.N.P Okonkwo the first National President, who passed on late last year. May we all rise and observe a moment of silence in their honour. (May the souls of the departed rest in peace).

3. Distinguished Guest, you will recall that this body came to existence under the name Association of Cooperative Professionals of Nigeria, (ACPN) in the late 1980s as initiated by

Dr Enyeribe Onuoha (a retired academic and currently the Traditional Ruler of Ihite Afoukwu Community in Imo State). Gracefully, he is still around doing well. The pioneering Treasurer of the body, Mr J.J Biden too. The initiative we have all joined hands to nurture all these years. I specially appreciate all that have kept the dream alive. Pardon me to single out Ichie Emma Olechukwu, the immediately Past President. The doggedness that has taken us this far could as well see us through, with God on our side and a little more commitment from the vast population of potential membership the institute commands. I therefore urge us all to hear the clarion call.

4. As probably anticipated, the new leadership has tried to reinvigorate the body since last year July, when this onus was unanimously bestowed on my young shoulders. This burden of leadership as National President with clearly spelt mandate to further the quest for greatness and ubiquitous acceptance of our great institute. You will all agree with me that the indefatigable septuagenarian that handed over the Baton did a yeoman's job with a number of landmarks with the take off of

a Temporary Secretariat in Awka, Anambra State; two inconclusive attempts by the body to get chartered at the National Assembly since 2010; regular meetings of NEC, the challenges of hosting same notwithstanding. These and many more have all rallied to indeed gave the much sought lifeline to our budding body of professionals.

5. Distinguished Guests and Professional Cooperators, may we remind ourselves the dilemma we are confronted with genuine quest to establishing for ourselves and the coming generation an institute, Chartered, as obtained with other professional bodies in the country. Neither the Corporate Affairs Commission, (CAC) nor the Federal Registrar of Cooperative could achieve it primarily because the extant laws forecloses that.

What would ultimately crown this effort to the heights of unprecedented success is to have our institute become a Chartered body with Act of Parliament that will enable it to function as such.

6. Towards ensuring this, visitation to the National Assembly with the intent of securing the nation's Legislative acceptance of our Movement must be earnestly pursued. It is our fervent prayers as we follow up on this that the National Assembly will someday oblige us and predictably after the legislation the body will automatically enjoy a new life.

7. Distinguished guests, Gentlemen and ladies of the Nigerian Cooperative

Movement, it should be mentioned of the observed lackluster commitment of core professionals, especially in the sphere of pushing for the best in all of the institute's efforts. With a rough guess on the demographic spread, I can boldly say that at least, the institute potentially has a membership base of not less than in each Local Government of the federation. Your guess is as good as mine that combining such a strength in population will certainly put us int the pedestal of a national and international reckoning. Members in the academia, professionals in the public service; Federal and States, Managers/Itinerary Secretaries, General body of Cooperatives Societies and the Federation were such some pool of under tapped human resources that ordinarily could have engender huge successes so fundamentally embedded as core values in the Cooperatives system.

8. Basically, it is the strength in joining forces that serves one of the core principle of Cooperatives globally and Nigeria must strive to harness what she has in abundance. Urging and nudging us into action would definitely take us to the promised achievements.

Globally, employment of the cooperative mechanisms have continue to assist in lessening peoples' experience in facing harsh realities of life. Housing, Education, Banking, Agriculture, Consumers Cooperatives Societies have been deployed to the rescue of the respective human needs and the people are the better for it. The global trend as being promoted by ICA and ILO is for Workers Cooperatives to take over the production mechanism and to achieve this a system sanitizing mechanism that

will promote and advance the adherence to the ethics, correct values and essentially the principles should be in place.

9. The submission above almost served our Theme for this Year's Conference: TOTAL ECONOMIC RECOVERY THROUGH CO-OPERATIVES SUSTAINABILITY. The choice of Lagos as its host coincidental matches with the growth and good organisation of Lagos Co-operative movement as well as its widely known strength as the commercial hub of the country. I therefore thank Lagos for being very good host and ensuring the Conference hold as scheduled.

10. In spite of the unavoidable drags identified, several milestones were covered in the last 17 months that we took over:

(a) the 3rd National Conference Book of readings shall be unveiled shortly

(b) the bold initiative of the body in drawing the attention of HE President Muhammed Buhari to the persistent breach of law by appointment of the Federal Director of co-operative services from outside the Department has led to the appointment of the most senior officer in the federal service being appointed as the Acting Director. We can therefore only urge for the Co-operative act be respected by confirming the appointment,

© the imbroglio generated by the election of officers for the FCTA staff Multipurpose co-operative soceity Ltd was amicably resolved by the body and the Multi Million naira society is back to life after an interregnum having had its

accounts and activities suspended but was eventually resolved amicably and in the same breadth, the deserved respect for the Office of the Chief Registrar of Co-operatives Societies of FCT and the Unit has been successfully addressed (d) for the first time, the National Conference is holding as scheduled among other outstanding feats

11. Your Excellency, distinguished guests, ladies and gentlemen, at this juncture, it is expedient to charge ourselves to the Herculean tasks on our hands. As earlier mentioned, the National Secretariat of the institute should ideally be located in the Federal Capital Territory, Abuja. To not only to take it to Abuja should be our desire but really to push for owning a befitting office structure for the body should serve the ultimate drive. Further, the obtaining of the National Assembly act conferring us with the chartered status must be seen to come to reality just as expansion of membership base be exponentially pursued for the common good of all.

Our maximum support and cooperation become imperative to these laudable ends.

As we look forward to having 2021 National Conference up north of the country, we shall all live to witness it and many more of it.

Your attentiveness is highly appreciated

Long live ICOPRON

Long live the Federal Republic of Nigeria.

TOTAL ECONOMIC RECOVERY THROUGH COOPERATIVE SUSTAINABILITY IN NIGERIA

BY

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1.1 Introduction

The Nigerian economy slipped into recession in 2016 when it contracted by 2.06% between April and June in 2016 after declining for two consecutive quarters. It was then obvious in August 2016, that the country had fallen deep into recession with high unemployment, slowing gross domestic product and high inflation. Other causes were high interest rate, reduced real wages and reduced consumer confidence. These factors were into effect during 2016, thus making the Nigerian economy to fall into recession.

The Nigerian economy is dominated by the oil sector in terms of foreign reserves and total revenue earnings. But it is agriculture based with respect to employment of economically active labour force the Gross Domestic Product. While the agricultural sector was contributing over 65% of the GDP in the 1960s and employing about 75% of the population, it nosedived to about 25% GDP and about 55% in terms of employment in 2017. During the 1960s and 1970s agricultural products such as cocoa, rubber, palm produce, cotton, maize and groundnuts dominated the foreign exchange earning capacity of the country. No sooner the country discovered the oil in commercial quantity in 1970s, the leaders of the country shifted policies emphasizing on oil exploitation and exportation for higher national income.

Things started to fall apart as there was a near complete reliance on oil with little or no support for agriculture and food sector. Notwithstanding the high contribution of oil, agriculture remains the base of the Nigerian economy, providing the main source of livelihood for most Nigerians. However, the Nigerian agricultural sector faces many

challenges, and these include the following:

- an outdated land tenure system which impedes farmers' access to land (the average recorded was about 1.8 ha/farming household),
- a very low level of irrigation development (less than 1 percent of cropped land was under irrigation),
- limited adoption of improved technologies, thus hindering high level of productivity,
- high cost of farm inputs,
- poor access to credit,
- inefficient fertilizer procurement and distribution,
- inadequate storage facilities and
- poor access to markets.

All these constraints combined to keep agricultural productivity low with an average of 1.2 metric tons/ha for cereals and yet with high postharvest losses and wastes.

Even though agriculture still remains the largest sector of the Nigerian economy and employs two-thirds of the entire labour force, the production hurdles have significantly stifled the performance of the sector. Over the past 20 years, value-added per capita in agriculture has risen by less than 1 percent annually. It is estimated that Nigeria has lost USD 10 billion in annual export opportunity from groundnut, palm oil, cocoa and cotton alone due to continuous decline in the production of those commodities. Table 1 below shows the trend of arable crop production over the years. Food (crop) production increases have not kept pace with population growth, resulting in rising food imports and declining levels of national food self-sufficiency (FMARD, 2008). The main factors undermining production are the various constraints stated above.

Table 1: PRODUCTION OF ARABLE CROPS IN NIGERIA

Tonnes produced in	1980	2000	2016
Maize	612,000	4,107,000 ¹	764,678
Millet	2,824,000	5,814,000	1,468,668
Guinea Corn	3,690,000	7,711,000	6,939,335
Yam	5,250,000	26,210,000	44,109,615
Cassava	11,500,000	32,697,000	57,134,478
Rice, paddy	1,090,000	3,298,000	6,070,813
Melon seed	94,000	345,000	569,398
Cocoyam	208,000	3,886,000	3,175,842
Sesame seed	15,000	72,000	460,988

Source: Food and Agriculture Organisation (Various Issues) Rome

1.2 The Limitations of Agricultural Contribution to Economic Recovery

Three major areas where agriculture can rescue Nigeria from recession and ensure rapid economic recovery are in a) employment, b) exportation and c) substituting for imports.

It must be emphasised that, Nigeria is Africa's leading consumer of **rice**, and she is also one of the largest producers of rice in Africa and simultaneously one of the largest rice importers in the world. In fact she imported 3 million metric tons and about another one million metric tons were

regularly smuggled into the country through the borders.

Similarly, Nigeria is the largest producer of **cassava** in the world, with about 50 million metric tons annually from a cultivated area of about 3.7 million ha largely from the North central, South-west, South-east and some parts of South-south. . Nigeria accounts for cassava production of up to 20 per cent of the world, about 34 per cent of Africa's and about 46 per cent of West Africa's. The national average yield of cassava is estimated at about 13.63 metric tons per ha, as against potential yield of up to 40 metric tons per ha.

Nigeria is the world's largest cassava producer and Africa's largest rice importer. Apart from the arable crops, it is observed that the tree crops popularly called the cash crops have also been facing many obstacles due to the aforementioned reasons earlier presented. The implications are observable in Table 2 where no increase or actual reduction were found in major agricultural

tradable crops e.g. cocoa, oil palm and groundnut) and rapid increases in low tradable crops, such as Kola-Nut and Ginger. That there are falls in levels of output of cocoa, oil palm and ground-nut present a gloomy picture for the agricultural sector's contribution to GDP and foreign exchange earnings.

Table 2; NIGERIA: Trend in Tree or export Crops Production

Tonnes produced in	1980	2000	2016
Oil Palm fruit	5,750,000	8,220,000	7,817,207
Cocoa	153,000	338,000	236,521
Groundnut	471,000	2,901,000	3,028,571
Kola nut	135,000	82,000	143,829
Ginger	200	98,000	522,964

Source: Food and Agriculture Organisation (Various Issues) Rome

On the other hand, the **fisheries sub sector** contributes about 3-4 percent to the country's annual GDP and generates employment and income for a significant number of artisanal fishermen and small traders. Although capture fisheries has now been declining, Nigeria has a big potential in both marine and fresh water fisheries including aquaculture. In spite of this high potential, domestic fish production still falls far below the total demand, which was estimated at 2.2 million metric tons per year in 2008. As a result, the country imports about 60 percent of the fish consumed.

Livestock development is an important component of Nigeria agriculture with substantial social and economic benefits. About 60 percent of the ruminant livestock population is found in the country's semi-arid zone and mostly managed by pastoralists. Domestic production of livestock products is far below the national demand, resulting in large imports of livestock and livestock products. Except for eggs, the domestic production of animal products is less than half the demand for beef, mutton and goat meat, while for milk and pork products it is less than a quarter of the demand (NV20:2020, 2009). About 30 percent of live

animals slaughtered in Nigeria are imported from neighboring countries.

The Forestry sub-sector deals with the timbers and other forestry products such as snails, fungi, etc. These have not been so developed enough in Nigeria. They however possess also high potentials of employment generation, contribution to the GDP and import substitution.

1.3 THE NEEDED PARADIGM SHIFT – COOPERATIVE INTERVENTION

Cooperatives are people-centered enterprises owned, controlled and run by and for their members to realize their common economic, social, and cultural needs and aspirations. Cooperatives bring people together in a democratic and equal way. Whether the members are the customers, employees, users or residents, cooperatives are democratically managed by the 'one member, one vote' rule. Members share equal voting rights regardless of the amount of capital they put into the enterprise.

Under a cooperative setting, some economies often emerge either in form of improved productivity, reduction of a unit cost of production or assisting the needy in not just the production process but as well as along the value chain. The existing situation in Nigeria at the moment calls for a radical change in which cooperativization will be the ultimate and not just an option. For such to generate the desired returns, cooperatives should be mounted as a business driven by values, not just profit, but build a better world where fairness, equity, equality and social justice hold, and where sustainable enterprises that will generate long-term employment and prosperity for members.

A major score point for cooperatives is that they take control of not only their current socio-economic activities but also their economic future, the needs of the communities and profits generated are either shared by members or a large proportion of

these are reinvested in the business. Other substantial advantages are seen in the capacity programmes that are made compulsory for cooperatives and not only the executives or leadership of the cooperatives but also members are mandatorily trained and accounts presented to the entire house at general meetings. .

1.4 Co-operative sustainability and Its Role in Economic Recovery

The main thrust of co-operatives is that they have always endeavored to enable people to have access to goods and services without exploitation. Consequently, members pursue a convergence between economic, social, and environmental interests and this tripod mandate or goals ensure sustainability.

The various forms of Cooperative Societies in Nigeria include the Consumers Cooperative Societies which are organized by consumers who pool their resources together in order to advance their interest in retail purchases. They own shops, buy consumer goods in bulk from manufacturers at factory prices and retail them to members at controlled prices. Any profit made is returned to members as patronage rebates. Also, there are the Producers' Cooperative Societies, the Credit and Thrift Cooperatives, the MultiPurpose Cooperative Societies. There are industrial or production cooperative societies are organized by individuals who engage in specialized, skilled activities such as carpenters, painters, masons, tailors and panel beaters, plumbers, etc. Essentially, nearly all types of cooperatives engage in one form of developmental activities or the other. such as agriculture, transportation and credit creation. They are also catalysts for poverty reduction through the economic and social progress of their members and the societies.

Arising from these characteristics, it goes without saying that any move towards economic recovery in Nigeria cannot be profitably achieved without the involvement of the cooperative societies. Given the spread

of cooperative societies nationwide and indeed worldwide, a ready made change agent is cooperative society.

The government and private sector therefore need to join efforts to develop ways to enhance the performance of cooperatives particularly along the value chain of various commodities to revamp the economy.

Conclusion and Recommendations

This paper has examined the causes of economic down turn in Nigeria, the implications of economic recession and the role of cooperatives in revamping the economy.

It has stressed the needs for sustainability in cooperatives to enable societies to perform creditably well in the recovery of the nation's economy.

To achieve these,

- capacity building programmes of not

only the society's executives but also members of the societies are very important.

- There is the need for public-private partnership initiative to plan along with the societies in specific areas of their strengths and weaknesses.
- It is also expedient to strengthen the training of cooperative management and development courses in institutions of higher learning and even at the informal levels.
- It must be stressed that a critical area of strengths for cooperatives is agriculture. The sector will only be made functional in the country when properly funded. Channeling credit to agriculture through cooperatives is the most appropriate method for ease of covering so many real farmers and recovery of loans.

WOMEN AND YOUTH EMPOWERMENT: A FORGOTTEN AGENDA BY NIGERIAN COOPERATIVES

By

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Abstract

The declaration of Nigeria as the poverty capital of the world has made all well-meaning professionals to look inwards to see how they can help. The identification of women and youths as critical sectors that must be empowered for national development to be achieved is the crux of this paper. The role of cooperatives in empowering this vulnerable group was highlighted while cooperative professionals were challenged not to forget the agenda.

Key words: Women empowerment, youth empowerment, cooperatives, cooperative professionals

• Introduction

Nigeria's lamentable wealth distribution record has continued to provoke perplexing responses as the vulnerable women and youths continue to be poorer (Punch, 2018). It is self-evident to declare that there is a linkage between women and youths and national development. This relationship is not only symbiotically connected but one depends on the other for its sustenance.

The role of youths in national development cannot be over emphasized. The wheel of development of any country lies on their shoulders, and its progress depends on how productive and creative the youthful population is. The youths in any society are the engine of growth and development because they provide the labour force for production of goods and services. They are also the critical masses of people, whose actions and inactions can develop or destroy the fabrics of their society. Interestingly, the transition of society from one generation to another is critical to the formative and developmental aspiration of such society. That, is why a

society that prepares her youths will not only secure her future development but will prepare her next set of leaders with the challenges of national development (Idike and Eme, 2015).

Societies are not only recreated through their youthful population, but, they are the cornerstone to societal rejuvenation. The United Nation's Population Fund office in Nigeria recently stated that 60% of Nigeria's population is under 30, and these youths need to be accommodated with functional education and training that can lead to self-employment, etc and warned that it will become a major challenge if Nigeria is confronted with hoards of unemployed young people (UNFPA, 2013).

However, this quantum of population can be a great asset for the Nigerian state if they are properly harnessed and utilized in the right direction. As the most active segment of any society, they are the major determiners of peace and stability of their nation (Ozohu-Sulaiman, 2006). Conversely, the degree of disorderliness and instability in

the society is also determined in part by youths. Peace is a precursor of development. The absence of peace means that no meaningful development can take place. The National Youths Policy affirms that the extent of the youths' responsible conduct/roles in society is positively correlated with the development of their country (FGN, 2001).

On the other hand, women are an essential sub-group in the development process. Their willingness, enthusiasm and ability to actively participate in nation building is often conditioned by many factors which are mostly social and educational. While some of these might have been exogenously imposed because of unequal access to opportunities (Agbola, 1996), these factors have become mutually reinforcing overtime and have limited the extent and effectiveness of women in development. According to the World Bank (2018), more than 70% of Nigerian families live in poverty, having no access to food, healthcare and education and the worst culprits are the women and youths both of whom incidentally establish the future of every country.

Women occupy a very significant and decisive place in the social, cultural, economic and political life of Nigeria. Their importance is evident both in modern and traditional sectors, not only as housewives and mothers in society, a para-eminent role, but also by their contributions to the quality of day to day life. Nigeria, being predominantly an agricultural country, most of the people live in rural areas. Farming is the primary occupation that determines the rhythm of economic life. In such an environment people live modestly, dedicating themselves mostly to traditional occupation. Women support families through wage labour, preserve traditional knowledge, maintain [biodiversity](#) and ensure household [food security and nutrition](#). The place of women in any endeavour cannot be over emphasized and

given their enormous contributions to socio-economic development, there can be no meaningful advancement where women are excluded.

According to Armendariz and Morduch (2010), serving women can have stronger impacts on households. This is supported by Khandker (2005) who explains that a 100% increase in the volume of income by a woman would lead to a 5% increase in per capita household non-food expenditure and a 1% increase in per capita household food expenditure, while a 100% increase in the income of men would lead to just a 2% increase in per capita household non-food expenditure and a negligible change in food expenditure. The additional effects of the economic gains by way of their enhanced ability to contribute to family finance, reduce dependence on their husbands, improved self-worth and confidence, and increased social involvement in community affairs justify the greater focus of development projects on women.

• THE PROBLEMS OF NIGERIAN YOUTHS AND WOMEN

In 1995, the Human Development Report of the United Nations' Development Programme stunned the world when it declared that poverty has a woman's face. Their major reason was that there were more poor women than men, with women constituting about 70% of the world's 1.3 billion poor people. They claimed that it was worsened by the fact that women have a higher incidence of poverty than men; their poverty was more severe than that of men and there was a trend to greater poverty among women. The British Council (2012) also reported that Nigeria's 80.2 million women and girls have significantly worse life chances than men and their sisters in comparative societies. Violence compounds and re-enforces this disadvantage and exclusion.

Today, modern Nigerian women are on the lowest rung of the ladder largely because religion and tradition are used as instruments to oppress them (Bello, 2017). This is further compounded by the fact that formal sector commercial banks tend to favour men in their transactions mainly because men run the larger businesses preferred by commercial banks and they also tend to control the assets which banks seek as collateral.

Women receive very little support in their businesses and often do not know about their rights to seek financial services. Their access to financial services remains low. It is evident that poor women have no access to loans from the formal banking system because they cannot put up acceptable collaterals and/or because the banks' cost of screening and monitoring the activities of the poor and enforcing their contracts are too high to make lending to this group profitable (Hermes and Lensink, 2007).

The Nigerian youths are not better-off either. Many of them drop out of school, they are not involved in leadership and governance of their country, they have no access to adequate health care and other social amenities and above all, many of them cannot be unemployed. Those who finish school begin to roam the streets in search of paid employment which has become even more elusive. These youths do not have assets to pledge as collaterals to obtain credit from formal financial institutions. Their case is even worsened by the fact that the majority of them have no skills or training in any business operation, having studied non-technical courses. Yet, the youths are the lifeblood of any nation, representing more than half of Nigeria's 182 million population. Therefore, issues affecting Nigerian youths affect the entire country (Hammed, 2018).

There are different specific problems bedeviling Nigerian youths and women today. On the youths' side, they include:

Unemployment: This is one of the

major problems bedeviling Nigerian youths today. As of 2016, the National Bureau of Statistics puts the unemployment rate among Nigerian youths at 65%. There are no jobs despite their academic qualifications. Every year, fresh graduates are churned out from the universities, polytechnics and colleges of education without any job opportunities. According to the National Bureau of Statistics (NBS, 2016), each year 1.8 million young Nigerians enter the labour market. Needless to emphasize that unemployment begets poverty, hunger and crime.

Laziness: A lead contemporary problem confronting many Nigerian youths is laziness. This grows out of their strange belief in small work and big money, short cuts, easy money through yahoo-yahoo, Bet9ja, Nairabet, etc. The consequence is their reluctance in investing their time and resources in small businesses or vocations irrespective of their prospects. On the other hand, wrong religious doctrines and claims of miracles as well as the negative political influence on self-help are not helping matters for the youths of today.

Social media: The social media was invented ostensibly to bring people from different backgrounds of the world together and to bring products, news, messages, etc to their doorsteps. However, in Nigeria, it has become a serious distraction, preventing meaningful discussions and our youths are trapped in it without knowing how to use it to positively add value to their lives. This problem is best addressed by Momodu (2017) who posited in his thesis that Nigerian youths must purge themselves of the arrogance associated with the social media and get serious with hard work because, there are no short cuts to greatness and apotheosis.

Poverty: This is a condition where people lack the resources required to acquire needed goods and services. It results from lack of income which can be due to lack of employment, under-employment, lack of

skills, obsolete skills, ill-health, addiction, laziness, procrastination, etc. Poverty is indeed the end result of many of the socio-economic problems facing the youths of Nigeria today. That is why only a few wondered why The Brookings Institute (2018) recently declared Nigeria as the poverty capital of the world.

Corruption, indiscipline and bad governance: The Nigerian youths are born into the corrupt world, laid down by our country semi-officially and unofficially and where the end is seen as justifying the means. So, our youths learn and quickly too. What you see as the result is where nobody, from the old to the young, sees anything wrong with corruption. Indeed, and frighteningly so, corruption is now like a culture to be passed from one generation to another.

Lack of social and development amenities: There are certain amenities which support development. These include qualitative and functional education, sustainable skills development programmes, good healthcare facilities, financial services to support entrepreneurial development, electricity, water, road and communication facilities, etc. These are clearly lacking in our society and the worse for it are the youths who need them for their empowerment and development.

Others include drugs/alcohol abuse, cultism, insecurity, low self-esteem, hopelessness, identity crisis, etc.

On the women's side, they include:

Unemployment, poverty and disease, lack of equal opportunities with men especially in political office, lack of access to education and maternal healthcare, unfriendly or inadequate policies on women affairs, poor representation of women in governance, lack of access to productive resources like land and credit, use of obsolete production facilities, low prices of agricultural products due to product glut, religious and traditional discrimination, rape, assault and insecurity as well as other

social and marital problems. Onwuala's (2014) research result shows that excluding women from economic, health, educational and political opportunities costs societies to the extent that security, growth and long-term welfare of the country are seriously compromised and the entire population is doomed to being a less productive, less healthy and ultimately less progressive society that we could be. She concluded by declaring that to combat and eliminate the problems against women and youths in Nigeria, we must have good governance that will eliminate corruption and enthrone policies aimed towards their empowerment.

• YOUTH EMPOWERMENT IN NIGERIA

Youth empowerment is a process where children and young people are encouraged to take advantage of their lives by addressing their situation and then take action in order to improve their access to resources and transform their consciousness through their beliefs, values and attitudes.

Youth empowerment focuses on processes that enable participation; enhance control through shared decision making; and create opportunities to learn, practice and increase skills. Empowerment suggests that engaging youths in pro-social, meaningful, and community-enhancing activities that the youth themselves define and control, and help youths gain vital skills, responsibilities, and confidence necessary to become productive and healthy adults.

Youth empowerment examines six interdependent dimensions: psychological, community, organizational, economic, social and cultural. Psychological empowerment enhances individual's consciousness, belief in self-efficacy, awareness and knowledge of problems and solutions and of how individuals can address problems that harm their quality of life. This dimension aims to create self-confidence and give youth the skills to acquire knowledge. [Community empowerment](#)

focuses on enhancing the community through leadership development, improving communication, and creating a network of support to mobilize the community to address concerns. Organizational empowerment aims to create a base of resources for a community, including voluntary organizations, unions and associations that aim to protect, promote and advocate for the powerless. Economic empowerment teaches entrepreneurial skills, how to take ownership of their assets and how to have income security. Social empowerment teaches youth about social inclusion and literacy as well as helping kids find the resources to be proactive in their communities. Cultural empowerment aims to recreate cultural practices and redefine cultural rules and norms for youth. Through these dimensions of empowerment, programs can work on empowering youth in one or more aspects of their lives.

Youth empowerment programs are aimed at creating healthier and higher qualities of life for underprivileged or at-risk youth. The five competencies of a healthy youth are: (1) positive sense of self, (2) self-control, (3) decision-making skills, (4) a moral system of belief, and (5) pro-social connectedness. Developmental interventions and programs have to be anchored on these competencies that define positive outcomes of healthy youth.

There are numerous models that youth empowerment programs use that help youth achieve empowerment. A variety of youth empowerment initiatives are underway around the world. These programs can be through non-profit organizations, government organizations, schools or private organizations. In Nigeria, we have the National Directorate of Employment (NDE); Small and Medium Enterprises Development Programme (SMEDAN); Npower; Youth Empowerment and Development Initiative (YEDI); African Youth Empowerment Nigeria (AYEN); Young Entrepreneurs of Nigeria (YEN);

Youth Empowering People (YEP); Youths Enterprise with Innovation in Nigeria (YouWin); Youths Initiative for Sustainable Agriculture in Nigeria (YISA); Graduate Internship Scheme (GIS); Youth Entrepreneur Support Program (YES-P from Bank of Industry); Diamon-Crest for Youth Education Foundation; National Youth Service Corps; New Era Foundation (with Senator Oluremi Tinubu as President and Founder); Youth for Technology Foundation; Foundation for Skills Development; Lagos Digital Village; LEAP Africa, etc (Nwuzoh, 2018).

• WOMEN EMPOWERMENT IN NIGERIA

Different definitions have been used to conceptualize empowerment. Mayoux (2005) defines empowerment as a multidimensional and interlinked process of change in power relations. In understanding women's empowerment, Krishna (2003) defines women's empowerment as the process of increasing the capacity of women to make choices and to transform these choices into desired actions and outcomes while the UN (2001) classified women's empowerment into five components: their right to make choices; their right to have access to resources; their right to control their own lives; their sense of self-worth and their ability to create a social and economic order.

Consequently, women's access to such productive resources is capable of emboldening them to make the right choices, enabling them to have greater control over their lives, increasing their sense of self-worth and their ability to contribute to the creation of a new social and economic order. As majority of them are rural farmers, such access will facilitate agricultural development and enhance the contribution of the sector in the generation of employment, income and foreign exchange. That is why it is generally believed that once women have access to such catalytic productive resources, the other components

of women empowerment will naturally fall in place.

Women economic empowerment can also lead to social and political empowerment in the community. For example, women take cognizance of their significant contribution to their household well-being which give them greater poise and self-assurance. As a result of this, women's self-assurance and skills, along with their knowledge and the formation of group networks through market access can improve their status in society.

For Sen (1993), empowerment is reflected in a person's capability set. These include proper nourishment, good health and shelter. If there are systematic gender differences in these very basic functioning achievements, they can be taken as evidence of inequalities in the underlying capabilities, rather than as differences in preferences.

Empowerment is also related to the process of internal change and to the capacity and right to make decisions. It consists of change, choice and power. It is a process of change by which individuals or groups with little or no power gain the ability to make choices that affect their lives. The structures of power (i.e. who has it, what its sources are, and how it is exercised) directly affect the choices that women are able to make in their lives. In the feminist paradigm, empowerment goes beyond economic betterment and well-being to strategic gender interests (Bali-Swain, 2006).

According to Hermes and Lensink (2007), the advocates of microfinance argue that access to financial services can help to substantially reduce poverty. Access to finance may contribute to a long – lasting increase in income by means of a rise in investments in income-generating activities and to a possible diversification of sources of income. It may contribute to an accumulation of assets, it may smooth consumption, it may reduce vulnerability due to illness, drought and crop failures, and it may contribute to a better education,

health and housing of the participant. In addition, access to financial services may contribute to an improvement of the social and economic situation of women.

Evidences from several literatures show that adequate credit aids entrepreneurship performance among rural women farmers (Lakwo, 2007; Ojo, 2009). The result of such credit assistance to rural women farmers is often seen in improved income, output investments, employment, empowerment and improved welfare of the women farmers (Lakwo, 2007). Credit had positive impact on farming business performance of rural farmers in Kenya; income and well-being of women in Uganda (Lakwo, 2007); credit and savings had positive impact on agricultural performance in Nigeria while credit and training had positive impact on women farmers who lack physical collaterals (Ojo, 2009). The World Bank (2009) in her own account recorded that micro-credit is a powerful anti-poverty tool that has demonstrated relevance to people in six continents and nearly every country. This shows that microfinance activities can make significant contributions to rural women development and the entire society.

Women empowerment is considered as an entry point for gender and thus, without women empowerment, we cannot achieve gender equality. Specifically in Nigeria, there are several women empowerment programmes going on. They include Nigerian Women Fund; Women Empowerment and Enlightenment Programme; Girls Power Initiative; Women for Women International; Operation Hope; African Women Power Network; SheLeads Africa; Centre for Values in Leadership in Nigeria; the Widow Support Initiative; Women Empowerment Programme and Scheme Synergy (WEPSS from Intels, 2013); Stand to End Rape Initiative; market-moni; etc (Ogar, 2018).

• EXPECTATIONS FROM

COOPERATIVES AND CHALLENGES

According to the ICA (1995), a co-operative as an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly – owned and democratically – controlled enterprise. Unlike private companies, a cooperative is not an association of capital but of persons with freedom of entry and exit. Co-operatives exist to serve the needs of members who are there as patrons and owner-users and not as investors. A cooperative operates its jointly –owned and democratically-controlled enterprise independently of government, community and external agents.

Cooperatives operate with values. Co-operative values are integral part of cooperative identity and personality. The principles of cooperation spring from the values and are manifestations of the values. The values are rooted in the heart of committee members and cooperators; and together they constitute the cooperative spirit and culture and guide their actions. There are nine of them including the key values of *Self-Help, Solidarity, Equality, Equity, Economic Democracy* and the ethical, moral values of honesty, openness, social responsibility, caring for others.

The opposite of Co-operative Values are the Spirit of indolence and dependence, autocracy, disunity, inequality or class distinction, cheating, individualism, dishonesty, secretiveness, social apathy, indifference or unconcern towards others.

The cooperative principles are part of the fuller statement of the movement's purpose, values and distinctive identity and reflects the beliefs, activities and aspirations of the time they are formulated. They are the guidelines by which co-operatives put their values into practice. They include (a) Voluntary and Open Membership; (b) Democratic Member Control; (c) Member Economic Participation; (d) Autonomy and

Independence; (e) Education, Training and Information; (f) Co-operation among Co-operatives; and (g) Concern for Community.

These values, among other aspects of cooperatives, are particularly useful in empowering women through membership, economic agents of change and economic emancipation. They also help them in developing leadership qualities and opportunities; promoting financial and social inclusion and providing continuous training and information (Ghebremichael, 2013). Case studies show that the cooperative movement can alleviate poverty by tackling some of the causes of poverty. It can contribute to improve access to capital, mobilize savings, solve housing needs and develop women's potentials.

According to the ICA (2012), the cooperative option can lead to employment generation where members can pool their resources into a joint business that have the capacity to achieve for them what they cannot as small holders. It can also go into business training, skills acquisition, creating access to savings and credit and self-employment for both women and youths. The cooperative option can also lead to start-ups, skills and training with business advisory services, on the job training through apprenticeship and internship, establishment of school cooperatives, etc. It can also lead to accessible and affordable services like food and consumer retail, financial services, health and social care, housing, transport, communication, utilities, mobile phone and internet services.

Finally it can lead to the development of leadership and management skills where members and especially the committee acquire general and specific knowledge and skills, develop professional networks, explore and master various work situations and problem-solving skills for future use.

The International Labour Organisation (ILO, 2014) while leveraging the cooperative advantage for women's empowerment and gender equality revealed

that cooperatives can contribute to poverty alleviation by generating decent jobs that are productive and provide income for their members.

When Miriam Babangida established the Better Life for Rural Women Programme, the objective was to empower women through cooperatives. The programme provided women with credit, equipment and other cottage industries, training, health and educational opportunities, marketing and value-chain opportunities, legal protection and social and psychological exposure. Cooperatives run by and for women can offer particular opportunities for them to control their own economic activities especially where they face social and cultural restraints which limit their ability to participate in the world of work. Women-only cooperatives can help overcome whatever discriminatory practices that hinder their participation and experience in deciding their own welfare even at governance level. Cooperatives can take into account and address the gender division of labour at home and at work among their members, users and workers through their services and are likely to become much more relevant for the communities in which they operate. Deliberate quota reservation of leadership positions to women to ensure their participation at that level and improve their experience and leadership abilities.

Women's participation in cooperatives leads to economic empowerment. Proponents of this school of thought believe that access to financial and productive resources empower women economically. Women economic empowerment leads to increased well-being of the households. For instance, the profit from the business can be used for the education of the children and decision making process within the household. In addition, it is argued that this increased income can also be used for health care and proper feeding of the family. In a nutshell,

the savings and accessibility to loans by woman reduce their vulnerability to poverty.

Cooperative businesses can do so much to help women onto the ladder of economic activity. With that comes community respect, political legitimacy and influence. Cooperatives allow women who might have been isolated and working individually to band together and create economies of scale as well as increase their own bargaining power in the market. Women cooperatives can organise the workforce and help women to gain access to more credit, new technology and enhanced production methods.

The International Labour Organisation (ILO, 2018) reflecting on the role of cooperatives in rural women empowerment included the following: creating jobs and increasing income for women workers, improving livelihoods through the provision of basic services, boosting women's leadership and management capacities, increasing rural women's participation and empowerment. To achieve these maximally, the ILO recommends ensuring that cooperative legislation is more gender-responsive; increasing public support for rural women in cooperatives while respecting their autonomy and independence; promoting products from women's cooperatives through procurement programmes or solidarity labels; and increasing awareness among cooperative leaders and members on the importance of equitable gender relations.

The Nigerian Cooperative Women Alliance (NICOWA, 2012) however observed that when women belong to mixed gender cooperatives, they are almost absent in its governance while their contributions in discussions and decision-making is limited by the afore-mentioned constraints. That is why many experts still advocate the establishment of women-only cooperatives under their own management as an effective method of facilitating their access to the means of production.

Despite these theoretical presentations, there are still challenges militating against the effective role cooperatives are expected to play in women and youth empowerment. We all know that in Nigeria, robust laws and policies are neither guarantees nor are they enough to ensure women and youth development or even the compliance to relevant provisions towards that objective. The gap between such regulatory stipulations and practices are wide and need to be closed if we want to achieve women and youth empowerment through cooperatives.

Being registered as a cooperative does not by itself guarantee that gender equality is going to be fully integrated into the cooperative. It has to be deliberately worked for or forced through considering the social and cultural restraints that exist in our societies (ILO, 2014). Cooperative courses are not included in secondary school curriculum in Nigeria despite the policy stipulation, existing mainstream entrepreneurship education and business support services also neglect the cooperative model. Promoters of the cooperative model, especially government under-estimate the need for capacity building, business management skills and specific trainings in cooperative governance. Existing cooperative policies and legislation continue to limit the formation and growth of viable and self-sustaining cooperative enterprises. Young people see cooperatives as outdated, unattractive and for the old while older people see youths as dishonest, impatient and unreliable. There is a generational gap or divide between the younger and older generations, as far as cooperatives are concerned, and this leads to difficulty in integration.

Yet, there are new models of cooperatives which the youths and women all over the world are embracing. Examples according to Okoreaffia (2017) include Business and Employment Cooperatives (BECs), Electricity Co-operatives, Health

Services Co-operatives, Insurance Co-operatives and Mutual Societies, Production-Promotion Cooperatives, Housing/Building cooperatives, Schools cooperatives, Industrial/Artisans cooperatives, Transport cooperatives, Workers Co-operatives, etc. Nobody is talking about them. Nobody is teaching our youths and women about these new opportunities. Nobody is telling our youths and women what they need to hear in the language they understand.

This, unfortunately, exposes the absence of independent promoters in the cooperative sector. Government used to be the major promoter of the cooperative system of business in Nigeria but they have withdrawn considerably due to the campaign for de-officialisation and/or dwindling government resources and/or loss of confidence in the cooperative option or a combination of many or all. Whenever government mentions cooperatives now, it is mainly for the promotion of a certain government objective and they do not find it unusual to preach the wrong message using cooperatives in order to attract the attention they need.

There are no independent civil society groups or non-governmental organisations advocating, promoting and facilitating the cooperative option and its unadulterated practice. The only organization factually left with this responsibility is the Cooperative Federation of Nigeria (CFN). I want to believe that the CFN, with all its potentials, has not yet given up her mother role for all cooperatives in the country, both born and unborn, although cooperators keep asking whether it is still alive. Even as powerful as the office of the Director of cooperatives is, nobody feels their impact anymore in the form of cooperative promotion. What of the Institute of Cooperative Professionals of Nigeria (ICOPRON)?

5. CONCLUSION

Are cooperatives in Nigeria really socio-economic in practice? What are the social contents of our cooperative activities? What is the value of such cooperative activities and programmes on our women and youths? Are we missing that relevant aspect of cooperative development or is it a case of a forgotten agenda? Are there people we can count on to lead the fight for women and youth empowerment through cooperatives?

Evidences have shown that policy declarations and legal enactments are not enough to change anything where we do not have promoters and advocates that will carry the cooperative agenda for women and youths and fight through the constraints. I am tempted to announce that I have found the right types of advocates and promoters today. Yes, you, sitting before me. Yes, you the cooperative professionals, leaders, teachers, practitioners and facilitators.

There are three ways you can do this; (1) By insisting on practices that will promote women and youth empowerment in your different cooperatives; (2) By encouraging the society around you beginning from your families, to see women and youth empowerment as basis for sustainable development and supporting programmes that advance it; and (3) By ensuring that wherever we find ourselves in policy decision-making processes, we must ask the question – how would such policies

empower our women and youths? Where we have partners in each other, such consciousness will no doubt assist the cooperative model in Nigeria to fulfill its expected role of women and youth empowerment.

If Sanusi (2018) has predicted that Nigeria may remain the poverty capital of the world till 2050 and beyond unless deliberate policies and programmes are urgently put in place to empower her women and youths through education and training, basic health care and nutrition and access to productive resources like credit, etc that will generate self-employment, then you have to agree with me that cooperators need to start now to pay serious attention to their women and youth members.

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COOPERATIVE SUPPORT FOR NIGERIAN AGRICULTURE: A SELF HELP PROJECT FOR COOPERATIVE DEVELOPMENT

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1. Introduction

The bulk of the Nigeria's food requirements is being met through the farming efforts and activities of small scale farmers. Millions of farmers, scattered in different ecological zones engage in the production of wide variety of arable crops and this is done under traditional subsistence agriculture. Individually, while not exerting much influence, they collectively form an important foundation on which the nation's economy rests. Oludimu and Falana (2012) observed that 90 percent of Nigeria's total food production comes from small farms and at least 60 percent of the country's population earn their living from these small farms.

Aihonsu (2017) also opined that the raw materials provided by the agricultural sector serve as the lifewire of many manufacturing industries such as textiles, beverages, tyres and papers among others. Inadequate supply of raw materials has been a bane to industrial development and made many industries to operate below their capacities thus making some to shut down. By the reason of this also, a number of people hitherto employed are relieved of their jobs thus making unemployment higher with its attendant problems. A way to address these problems is to expand the frontier of agricultural production to increase both food for man and feeds for livestock as well as raw materials for the industries.

2. The Nigerian Agricultural Sector

Agriculture plays a significant role in the economic development of Nigeria. As

recorded by Akerele *et al* (2012), agriculture provides food for the growing population, employment for over 65 percent of the population directly or indirectly and raw materials as well as foreign exchange earnings for the development of the industrial sector (Ojo, 1990). Accordingly, the Nigeria small-scale farmers have been the focus of agricultural policy formulation since the country gained independence in 1960. The reasons for this are that the nation's agriculture has always been dominated by small-scale farmers who produce substantial portion of the nation's food requirements. These farmers are known to be characterized by low level of production.

At independence in 1960, agriculture was the most important component of Nigeria's economy. The sector was the principal provider of employment, income and raw materials for the burgeoning industrial sector. It was infact the major earner of foreign exchange for the nation.

However, the discovery of petroleum impacted negatively on the agricultural sector. By the late 1970s, the food importation bill as a percentage of the total importation was increasing. By 1980, the share of food as a percentage of total importation was 15.8 percent. As at 1993 the share of total importation was 8.4 percent and by year 2000, it has risen to 11.80 percent (FOS,2000). The situation in Nigeria has become critical as domestic food production cannot keep pace with the rapidly growing population. Past studies show that Nigeria's

food production on the aggregate was growing at the rate of about 2.5 percent per annum while the demand for food on the other hand was growing at over 3.5 percent per annum (Ojo, 1990 and NISER, 2001).

To ameliorate the food shortage problem therefore, the Nigerian government continued with massive importation of food over the years. For instance the records of FOS/NBS as reported by Adekun (2014) revealed that the food import bill rose by 1003 percent (i.e from 0.60 to 6.62 million metric tonnes) between year 2003 and 2010. Recently, the Vanguard News of 27th August 2018 reported the Minister for Agriculture, Chief Audu Ogbe as saying "Nigeria spends almost \$22 billion every year on food importation. If we don't fix agricultural problems in the country to where families can feed on less than 15 percent of its budget, then the country is in trouble." This should therefore be of concern to every well-meaning Nigerian.

In furtherance of the submission of Adesimi (1995) therefore, Aihonsu (2017) opined that the food shortage situation in Nigeria is not only paradoxical and unfortunate but is indeed a dilemma. This is because of the abundant natural resources in terms of fertile land, good weather, abundant human labour force by virtue of the large population, enabling natural environment of absence of major natural disasters of landslide or earthquake or unavoidable flood, snow or winter etc.

One major factor of production mostly complained about is insufficient money capital to acquire real capital to expand the frontier of farm production. This is again paradoxical and a dilemma as well. The reason is that from the evidence of the happenings in the political circle in the country, one can conveniently say that the nation as a whole is not as broke or short of money to the degree that is popularly propelled or photographed. The major problem seems to bother on distribution of wealth and misplaced priority. For instance a very small percentage of the population is in control of the bulk of the wealth of the nation. The solution therefore, is in arriving at a formula for equitable redistribution of the wealth evenly.

Secondly, the cost of governance is

exorbitant and eating deep into the reserve of the nation. The presidential system of governance as it is being currently practiced in Nigeria is not only extraneously costly but also cannot be comfortably sustained by the economy. Because it is unnecessarily capital intensive thus being excessively lucrative, it attracts away young individuals who hitherto have been engaged in more productive activities such as farming. Hence, a lot of man-hours are daily wasted on this perceived non-productive and undesirable activity. This no doubt have negative impact on the economy thus further constraining availability of funds for the productive sector. A collective approach through the age-long cooperative business was therefore suggested to address the menace (Aihonsu, 2017).

Cooperatives have the advantage of equal and collective ownership and responsibility of members. It has the potential of raising good funds via pooling of individual resources for common and collective use.

3. Historical Perspective of Cooperative Establishment.

Before the advent of the modern day formal cooperatives, there has been groups such as work groups, peer groups, professional associations etc working together to advance common interest of respective groups or associations. Such groups bear different names in the different communities where they exist, and operate with different but similar objectives of improving the welfare of their members. Such operations were to culminate up in improved economic welfare usually measured in terms of income or financial gains of individuals.

The Cooperative movement was started in Nigeria by farmers either as a popular movement to press for the improvement of their conditions by government or to improve their crop production techniques for greater yield. According to Anosike (2014) formal cooperative societies came into existence in 1907 with the establishment of Agege planters' union with 400 planters from six cocoa producing districts. The exploitation in the hands of middlemen made them to pool their resources together with the following

objectives:

- (a) to educate their members on measures of improving the quality of their cocoa;
- (b) to provide credit facilities to members;
- (c) to regulate labour migration from one area to another;
- (d) to organize the construction and improvement of roads for easy transport; and
- (e) to arrange for direct sale of their produce abroad.

The Union was reported to have lived up to the objectives of its existence but folded up by 1937. Other cooperative associations like Egba Farmers Union and Ibadan Agricultural Society then emerged. This concentration in the South-Western Nigeria gave support to mobilization of farmers for productivity and economic growth.

The setting up of Norwell Commission in 1922 by the Colonial Government led to the beginning of government intervention in the cooperative societies (Anosike, 2014). The Commission had the following objectives.

- (a) to look into the reasons for the fall in the price of cocoa;
- (b) to examine how to improve the quality of output for fear of total exclusion of Nigerian cocoa from the world market; and
- (c) to investigate the reasons for the incessant agitation for action by the farmers' union.

The Commission recommended that the cocoa farmers' union should be given recognitions and they should be used for cocoa marketing. The commission also recommended the establishment of Cooperative Marketing Export Agency and creation of cocoa fermentation centres. The commission made the colonial masters to establish the fermentation centres which were called "Cocoa House". The centres became places where farmers were educated on how to prepare good cocoa seedlings. The centres were ventures jointly managed by the government and cocoa farmers. In 1929, the centres became marketing societies and this was done by the Department of Agriculture.

The Thrift and Loan Societies started in Abeokuta in 1940 with the objective of providing salary earners with credit facilities

to meet financial obligations like school fees and rents (Oluwasesi, 2011 cited in Anosike, 2014). The members had facilities for regular savings. The benefits provided by the societies made them to spread to all parts of Nigeria within a short period of time and it received wider support in the Eastern Nigeria. Over 85 percent of the cooperative societies in the region were reported to be thrift and credit societies and they were village based.

Agricultural cooperative societies were not prominent in the East because of the trading nature of the people, hence the regional government established Cooperative Agricultural processing and other forms of cooperative farming. Palm produce was highly supported by the regional government because it was mainstay of their economy.

The cooperative societies scattered all over the Northern Region were supervised initially from Ibadan, the capital of the former Western Region. They were mainly the Thrift and Loan Societies for salary earners. Much of the developments in cooperatives in the Northern Region at the early stage took place in Kabba, the cocoa producing area of the region. The colonial government, the provincial and native authorities played a leading role in encouraging their formation while government financial support was essential to the cooperative movement (Arinde, 1998).

The Credit and Thrift Cooperative Societies were most welcome in the North because they were seen as societies for the commoners, and were suitable for them.

However, today all over the world, cooperatives have gone beyond traditional but have become complex. Over the years, they have grown into different types including Producers Cooperative Societies, Consumers Cooperative Societies as well as credit and Thrift cooperative societies bringing different types of people irrespective of beliefs, religion, language or ideology together. Hence, cooperatives provide opportunity for the growth of the society.

4. Relationship between Agriculture and Cooperatives

Cooperative development in Nigeria has its root in the rural sector. And agriculture being the major occupation in the rural areas

therefore, it stands as a pivot for developing cooperatives while cooperatives on the other hand remains an important organ in advancing the course of agriculture. Therefore, the cycle resembles the two sector economy cycle of Business and Household sectors.

Figure 1 is a simple demonstration of this Resources

Especially finance

Cooperatives Agriculture

Goods (agriculture produce/products)

Figure 1: Cooperative – Agriculture interdependence

Both cooperatives and agriculture are therefore mutually interdependent. Neglect of one will negatively affect the other. Hence an approach should be put in place to promote a good synergy between the two.

In addressing this therefore, specialized agriculture related cooperative societies should be promoted and sustained. These include: farmers produce cooperatives; Agricultural marketing cooperatives; Agricultural produce value addition (processing) cooperatives, among others.

Unfortunately, these are among the less preferred, neglected or unattended cooperative societies today. The most popular ones are the Credit Societies and consumers cooperatives. Perhaps, this is so because agricultural practices currently is still labourious and relatively more risky than other jobs. In addition to this is the fact that return to investment in agriculture is still low and crawling. If this trend is not broken however, attainment of food production sufficiency will remain a mirage. Unfortunately, resulting to large food importation to ameliorate the situation weakens the economy and threatens the true independence of the country.

Therefore, giving good attention to development and promotion of agriculture related cooperatives will positively impact on the economy. This will go a long way in addressing the food shortage problem in the country.

6. Conclusion

With the submission that co-operatives all over the world have been recognized as instruments of social and economic transformations, it can be safely concluded that cooperatives have potentials of promoting agriculture in Nigeria. These potentials can be summarized as follows:

1. Providing funds to transform to modern agriculture through provision of operational capital (real and money).
2. Creating avenue for value addition to agricultural produce through processing and branding.
3. Marketing of product through marketing associations or marketing cooperative making ways for adequate transportations storage and preservations
4. Distribution of agricultural products through consumer cooperatives for bulk purchase and guaranteed market for farmers produce.
5. Export of commodities through commodity export cooperatives.

Hence, developing the various specialized cooperatives in agricultural sector can be a panacea to the current atmosphere that is not conducive for meaningful agricultural production in the country.

Therefore, any action towards cooperatives support for agriculture is considered a step in the right direction. Cooperative support for agriculture is therefore perceived as a catalyst for achieving a number of desirable goals among which are the followings:

- (a) increased food production as a drive toward food sufficiency and food security;
- (b) reduction in unemployment in the country;
- (c) improved foreign exchange earnings;
- (d) increased national wealth in terms of Gross Domestic Product (GDP);
- (e) industrial development and sustainability through adequate provision of raw materials for manufacturing industries; and
- (f) effective raising of income beyond mere nominal increase in wages.

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GOVERNANCE AND LEADERSHIP BEST PRACTICES AMONG CO-OPERATIVES IN NIGERIA: THE ROLE OF INSTITUTE OF CO-OPERATIVE PROFESSIONALS OF NIGERIA (ICOPRON)

BY

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INTRODUCTION

Every corporate organization has defined objectives which prompts its formation and existence. In trying to achieve these objectives, the organization statutorily and concessionally assigns responsibilities to its different components purposely created to achieve these objectives. These components could be the board of directors, general manager/chief executive, the board of trustees, and the general house (the share holders). In some situations committees and sub-committees are created for greater efficiency. All these component segments are linked together through a defined structure and modus operandi provided for each to ensure optimal and efficient use of available resources that will guarantee organization goal achievement. A co-operative organization, through registration becomes a corporate institution with perpetual succession and with the right to sue or entertain suits on behalf of the shareholders. With this legal status, it has to live up to corporate challenges in terms of management, capitalization, information etc.

The International Co-operative Alliance, (ICA) in 1995 during its centenary anniversary defined co-operatives as an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise. The ICA was simply emphasizing that co-operative society, fundamentally, is an economic venture embarked upon voluntarily by a group of

individuals who take responsibility for capitalization and governance of the business democratically. Pellervo (2000) stated that ownership in a co-operative is different from that in a listed company because co-operative shares are not normally freely transferable and so there is no market for them. This makes its capitalization strategy different from that of investor owned enterprises (IOEs).

Many co-operatives in Nigeria of recent, have grown into major economic ventures away from "relief materials distributing associations" synonymous with co-operatives of the 70s and early 80s. Invariably they are now in competition with IOEs for market share, resource information, and best corporate governance and leadership. Today major co-operatives demand from their directors, as well as from their owners, at least as good professional skills as listed companies (Samuli, 2000). Demand for transparency and due process in the execution of co-operative business is equally on the increase placing a lot of pressure on the management to ensure good governance and leadership.

Scholars vary on their definition or explanation of what leadership is all about. According to Arnold & Fieldman (1986), leadership is all about one person trying to influence the activities of an organized group towards goal setting and goal achievements. It involves initiation of new structures of process for goal setting, goal achievement and for general problem solving. An effective

leader must maintain good relationship between him and the followers and must constantly bear in mind the task-situational characteristics. A leader cannot lead in isolation, he must be sensitive to the needs of the followers and to the situational changes. Reddin in Okechukwu (2017) defines leadership, (LE) as a function of the leader (L), Superiors (S), Co-workers (C), Subordinates (S), and organizational technology (O), that is $LE = f(L, S, C, S, O)$. He went on to say that a leader will only succeed if he realizes this functional relationship and acts accordingly. Based on the above premise, leadership can be said to be a process of influencing, directing, coordinating the activities of an organized group to willingly strive towards goal setting, goal achievement and problem solving.

Institute of Co-operative Professionals of Nigeria (ICOPRON) is a non-religious, non-political, national professional institution. It is a confluence of all co-operative academia, administrators, regulators/facilitators and practitioners as well as any other person who believes in the efficacy of co-operative ideals. The vision of this body is to create an economic sector that will stimulate and power all other sectors thereby contributing in no mean degree to national economy and produce a socio-economic cum political class free of corruption. Its mission, therefore, is to rediscover the values and importance of co-operatives in national development; set up relevant machineries for its effectiveness and eliminate corruption in all co-operative facet. ICOPRON, as a co-operative organization complies with ICA value standard of self help; democracy; equality; equity and solidarity and strives also to maintain the ethical values of honesty; openness; social responsibility and caring for others.

GOVERNANCE IN CO-OPERATIVES

Co-operative governance is the act of steering co-operatively-owned enterprises towards economic, social and cultural success. It consists of answering key questions, defining roles and responsibilities, and establishing processes for setting expectations and ensuring accountability. The prima facie objective of every co-operative society is to

ensure the economic wellbeing of the members. The Nigerian Co-operative Societies Act of 2004 CAP 98 not only echoed this but emphasized on it while outlining the conditions that will make a society registerable as a co-operative society "A society may be registered as a co-operative society under this Act if ----- has as its objects the promotion of the socio-economic interests of its members-----and established for the purpose" This was also underlined by the statement on the Co-operative Identity adopted on the ICA Congress in Manchester October 1995. Additional objectives include: to safeguard the right of consumers, to protect the environment, to work for healthier products, to offer information and education and to pursue social activities as a form of solidarity (Volkers & Lees, 2000). Succinctly put, the main objective of every co-operative today, as in the past, is to promote the interests of members without which there will be no co-operatives. Okechukwu (2016) posited that the re-occurrence of the word "member" in the first three principles of the 1995 review of the co-operative principles is deliberate. It was done to emphasize the importance of members, and the roles they play in co-operative enterprises as the owner, the controller and the patron of the co-operative enterprise. Every member joins the society voluntarily, contributes to its resources, shares in decision-making and bears whatever risk. Therefore his active role should not be taken for granted.

In co-operatives there exists Board of Directors and Management Committee depending on the level in discuss. In this paper they are interchangeably used. Corporate governance, simply put, is how the Management Committee/Board of Directors manages the co-operative in conjunction with the employees, members of the society, the co-operative rules and applicable legislation (the Co-operative Act and the society's byelaws) and of recent, technology. In practice co-operatives will have different approaches to governance depending on: i) nature of activities; ii) the size of the society; iii) financial position; iv) if the work is being undertaken by volunteers or employees, and v) limitations/restrictions imposed by the

society's byelaws. Generally speaking, small co-operatives may have informal arrangements and larger co-operatives will have more formal structures and practices in place to meet their objectives.

Although there is no single model/definition for good governance, it is however essential for a co-operative society to achieve its objectives. Good governance, in essence, is a series of principles that a co-operative would have in place to ensure it achieves its objectives and remains viable. Care must be taken to avoid functional overlapping to minimize conflicts. The governance principles will determine the policies, procedures and practices implemented within the society and it is very essential that the society's byelaws provide for these principles. The governance principles should complement the international co-operative principles which act as guidelines ensuring the organisation remains in the control of the members and operates for their benefit. Let us take a look at the roles of various components in the governance structure of co-operatives.

General Meeting

The general meeting (Shareholders' meeting) has the supreme authority in all co-operative societies. Its ruling in any issue is final unless the ones statutorily assigned to either the Management Committee or Director of Co-operatives. General meetings are never attended by proxy because it is assumed that every member is a co-manager and has a right of input to what affects him and how his money is utilized. Its powers shall include among others the following:

- Electing from among themselves, members of the Management Committee or Board of Directors and other functionaries of the society like council of inspectors as applicable;
- Drawing up the byelaws of the society and making amendments where and when necessary;
- Approval and monitoring the implementation of the society's budget and investment proposals for the year;
- Dealing with member's and creditor's complaints and other issues necessary for the growth and development of the

- society;
- Fixing of borrowing or lending ceilings for the society;
- Approval of annual accounts and balance sheet;
- Consideration of audit reports and Director's audit comments; inspection report; correspondences; committee's report etc;
- Confirmation of appointments and disciplinary measures as recommended by the Management Committee;
- Approval of fresh loans as recommended by the Management Committee

Management Committee/Board of Directors

The Nigerian Co-operative Societies Act, Section 6, vested the administration and management of the affairs of a registered society on the Management Committee or the Board of Directors as is applicable. They are elected from among the members to execute the following responsibilities:

1. Represent the registered society before all competent public authorities and in all dealings and transactions with third persons, with power to institute or defend suits brought in the name of or against the Society. It shall carry out such duties in the management of the affairs of the society and exercise all such powers of the society as are not statutorily required to be exercised by members in a general meeting unless otherwise provided in the bye laws.
2. Conduct the affairs of the society with the prudence and diligence of ordinary men of business, failing which they may be held responsible for any loss so sustained.
3. The Committee shall perform all such duties as are laid down in the bye-laws of the society which include:
 - i. to comply with the law, the regulations and the bye laws of the Society and to enforce them.
 - ii. to maintain true and accurate

- iii. accounts for the society including the Society's assets and liabilities. to lay before the annual general meeting (AGM), an annual report and approved annual accounts as audited.
- iv. to assist the inspection of the books by any person authorised to inspect and facilitate the annual audit.
- v. to take adequate security from employees.
- vi. in a credit society to supervise the application of loans to the purposes for which they are granted.
- vii. in a marketing society, to ensure that products marketed are of the highest quality.
- viii. to take adequate measures for the safe custody and maintenance of society's money stocks and property.
- ix. to ensure that the society's borrowing and lending ceilings are maintained and implemented
- x. to take prompt action to put right faults pointed out in such reports;
- xi. consider and recommend admission, discipline, suspension or expulsion of any member or officer and present its recommendation to the general meeting for approval.

In addition to the duties enumerated above, the Management Committee or Board functions as the trustees of the society. It formulates policies while leaving the day to day management to the Manager/CEO and his team. It preserves the co-operative character of the society and keeps the members informed on the prevailing economic positions of the nation. It ensures maximum interaction within and outside the society and organizes lectures/talks from time to time to update the knowledge of members. The Board must be knowledgeable and be seen to seek knowledge to the advantage of their society. The Management Committee's role in human resource activities is hiring a competent manager and designing the overall organizational structure. It designs a competitive wage and salary plan and fringe benefits package like medical allowance/insurance, transport/car subsidy,

housing allowance, human capital development assistance, and vacation allowance etc for the employees.

It is not uncommon to see Management Committees in most societies especially very large ones, working with sub-committees on specific assignments like Finance and investment, Membership, loans, staff promotion and discipline etc. Such sub-committees are directly responsible to the Management Committee.

The Manager/Chief Executive Officer (CEO)

Manager/CEO is an essential part of the decision making process in a co-operative society. They assist the Management Committee in developing the overall goals and objectives of the co-operative society (USDA, 1995). They design daily operational procedures, set goals and objectives for day-to-day operations and ensure their timely and efficient achievement. Manager/CEOs are primarily responsible for making yearly plans and projections for approval by the Management Committee. Manager/CEOs must make sure that their objectives at any point in time are implicit in the overall objectives of the society. He should develop personnel organization chart which shows employee relationships, write job descriptions, and establish acceptable levels of performance. Procurement, distribution and sales programmes, and schedule coordination must be carried out by the Manager/CEO to meet the co-operative's goals. The Manager/CEO must create positive employee working conditions and act as a liaison and spokesperson for the business, its owners, and other stakeholders. Managers are responsible for staffing, training, and mobilizing the personnel under their supervision.

Interrelationships between the Manager/CEO and Management Committee:

The Manager/CEO and Management Committee have different roles within the same management function. They function as a team to achieve the same set goals and objectives for the co-operative business. Steps which must be taken to eliminate or minimize conflicts

include:

- Both should be properly educated on their individual roles and authority as specified in clear terms in the society's byelaws;
- Each must stick to its own roles and as much as possible avoid interference with the other's role;
- Areas of roles interaction must be highlighted and unambiguous;
- Acknowledge how the same function relates to separate groups in the co-operative structure and
- Accept and synchronize each other's independent role and judgment in the same function.

In order to reduce or eliminate frictional areas, a harmonious management team will start with well defined and documented organizational charts. This will make it easier for members, employees, financiers, and holders of other contractual agreements with the co-operative to recognize an appropriate authority point to deal with a particular issue relating to the society's business. Frequent and open communication between the Management Committee and the Manager/Chief Executive helps to resolve small problems, the differences in their roles within the same management function not minding.

LEADERSHIP AND GOVERNANCE:

Leadership cannot be easily divorced from governance as both of them complement each other. Corporate governance questions the role of leadership in creating fairness and transparency in the use and management of resources, impact of business operations to the environment, adoption and application of organization's rules and corporate social responsibility. It tests the integrity of those who are entrusted to be the custodians or agents of national and company resources. Leadership speaks about responsible business conduct (Gadzikwa, 2016). The role of the Management Committee/Board of Directors of any co-operative society is the link between co-operator members and the co-operative society. An effective board should lead and control the society in collaboration with its Manager (Executive Secretary)/CEO and his team. An effective board must develop a methodology to ensure that the board has the

correct structure, composition, size, culture, gender balance and skills set as well as ensuring that the board is not only effective, but also consistent in its performance and sustainability in terms of succession planning.

The President

In co-operatives, the president (chairman) presides over all meetings both Board and general. He must be skilled, initiative and is expected to be independently opinionated not only on appointments but also overall execution of his functions. He is the leadership of the board and is pivotal in the creation of the conditions necessary for overall board and executive secretary's effectiveness. He is expected to ensure effective communication with all the component segments in the governance structure. The chairman must promote and oversee the highest standards of ethics within the board and the society, lead the Board in particular discussions on all proposals put forward by the Manager/CEO and the general meeting, set an agenda for the board which is focused on strategic matters, be forward looking to oversee current business, maintain a proper process to ensure compliance with board policy on matters reserved to the board for consideration, ensure that board members receive accurate, timely and clear information to enable them monitor performance, make sound decisions and give appropriate advice to promote the success of the society. The President must conduct Board meetings with precision so that sufficient time is allowed for the discussion of complex or contentious issues.

The Executive Secretary/CEO

The CEO and secretary to the board is responsible for the day to day management of the business, in line with the strategy and long term objectives approved by the general meeting under close monitoring and supervision by the board. He is a paid officer. The chief executive officer reports to the president and must prepare regular briefs and accurate updates for board members in order to facilitate decision making. He is responsible for all executive management matters affecting the organisation. Undoubtedly, the success of an organisation greatly depends on

the drive, leadership, integrity, experience and effectiveness of the CEO and his team. The CEO recruits and formulates remuneration proposals for members of his team for the recommendation to the board. He appraises their performance, proposes their development and further training. The management committee must support the CEO.

The executive secretary plays a crucial role in the governance of the society and is its chief administrative officer. Both the president, the board and even the general meeting rely much on his expertise in terms of current best practice, corporate governance requirements, directors' fiduciary duties, board reporting and disclosure obligations and proper meetings procedures.

EDUCATION; COMMUNICATION AND EFFECTIVE GOVERNANCE:

The founding fathers of co-operation realized the importance of education in the life of every co-operative society hence the inclusion of one hour education interaction every Sunday in the byelaws of the Equitable Pioneers. One major effect of co-operative is to change people's behaviour, by imparting appropriate knowledge and skills necessary to bring about desired performance in them. This is achieved through well planned and implemented education and training as well as information and publicity programmes. Appropriation for education is a statutory obligation to co-operatives outside reserve fund. Uninformed membership and public can cause much harm to the co-operative in that lack of information or communication often leads to suspicions of what other people do and their motives – however noble they may be. Such suspicions may develop into hostility and wanton criticism, both of which are detrimental to co-operative performance. To a varying degree, most co-op organisations offer their elected directors introductory seminars and/or educational programmes on commercial and business ethics, co-operative matters and basic management principles. In some cases Board members are provided with a detailed handbook about the background and structure of their co-op society and the rights and duties of the elected officers.

As said earlier in this paper, governance and leadership appear to be identical twins and none can effectively be discussed in isolation. Leadership effectiveness measures the extent to which the leader achieves the functions of his office or set out goals. Leaders should therefore have the following characteristics to be effective: - intelligence, self confidence, initiatives, capability, scholarship, knowledge, sense of responsibility, adaptability, socioeconomic status etc. Leadership characterized by mediocrity cannot achieve the set out goals. Leadership has its statutory function or roles with targets associated with it. It is the responsibility of the leadership to achieve these targets. Failure means slowing down the progress which reflects on output. The problem this creates is ultimately traced to leadership.

The essence of leadership is followership and it is the willingness of people to follow that makes a person a leader. A major effect that makes this relationship possible is adequate communication between the leadership and the led. Constant and effective communication based on trustworthy behaviour is essential to developing the understanding and support among the followership that result in their contributing to the success of the leader. The ability to communicate well is becoming an increasingly valued competence in today's business. We communicate in business for only one reason; to influence someone to think or behave in a particular way.

It is a well known fact that people join a co-operative society for various reason and loyalty of the person is sustained only if his/her felt need is satisfied. The leader must get to know this fact and must understand and relate to these interests and needs. He therefore needs to communicate in ways most likely to resonate favourably with them. Typically, effective communication is based on face-to-face interaction between people working to establish and maintain mutual trust and understanding. This interpersonal communication is often supported by the appropriate written, spoken and broadcast communication. Memos, newsletters, news releases, speeches, video-tapes and other

media must be designed to clearly convey messages that support the interpersonal communications that precede or follow.

Okechukwu (2017) posits that the success of any business depends on good communication because in every organization, it is the way people get their points across and get work done. Business organizations must communicate to plan products, hire, train, and motivate workers; coordinate manufacturing and delivery; persuade customers to buy and bill them for sale. For businesses and organizations whose “product” is information or services rather than something tangible, these information and services are created and delivered by communication.

Co-operative managers can adopt any of these communication forms suggested by Locker (1998) face-to-face or phone conversations, informal meetings, e-mail messages, memos, newsletters and reports. Through these media they convey information and decisions to other people inside and outside the organization. Effective leadership is able to adopt varied media and strategies to ensure he communicates.

THE ROLE OF ICOPRON IN LEADERSHIP/GOVERNANCE OF CO-OPS

The mission of Institute of Co-operative Professionals of Nigeria (ICOPRON) is to rediscover the values and importance of co-operatives in national development; set up relevant machineries for its effectiveness and eliminate corruption in all co-operative facet. This has placed a great task on the members. Corruption is synonymous with bad governance which is a product of bad leadership. Since ICOPRON is a barn of co-operative academia, administrators, regulators/facilitators and practitioners as well as other individuals who believe in the efficacy of co-operative ideals, it means that it has all the human resources needed to enthrone good leadership within the co-operative movement. This quotation “That I as a professional manager, will put service above self and will ever seek to find and employ more efficient and more economical ways of getting things done” borrowed from the Code

of Conduct of the Nigerian Institute of Management (NIM) will probably be all they need to change the ever reoccurring clause in most co-operative literature that co-operative societies fail because of bad management. ICOPRON should revisit its laws and amend the section that deals with discipline to include if possible seeking redress in court on behalf of any society that has been defrauded or abused by its leadership just like other professional bodies—the Nigerian Bar Association, Nigerian Society of Engineers and Nigerian Medical Association. Directors of Co-operative should feel comfortable and safe to empower ICOPRON members who are bound by oath to audit the societies, prepare their annual accounts, conduct inquiries, arbitration etc. ICOPRON members, on their own part, should cease comparing themselves with others who make fortunes by exploiting those they are meant to service. We are watch dogs looking after the sweats of the rural poor who look unto us messiahs that have come to uplift them from poverty and disillusion. ICOPRON members should endeavour to be role models in any organization they are meant to lead by enshrining good governance in the place.

When ICOPRON has acquired the enabling powers to discipline fraudulent members, the co-operative movement must then ensure that all principal functionaries in co-operative organizations especially at secondary and tertiary levels are ICOPRON members

CONCLUSION

Co-operative governance, like in every corporate establishment, requires effective governance and leadership in order to achieve the organization's goal. Very important also is the need to put in place good governance structure, define their roles and responsibilities, establish processes for setting expectations and ensure accountability. Leadership cannot be easily divorced from governance as both of them complement each other. Good governance questions the role of leadership in creating fairness and transparency in the use and management of resources, impact of business operations to the environment, adoption and application of organization's rules and corporate social responsibility.

Co-operative societies should commit the education fund appropriated from the annual surplus in providing effective education and training for their boards, staff and the members. This will brighten the leadership qualities and ensure good governance. ICOPRON members who pilot the affairs of these co-ops should endeavour to enthrone good leadership and governance in their establishments. The ICOPRON as a body should find means of checkmating the repugnant conduct of its members and apply the necessary control/ disciplinary measures to their fraudulent and incompetent members. Its ability to achieve this will make ICOPRON the bride of corporate organizations.

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EFFICIENT AND EFFECTIVE CO-OPERATIVE PRACTICE IN NIGERIA AS A FUNCTION OF CO-OPERATIVE LEGISLATION

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ABSTRACT

To enable co-operative societies promote the socio-economic and cultural needs and aspirations of their members and create "externalities", they should be efficient and effective, and that is be able to get the maximum possible outcome with a given amount of resources. In this work the two terms, efficiency and effectiveness, are used as Siamese-twin terms. Co-operative efficiency and effectiveness is the product of several independent variables, including a country's co-operative development policy, the co-operative legislation; capacity building for members of co-operatives and their officials, both elected and appointed; the level of honesty and accountability; management, conditions of service of employees; members' loyalty and patronage; the political will of the government, etc. This paper concentrates on Nigerian's "co-operative legislation", with special reference to the "Nigerian Co-operative Societies Act, N98 of 2004.

Some of the provisions of the Act which directly or indirectly affect efficient and effective co-operative practice include the appointment of the Director of Co-operatives at the federal and state levels by the President and Governors, which can be politicized and the possibility of appointing unsuitable persons, especially without the persons' qualifications being explicitly stated. The Act does not provide for ICA's "Statement on Co-operative Identity" which otherwise serves as a guide for the provisions of the Act. The Director of Co-operatives is given statutory powers to control co-operative societies and resulting in the officialization of co-operatives. Other negative provisions of the 2004 Act are: the sole appointment of the liquidator and the appointment of a sole arbitrator by the Director; his power of approve the appropriation of the annual net surplus in unlimited liability co-operatives; approval for the transfer of part of the net surplus to the optional co-operative education fund, etc. All these compromise the principles of democracy; autonomy; and member economic participation. Other provisions of the Act which restrict the efficiency and effectiveness of co-operatives include: the smallness of the minimum membership in the societies; lack of provisions on the compulsory subscription of shares; absence of provisions on zonal co-operatives; the dismissal of the management committee/board of directors by the Director of Co-operatives and taking over the management of societies; the uncertainty concerning the provision on the "two-term tenureship" of members of the board of state and federal apexes, etc.

To ensure the smooth running of co-operatives in the country, the Act should be reviewed to deofficialize the co-operative Movement, through a phased-model, removing the controlling powers of the Director of Co-operative; ICA's Statement on Co-operative Identity must be provided for in the Act; a code of conduct must be prepared for officials of co-operative societies. The minimum membership in primary co-operatives must be increased to 30 and 10 in LGA-based secondary societies; the appointment of Directors of Co-operatives must not be politicized; he/she must be appointed through the same process as his/her counterpart; some key provisions on co-operative organs must be found in the Act itself and in particular the Act must provide for a supervisory committee and a manager. The education reserve fund must be compulsory and fixed at between 10 and 15% of the annual net surplus. Provisions must be made for the compulsory subscription of shares by members S and other forms of shares must be provided for. Other matters which the Act must provide for are: multiple liability; corporate probationary societies and the registration of common interest groups, etc.

• Introduction

This author's last year's paper in Enugu at the Third ICOPRON Conference was on Co-operative Development Policy, while this year's topics is on co-operative legislation. The two thus complement each other. The theme of this year's national conference of the Institute of Co-operative Professionals of Nigeria (ICOPRON) "Total Economic Recovery Through Co-operative Sustainability" throws up:

- A problem: Economic difficulties of the nation which are dragging down the living standards of the people.
- The Challenge: Total Economic Recovery; and
- Using Co-operative as veritable instruments to solve the problem; involving a sustainable co-operative sector in the economic mainstream to bring about the total sustainable economic (or socio-economic) growth and development.

This total economic sustainability has two dimensions: sustainability at both the micro and macro levels. A nation consists of individuals "homo economicus" – individual 'economic animals' or entities and the various private sub-sectors on one hand and the nation on the other hand. Each individual in the private sector can pursue his/her own economic mission alone or bind together to form co-operatives and other business forms. Co-operative societies even though have the fundamental objective of promoting the economic social and cultural needs of their members at the micro level they also contribute to community and national development (macro level) through externalities. However, whether these co-operatives can optimally contribute to the micro development of the members and to the macro development of the nation is a function of an enabling legal environment as produced by the Co-operative Societies Act, the Regulations and bye-laws of individual societies at the various vertical levels.

• The Objective and Approach of the Paper

The objective of this paper is to examine how

efficient and effective cooperative practice can be achieved through an enabling co-operative legislation in Nigeria. We can hypothesize the above:

- An enabling co-operative legislation does not lead to efficient and effective co-operative practice in Nigeria (null hypothesis H_0); and
- An enabling co-operative legislation leads to efficient and effective co-operative practice in Nigeria. (Alternate hypothesis H_1).

However, this author does not intend to apply inferential statistics to test this relational hypothesis, but sets out to qualitatively discuss the independent variables which determine or influence the dependent variable: **efficiency and effectiveness**, a Siamese – twin term. The two terms efficiency and effectiveness are thus treated as one dependent variable even though the two can be given different interpretations as discussed below. Several factors influence the efficient and effective co-operative practice, most of which can be the subject matter of co-operative legislation. Some of the matters discussed are provisions in the Act, while others are incidental to the Act or are provisions which should have been part of the Act but were omitted. Even though legal provisions extend beyond the Act to other legal sources, this paper confined itself mainly to the provisions in the Act.

• Concept of the Term Cooperative

- The three former regional Co-operative Societies Laws of Nigeria indirectly defined a co-operative as:

A society which has as its object the promotion of the economic interests of, or the provision of services or goods for its members in accordance with co-operative principles or a society established with the object of facilitating the operations of such societies" (see Sec. 5(1), ENSCL; Sec 4, NNCSL; and Sec 4, WNCSL).

- The International Labour Organization in its International Labour Conference Recommendation 127 of 1966 defined a co-operative society as:

"An association of persons who have

voluntarily joined together to achieve a common end through the formation of a democratically controlled organization, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking in which the members actively participate" (ILO, 1966).

- The ICA has defined a co-operative in its "Statement on Co-operative Identity" as:

An autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise (see ICA, 1995:3).

- The country's 'Co-operative Societies Act, N98 of 2004', formerly 'Co-operative Societies Decree, No. 90 of 1993; explicitly defines a 'co-operative society' as:

A voluntary association of individuals, united by common bond, who have come together to pursue their economic goals for their own benefits" (sec. 57, NCSA).

This definition applies basically to only primary co-operative societies, not to secondary tertiary co-operatives. Moreover, the economic instrument for pursuing the economic goals of the members, the 'co-operative enterprise' is not mentioned. The definition dwells only on the 'members' group'. This is not good enough, and a better definition is therefore needed in the Act.

- This writer would like to define the term 'co-operative' as:

A private autonomous voluntary and open association of persons, with variable membership and variable capital whose members have pooled their resources on the basis of self-help, solidarity, mutual-assistance and self-reliance to form a democratically managed and controlled business enterprise in which the members actively participate and whose basic objective is the promotion of the socio-

economic interests of the members through the solution of at least one socio-economic problem or these members by directly providing them with goods, capital and services or employment in the members' dual capacity as either owner-customers or owner-employees in auxiliary and productive societies respectively (see. Berko, 1991:221).

As a provision in the Act, however, a shorter, more concise definition will be better by omitting some aspects of the author's definition. Thus a co-operative can be defined in the Act as

A private, autonomous, voluntary and open association of persons whose members have pooled their resources on the basis of self-help, solidarity, honesty and other co-operative values and principles to establish a democratically managed and controlled enterprise whose fundamental objective is the promotion of its members' socio-economic interest

From the above definitions, one can discern the following main characteristics of a co-operative; viz:

- It is a private and autonomous association of persons with at least one common economic, social or cultural problem. Persons here can be individual persons or juristic persons as in the case of primary co-operative societies and secondary co-operative unions, tertiary co-operative federations or associations.
- The problem is solved through the **instrumentality of an enterprise** which the group establishes, the enterprise being usually a business of the enterprise.
- The objective of the enterprise is the promotion of the socio-economic interests of its members, either as owner-customers or owner-employees in auxiliary and productive co-operatives respectively, through the provision of goods, capital and services on one hand in auxiliary co-operatives and employment in productive cooperatives.
- Its existence and operations are based

on: self-help, solidarity, mutual assistance, self-reliance, voluntariness, openness, democracy, honesty and other "co-operative values" and co-operative principles (see ICA, 1995);

- It has variable membership and thus variable capital owing to its open door policy;
- The members are expected to make 'equitable' contributions to the society's capitals and other resources where necessary.
- The members accept a fair share of the risks and benefits of the co-operative enterprise; and
- The members are expected to actively participate in the management control and activities of the society.

It should be noted, with emphasis, that co-operatives are private organizations. It is not enough describing co-operatives merely as autonomous or independent institutions without adding the term *private* because some public institutions (some government parastatals/boards/councils, etc.) such as the Independent National Electoral Commission (INEC) are said to be autonomous/independent. Emphasizing that co-operatives are private and autonomous institutions/enterprises/ organizations brings out co-operatives as **non-governmental organizations (NGOs)**. The fact that Governments all over the world support co-operatives does not, and should not, in any way turn them into parastatal institutions which should come under the control of government. A good or an enabling 'co-operative law' must take due cognizance of these features.

A "co-operative", as distinct from a "co-operative society", that is, the registered co-operative enterprise under the Co-operative Societies Act/Law of any given country or state, consists of the members' group (the "association of persons", both natural and juristic) and the co-operative enterprise, which can be a 'business' or a 'social' enterprise. One can thus describe a 'co-operative' as having a **double or dual nature**. (Drahim, 1955: 19ff.; Chukwu, 1990:5-6).

Each member of the co-operative group' has his/her own business enterprise or/and household which has/have some problems or limitations which can be better solved through the co-operative enterprise' than through his/her personal individual efforts. Thus, each member has a reason or some reasons or motive/motives for joining or forming a 'co-operative. On the other hand, the co-operative enterprise needs human beings (social elements) for its operatives. Thus the social and economic elements in a co-operative are found in each of the two integrating units constituting the 'co-operative' or the 'co-operative complex' or 'co-operative combine'.

• Background of the Study

This great country has unfortunately found herself in economic woods for some three decades, now, especially between the mid 1980s till now. It became, therefore necessary to introduce the Structural Adjustment Programme (SAP) in the mid 1980s. SAP unfortunately did not help much. If anything at all, it worsened matters. The foreign exchange rate of the naira declined in geometric progression, from ₦1.00 to ₦1.00 to ₦3.50 to US\$1; ₦50 to US\$1.00, then ₦100, ₦200, ₦400, ₦500 to US\$1.00. Now the naira hovers around ₦365 to US\$1.00.

The incidence of poverty has not have spared. The national average poverty level which was about 12.8% in the 1960s, rose to 28.1% in 1980; 46.3% in 1985; 65.6% in 1996 (Nweze, 2001:74ff) and between 2000 and now the poverty levels have worsened. It was all over the place that about 70% of the citizens are living below the international poverty line of US\$1.90 per person, what translates to about between ₦300 and ₦400, depending on the foreign exchange rate then. Nigeria's poverty situation is getting better now. The UNDP Report of 2016 (UNDP 2016:6) has this to say on Nigeria's *Multidimensional Poverty Index (MPI)* which identifies or measures multiple overlapping deprivations suffered by households in three (3) dimensions: education, health and living standards:

"The most recent survey data that were publicly available for Nigeria's MPI

estimation refer to 2013. In Nigeria, 50.9 percent of the population (88,018 thousand people) are multi-dimensionally poor while an additional 18.4 percent live near multi-dimensional poverty (31,804 thousand people). The breadth of deprivation (intensity) in Nigeria, which is the average deprivation score experienced by people in multidimensional poverty, is 54.8 percent.”

Table 1 provides an insight into some African countries' intensities of deprivation.

Table 1: Some African Countries' Intensities of Deprivation

	Countries	Intensity of Deprivation
•	Nigeria	54.8%
•	Congo Democratic Republic	50.8%
•	Ethiopia	60.9%
•	Ghana	45.4%
•	Cameroon	54.1%
•	Kenya	46.1%

Source: UNDP, 2016, HDR on Nigeria and Ghana Not much has changed since 2013

UNDP's 2016 Human Development Report on Nigeria and other African countries provide the following picture on Income Poverty Indices as shown in Table 2 below.

Table 2: Income Poverty Indices and Intensity of Deprivation for Selected African Countries (Intensity of Deprivation added by the Author)

Country	% population share in income poverty			
	Near Poverty	In Severe Poverty	Below Income Poverty line	Intensity of Deprivation (%)
Nigeria (2013)	18.4	30.0	53.5	54.8
Democratic Rep. of Congo (2011/12)	18.5	36.7	77.1	50.8
Ethiopia (2011)	6.7	67.0	33.5	60.0
Ghana (2014)	20.5	11.1	25.2	45.4
Cameroon (2011)	17.8	27.1	24.0	54.1
Kenya (2014)	32.0	10.7	33.6	46.1

Source: UNDP, 2016, Country Reports Nigeria and Ghana

The intensities of deprivation is provided again in the last column. Table 2 above speaks for itself. While those living in severe poverty was 30.0% in Nigeria, it was worse in the Democratic
Only a few days ago the Vanguard Newspaper of 12th October, 2018 reported two uncomfortable developments, namely African countries foreign debt trap (IMF Report) and Africa's very poor Human Development Indices (HDIs) (the World

Bank). African countries, especially in sub-Saharan Africa including Nigeria, are neck deep in foreign debts which compels them to spend debt servicing at the detriment of “investing into growth enablers” the other Report the World Banks Human Development Index which focused on two main issues – “**climate change**” and “**human capital development**” ranks Nigeria 152nd out of 157 countries captured. There about 190 countries which are

usually captured by the United Nations Development Programme (UNDP). According to the Report, African countries are in the red zone (in Table II) because they invested too little on **health and education**. The Report reads:

The education outcomes in Nigeria are very poor... and we feel that they should go on a different level altogether in terms of their commitment to investment in human capital.

Co-operatives in Nigeria at the moment have little to contribute to solving the problem of climate change but can contribute to education and health (human capital development) if their members can contribute meaningfully to the education of their own children dependents and the co-operatives themselves can contribute to member and community educations as well as to the national education budget by contributing meaningfully to the growth in GDP.

However, this can only be achieved through the total mobilization and efficient utilization of all available resources to create more employment and wealth using co-operatives which have proven over the centuries in many countries of Europe and North America and in some Asian and African countries to be **veritable instruments** for economic empowerment, employment and wealth creation, poverty reduction, equitable distribution of incomes, etc., resulting in even, sustainable socio-economic human development (for details see, for example, ILO, 1966; Saxena, 1978; Konopnicki, 1978; Ijere, 1988:27ff.; Okeke, 2001:103ff; Ogbu, 2014; Berko, 2005:249^A-271; 2017:5-7. These are made possible through these societies' inclusiveness policy and practice, their doors being open to those who need their services, provided they can meet these societies' requirements, usually not difficult to meet; their ability to: permeate all nooks and crannies of the country; mobilize a great number of people for various production programmes and

projects; adopt and diffuse innovations and new technologies; improve on their members' entrepreneurial skills (CDPN, 2002:1.1(c)); mobilize capital and other resources and distributing same equitably, both internal and external; ensure the proper and profitable use of resources in all forms and types of co-operatives and in all sectors and sub-sectors of the economy: agriculture, industry, finance, housing, commerce, transport, etc.; embark on effective education and training and the wide and fast dissemination of information; reasonably recover loans; embark on profitable marketing and value chain for the benefit of the greatest number of people; serve as custodians of morality as well as create *social capital* (see Liang et al., 2005; Sabatine et al, 2013; Ogbu, 2014) and above all show concern for the community more than other business forms.

The United Nations recognizes the role co-operatives can play in achieving the Millennium Development Goals (2000-2015) when the then Secretary General, H.E. Kofi Annan of blessed memory wrote:

“The United Nations recognizes the contribution co-operatives can make to achieve the Millennium Goals of full and productive employment, eradicating poverty, enhancing social integration and promoting the advancement of women. For the co-operative movement to fulfill this potential, governments need to develop and sustain a supportive environment that allows autonomous co-operatives to grow”. (Kofi Annan, 29/06/2001, quoted in Co-operative Development Policy for South Africa, 2004).

• **Need for Enabling Legal Provisions for Efficient and Effective Co-operative Practice**

Co-operatives like other business forms and all organizations require an enabling legal environment to succeed. In this paper, the issue of an 'enabling legal environment' is treated under three different sub-sections; namely:

- The legal relationship existing between the government and co-operatives;
- Provisions of the Co-operative Societies Act, N98 of 2004 (No. 90 of 1993)
- Some matters which must be provided for in the Act but are not. Legal provisions on co-operatives are obtained from the following sources:
 - The principal legislation: **Ordinance** during a greater part of the colonial period; **Act** at the federal level during democratic rule; **Law** at the regional/state level during democratic dispensation; **Decree** at the federal level during military regimes; **Edict** at the state level during military rule/ regime.
 - Subsidiary legislation: The regulations (or rules) in all political dispensations.
 - Bye-laws of individual societies
 - National Acts applicable to cooperatives
 - Binding judicial precedents of superior courts
 - Judicial interpretations of superior courts
 - Co-operative development policies, especially where there is a lacuna in the principal or subsidiary legislation.

All these constitute 'cooperative legislation', what we commonly call '**co-operative law**' a generic term. In this paper, the concentration is on the principal legislation, the Nigerian Co-operative Societies Act, N98 of 2004, formerly the Nigerian Co-operative Societies Decree, No. 90 of 1993 (26th August, 1993).

- **Historical Antecedents of Co-operative Legislation in Nigeria**

The 1934 Strickland Report attached a copy of a draft Co-operative Societies Ordinance and Regulations, drawn from "The Tanganyika Ordinance and that of several British Colonies and Dominions" (Strickland Report, 1934, para. 58),

including India, Sri Lanka (then Ceylon) and Ghana, then Gold Coast.

This Ordinance created a Department of Co-operative Societies headed by a Registrar of Co-operative Societies. The Ordinance gave very wide powers to this Registrar to enable him and his staff "take the initiative and exercise control over the movement in a degree quite unsuitable to the conditions of an **advanced and educated population**" (emphasis mine) (Strickland Report, 1934, para. 58). The Ordinance was enacted in 1935 and the Regulations in 1936, both of them becoming effective on 6th February 1936.

The provisions of the 1935 Ordinance and those of similar countries were based on the 'Classical British-Indian Pattern of Co-operation' concept. This concept of the British Government, first introduced into India with the Credit Co-operative Societies Act of 1904, amended subsequently in 1912 and in subsequent years, sought to promote the growth and development of cooperative societies through an initial state-sponsorship and control and to gradually ease them off until these societies would become sufficiently, self-managed and self-reliant and thus deserve to become autonomous in the long-run.

- **The Link between the Government and Co-operatives**

The involvement of the Government in the sponsorship and control was necessary because the indigenous people at that time were largely illiterates, knew little or nothing about imported / conventional co-operatives and how to administer and manage them. The Registrar and his staff were to educate the indigenous people on co-operatives, offer them technical advice and help in various ways to run their cooperatives. The need to have efficiently managed co-operatives was to ensure, among others, that these cooperatives would serve as veritable means/instruments to increase the production and quality of export crops; "to drag the indigenous people into the monetary economy which would lead to easier taxation and to introduce a system of politically controlled economic activity" (Münkner and

Shah, 1993:6-7; also Münkner, 1971a: 4ff; 1971b:8ff.; 1974^a, 1974^b; Berko, 2017).

It can be further asserted that "co-operatives were meant to fight against social injustice such as usurious practices of moneylenders and merchants as well as to acquaint the indigenous population with the norms, attitudes and value systems of the colonial rulers" (Münkner and Shah, 1993:8). Very importantly, the colonial rulers saw co-operatives as potential instruments which could be used by the indigenes for political agitation, agitation for good governance and political independence, which implied economic independence.

These are the main reasons why the British government enacted a co-operative societies ordinance which gave very wide powers to a government civil servant, described by DeGraft-Johnson (1958:65) as giving the power of life and death over co-operative societies to the Registrar of Co-operative Societies. With this, the promotion of co-operatives was through a "top-down approach", a paternalistic approach, consigning the co-operative movement to a 'servant status', while the government served as the master.

This situation has remained till today even though the powers of the Director of Co-operatives have been whittled down a little (see Chukwu and Berko, 1993: 141-149; Berko, 2001).

The questions which legitimately arise are:

- Are the conditions which prevailed in those days still with us? Are Nigerians still largely illiterate?
- Are eighty years not long enough for co-operative societies to mature?
- Are co-operatives generally doing well under government's paternalism (sponsorship and control)?
- Does the Government not sponsorship micro, small and medium scale enterprises (MSMEs) but does it control them?
- What is happening in other Third World countries as regards Government Co-operative Relations

(GCR) or Government-Co-operative Partnership (GCP)?

We need answers to these and many more related questions because are partly important for co-operative efficiency and effectiveness.

Let us now move to the next stage to examine the link between co-operative legal provisions and efficient and effective co-operative practice.

- **The Link between Legal Provisions and Efficient and Effective Co-operative Practice**

9.1 The Concept of Co-operative Efficiency

'Co-operative efficiency' is used here as a relative term to show the technical output-input relationship – how productive or viable a cooperative society is considering the resources (inputs) at its disposal; are the resources properly managed to ensure that it carries out its functions very adequately for its members satisfaction? Is the output of the society comparable to the output of other similar organizations in the same industry functioning under similar condictions? The technical efficiency level (EFL) of an organization can this be written as:

$$EFL = \frac{\text{Output}}{\text{Given Input}}$$

Efficiency is usually determined by measuring what can be produced with the **least** given input.

The efficiency or productivity of an organization is often measured in both technical and economic terms. The technical efficiency show the physical relationship. The economic efficiency looks at the cost revenue relationship or the profitability ratio. Is a co-operative society charging **market prices** operating at an acceptable **profit level**, especially when compared with other profitable business organizations within the same environment and under similar condictions? At the end of the financial year, does the accounting report and financial statements paint a beautiful picture of the co-operative society? What is the volume of business; how is the cost structure; what is the revenue situation; what is the return on investment (ROI) or what is the net profit or surplus or profitability ratio? Are the other

financial ratios such as the liquidity, solvency, earning per share ratio, etc. favourable?

Other issues which can be raised in connection with co-operative efficiency are:

- What are the price levels in the society?
- How many workers is the society employing?
- How many new members has the society been able to attract over the last one year or over a certain period of time?
- How many members have left the society?
- What is the “labour turnover” and why if it is uncomfortably high?
- What general impression has the society cut for itself among its members of even members of the community?
- What is the co-operative effect on members?
- How competitive is the society. Is it a marginal organization within the industry trying to survive?
- What “externalities” has it produced?
- What contributions has the society made to the growth and development of the nation?

In talking about the efficiency of a cooperative society, we must be careful harping so much on the “**profitability level**” since **different price policies** (mainly, ideal price policy; active price policy and passive price policy) will throw up different profit/surplus levels. This leads to the issue of co-operative effectiveness.

9.2 The Concept of Co-operative Effectiveness

Effectiveness connotes achieving the desired objectives or goals, such as the effectiveness of a machine or any technical or economic or an organizational or a social system. Effectiveness or efficacy can be achieved by a technical system, for example, when it is first of all efficient or productive. Thus, effectiveness can be said to be a function of efficiency, that is, effectiveness is

determined by or is the effect or product of efficiency, which can be written symbolically as:

Effectiveness = f(Efficiency)

A co-operative can thus be effective if it is able to fulfill its set objectives. However, it must necessarily be efficient first before it can be effective. Thus:

Effectiveness = f (efficiency + goals achievement)

However, effectiveness and efficiency are sometimes also used as synonyms. (See Webster's, 1988:397) and sometimes as a Siamese twin – term such as education and training. Siamese twins are co-joined and thus naturally inseparable at birth. In this paper the author uses efficiency and effectiveness as a Siamese twin term and thus refers to co-operative efficiency and effectiveness most of the time, but sometimes as co-operative efficiency/effectiveness or even as “co-operative effectiveness alone. Since efficiency is implied in effectiveness, the latter is sometimes seen as a wider terminology.

9.3 Determinants of Efficiency and Effectiveness

Co-operative efficiency and effectiveness (the dependent variable) is determined by several independent variables or factors. This can be expressed as:

$E_{fc} = f(X_1; X_2; X_3 \dots X_z)$ independent

Where:

- E_{fc} is co-operative efficiency and effectiveness;
- $X_1 \dots X_z$ are various independent variables / determinants.

The main independent determinants (independent variables) are:

- The co-operative development policy;
- The co-operative legislation;
- Capacity Building;
- The level of honesty/corruption/accountability
- Management;
- Conditions of services
- Members loyalty and patronage
- An enabling public environment, and

• The political will of the government
Let us look at some these briefly, except the co-operative legislation itself is examined in greater details later.

9.3.1 Co-operative Development Policy

The co-operative development policy of a country, whether an implicit or an elaborate explicit policy, sets the tone for the direction of the relationship between government and the co-operative movement (see ILO, 1998). The relevant provisions of the policy are then coded into co-operative law. The other aspects are also implemented when religiously implemented. The policy, if it is an enabling one, would all things be equal positively after the efficiency and effectiveness of co-operatives. This was the subject matter of this author's last year's conference.

9.3.2 The Co-operative Legislation

The co-operative legislation as an efficiency and effectiveness determinant forms the centre theme of this work and is thus discussed detail below it can, however, be mentioned in passing here that having an enabling co-operative law is one thing, enforcing it is to ensure efficient and effective co-operative practice for the fulfillment of the members' goals is another.

9.3.3 Capacity Building

Capacity building, with special reference to education and training, provides learning outcomes in the cognitive, psychomotor and affective domains for members of co-operatives and their officials. These when they are positive affect efficiency and effectiveness. Co-operative education and training is so important that any co-operative movement, or any society which ignores it does so at its own peril because it would result in the disloyalty of members, large incidence of over-due and non-repayment of loans, low attendance at meetings, ignorance of members of the plans proposals and work of their co-operatives, poor member relations, bad management, low productivity resulting in little or no profit (surplus), poor public image, inability to change with the times (Chukwu, 2012: 1) and

other harmful results- including dishonesty and the inability of the members in participating actively in the affairs of the society, including its control. The principle of Co-operative Education, Training and Information is so over achingly important that it is looked upon as the king of all the principles and most co-operative legislation and bye-laws have provision on 'co-operative education'(see section 34(3), NCSA). But how seriously do our co-operatives carry out co-operative education, training, and enlightenment. The unserious attention given by co-operatives to education was observed many years ago in the Co-operative Supply Association (CSA) (see Report on CSA n.d.(1980): 19-20), All co-operative societies acts, regulations and bye-laws must have adequate provisions on capacity building through education and training which must be seen as investment (for details see, e.g. Chukwu, 2012: 1ff.: Berko, 1991:81ff: 2012: 129ff.).

9.3.4 Management

The management of a society may be said to be the main fulcrum around which the efficiency / effectiveness of any organization revolves. Most co-operatives in the country are so badly managed that their ascendancy into extinction is predicable. Most primary societies and many secondary and tertiary apex co-operatives do not have permanent staff, but rely on the scanty management capability of the management committee/board of directors and in many cases on government co-operative staff for the day-to-day management of their societies. No miracle can ensure the success of such societies. All co-operative societies' acts must provide for the appointment of and the proper functioning of a management committee as well as a manager, different from the secretary, whether full-time or part time. Such manager must be seen in his/her own right as an organ of the society even though under the supervision of the management committee, the supervisory committee, if any, and the general meeting. He/she must be amply literate and given occasional doses of training as prescribed by the appropriate apex co-operative

organization. Co-operative societies act must not delegate the core provisions on education to the Regulations although the Regulations can supplement the provisions.

9.3.5 Conditions of Service

Employees always look for satisfactory conditions of service, especially competitive conditions of service, for motivation and efficiency. Co-operative societies, where there are employees, are usually guilty of not providing competitive and motivating conditions of service. They usually offer peanuts but expect the best from their employees; this is simply not possible. Almost all theories of motivation harp on satisfactory conditions of service since there is a positive correlation between good conditions of service and efficiency/productivity. Co-operative legislation itself cannot directly provide for the conditions of service but the bye-laws, at least, should refer to a document which must provide for satisfactory conditions of service.

9.3.6 Funding:

The inadequacy of co-operative finance is a commonplace finding (see, for example, Okoye, 2001: 39-54); and yet it has been emphasized over and over that financing is the lifeblood of every business organization for its efficiency/productivity, survival, growth and development and co-operatives are no exception. There is hardly any report on co-operatives in Nigeria which does not harp on the need for adequate funding (see, for example CSA Report, n.d.: 15-16). Adequate funding is needed for the erection of physical infrastructure and the acquisition of necessary assets (the subject matter of this author's second paper); provision of adequate circulating capital; issuance of credit facilities to members, employment of qualified and adequate staff, etc. Internally generated funds must be adequate in order to depend less in the relatively expensive external funding and the apron-strings attached external grants, especially from government and bye-laws) must provide adequately for funding, making provisions for attractive, but not over-remunerated

shares and savings; sponsor shares by non-members; a little more voting powers for multiple shareholders in line with the German Co-operative Societies Act; and preference shares which have special advantages over ordinary shares, etc. (for details on co-operative finance see Chukwu 1990; 51-100 and the references thereof). The provisions on the creation of reserves must be enforced.

9.4.6 Promoting Openness and Accountability and Checking Corruption

All legal institutions and organizations, express support for openness, that is transparency and accountability whether impliedly or explicitly. Co-operatives from cradle have always promoted openness and accountability in order to checkmate dishonesty and corruption as a means of promotion efficiency and effectiveness.

The co-operative ethical values are quite explicit on co-operative's inclination toward openness. As the ICA (1995) has clearly stated:

"...In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness..."

Co-operative acts/laws regulations and bye-laws is not quite explicitly agog with provisions on punitive measures against various malfeasances. The only explicit reference to fraud, embezzlement or misapplication of a society's properties, including funds, is found in section 35, NCSA, 2004. The section provides as follows:

A person who –

- Obtains possession, by false representation or imposition, of any property of a registered society; or
- Having any property of a registered society in his possession withholds or misapplies the property; or
- Willfully applies any part of the property mentioned in paragraph (a) or (b) of this section, to purposes other than those expressed or

directed in the rules of the society and authorized by this Act, is on the complaint of the society or of any member authorized in that behalf by the society or a committee thereof, or the Director, guilty of an offence and liable, on summary conviction, to a fine of not less than one thousand naira or imprisonment for a period of six months or both such fine and imprisonment.

However, there are several underlying instances of references to diligence, prudence, accountability, etc. For example, most co-operative laws/acts/regulations based on the Indian Model of 1904/1912 provide for the prudence and diligence of the members of the management committee/board of directors with the following injunction and warning. Section 29 (2) provides as follows:

In their conduct of the affairs of the society the committee shall exercise the prudence and diligence of ordinary men of business. They may be held responsible for any loss sustained through failure to exercise such prudence and diligence or acts contrary to the Act, the regulations or the bye-laws, and as such must account for all moneys, over which they exercise control and shall refund any moneys improperly paid away. They shall exercise their powers honestly in the interest of the society and members.

The ordinary man of business may be equated with today's entrepreneur and manager.

The expected characteristics of the ordinary businessmen and businesswomen are hardworking; intelligent; miles-going; the strong desire to succeed (a "high n arch"); a moderate risk-taker (McClelland, 1967, Berko 1990:394-400; Chukwu, 2012; 287 - 291) and also open, transparent and honest.

The "manager" / a management committee member should be held liable for losses incurred if he willfully acts *ultra vires*, that is, beyond the powers conferred on him by the law, regulations, bye-laws and resolutions in general meetings as well as lawful instructions. He is also to be held criminally liable if he acts dishonestly. A co-operative official who willfully acts contrary to what is expected of him/her and thus hinders the proper carrying out of: inspection, audit, inquiry, examination and liquidations, etc. is criminally liable, and he/she shall on conviction pay certain pre-determined fines and/or serve a certain pre-determine prison sentence or both.

The punitive measures for criminal offences are rather too lenient. For instance, in the case of audit, inspection and inquiry of a society any person who is found guilty of an offence shall be liable to a fine of **not less than one thousand naira (sometimes of one thousand naira)** or to imprisonment for a term of six months or to both such fine and imprisonment: (see secs. 36,37,41,42). What is one thousand naira or six months jail term or both when the offence/fraud involves ₦50 million; ₦100 million or ₦ 500 million or even more, for example.

An attempt was made recently by the Senate/House Committee responsible for co-operative matters to increase all the financial provisions (registration fee and fines) in the Co-operative Societies Act of 2004 (1993 Decree). Unfortunately the proposed amounts were too high and were arrived at without any input from the co-operative sector. Even though all these punitive measures may serve as deterrents, they should be supplemented by the careful choice of co-operative leaders, officials and employees and appealing consistently and continuously to the moral conscience of such leaders and officials as well as piling up social pressure on them.

• The Link Between Some Provisions of the Act and Co-operative Efficiency and Effectiveness

There is a direct link between co-operative legal provisions and the efficiency and effectiveness of co-operative practice. A good co-operative legislation creates an

enabling environment for an efficient and effective co-operative practice. The law must be a *development law* (Allot, 1980) to serve as an appropriate instrument for the efficient running of co-operative societies and the equitable distribution of the effects – the 'co-operative effects' (Chukwu, 1990:24ff.)

However, it must be hinted that a good enabling cooperative law and a generally enabling environment do not automatically translate into an effective co-operative system or practice. It is the actual **practice of Co-operation** that is at the centre of co-operative efficiency and effectiveness which would have positive effects not only on the micro interests of the members, but also on the communities in which they are located as well as on the national economy (externalities).

Nigeria can have at least 30% of her producers, that is, about 20 million (or even higher- 50% or 35 million), organized into co-operatives in all sectors and sub-sectors of the economy (see this other's second paper). With this figure, the efficient and effective operations of co-operatives can impact very positively on the nation's productivity, employment and income generation and eventually on **sustainable growth and development**. One can imagine the positive impact of granting adequate credit facilities, providing high-yielding production inputs and the required technologies to 20 million co-operative producers. One can imagine the extra value-addition which will accrue to co-operative producers if they were also properly organized to embark on post-harvest value chain. One can imagine the huge amount of money which will accrue to our agricultural producers who process their raw materials through their co-operatives, store them properly, market the end products locally, regionally, nationally and internationally.

The revival and strengthening of the national economy lie squarely on how the thousands of co-operatives and the millions of their members are economically empowered (see Birchall, 2003). One can estimate that there will be about 10-15% annual growth rate of the gross domestic product if these were to happen. An initial annual growth rate of

about 15% dropping later to 10% is not impossible in this country, given the huge human and natural resources at its disposal and its current full employment level. China and some Asian Tigers have come very close to these growth rates. Nigeria can achieve these too.

• **Tabular Presentation of Legal Provisions which Limit the Efficiency and Effectiveness of Co-operative Societies and their practice**

For the discussion of the provision of the Co-operative Societies Act, the central fulcrum of Nigeria's Co-operative legislation, which have negative consequences on the efficiency and effectiveness of co-operative societies, a tabular presentation is chosen. Table 4 has columns for sections of the Act; Provisions of the Act in brief; Comments, especially the negative effects of the provisions; and their remedial measures.

Among the provisions handled are:

- The absence of ICA's "**Statement on Co-operative Identity**"
- Appointment of the Federal and State Directors of Co-operatives and their qualifications.
- The location of the Government Department of Co-operatives. This should be properly handled and settled.
- Minimum membership at all levels of the Movement's vertical structure
- Lack of provisions on zonal/Regional Apexes
- Restriction of loans to non-members;
- Approval for the distribution of the net surplus in unlimited liability societies;
- Director's approval for the creation of the optional education reserve fund
- Temporary taking over the management of societies by the Director
- Safe custody of documents and assets by the Director during liquidation.
- Appointment of a liquidator solely by the Director
- Controlling of liquidator solely by

- the Director
- Settlement of disputes and the appointment of a sole arbitrator, to settle disputes
- Lack of provisions on the subscription of shares by members

There are other restrictive provisions in the Act which have not been handled because they do not touch directly on the subject matter. However, participants are solicited to raise any other issues they consider relevant to the central subject matter of this paper.

S/n	Section of Act	Provisions in Brief	Comments and Negative Effects	Corrective Measures/Recommendations
1		Absence of ICA's Statement on Co-operative Identity	Giving a clear definition of the term "co-operative"/ "cooperative society" gives a very clear picture of the contents of the Act. This is same with the 1995 Co-operative Values. Reproducing the Cooperative values is also essential. The Act is likely to deviate from provisions associated with genuine, autonomous and democratically managed self-help cooperatives. This deviation as we have now affects the efficiency and effectiveness of co-operatives negatively	A clear definition of the term "co-operative"/ "cooperative society", preferably in sec. 1 of the Act. The same applies to the co-operative principles and values . These can be found in most co-operative Acts enacted after the Manchester Centenary Congress of the ICA in 1995. (see Appendix I)
2	1(I)	Appointment of the Federal Director of Co-operatives	The Federal Director of Cooperatives is in a mainstream ministry and should not be appointed by the President but through the normal process of appointing civil service directors. The 1979 Constitution allowed it but not the 1999 Constitution. The appointment by the President contravenes the Constitution (see sec. 188). The appointment can unfortunately be too politicized under the current practice.	An amendment is needed in the Act which will subject the appointment of the Federal Director to the rules and procedure in the Federal Civil Service, whatever they are. He should be appointed preferably by the envisaged National Cooperative Commission when it is eventually established.
3	1 (2)	Appointment of a State Director of Co-	The 1999 Constitution allows this, but again this can unfortunately be politicized. A Director of co-operatives should as much as possible be insulated from politics to ensure	Same as in the case of the Federal Director of Co-operatives.

4		Qualifications of a Director of Cooperatives.	<p>According to Strickland's Report of April 1934, paragraph 58, the Registrar/Director must be a 'special specie' of civil servant, specially selected and trained for his duties, and possessing a status which will enable him to approach the head of any department or private body, with which he has a project to discuss and to be assured of the general support of government.</p> <p>Any person appointed to the post of Federal or State Director of Co-operatives without the right qualifications will likely be a misfit and will bring retrogression to the Cooperative Dept. and the Co-operative Movement. There are instances of this, which should not be encouraged or repeated.</p>	<p>A candidate for the post of Federal or State Director of Co-operatives must possess a degree in Co-operatives and Rural Development/Co-operative Economics and Management or Law or Agricultural Economics or any very closely related discipline. He should be seen to possess good knowledge in cooperative theory and practice and must be seen to be of dynamic personality.</p>
5		Location of the Dept. of Cooperatives at the Federal and State Levels	<p>Co-operatives cut across all sectors and sub-sectors of the economy and livelihoods. Strickland provides an answer to where it should not be located when he provides in paragraph 53: "It will be equally clear that he should not be subordinated or attached to any specialized department, since he is concerned with every branch of native life and every profession, occupation or class of persons in Nigeria.</p> <p>In this country, the Dept. of Co-operatives in the states are found in different ministries, at least in some fifteen (15) different ministries. This makes co-ordination of cooperative matters quite difficult. Co-operatives are not found only in the agricultural sector and to locate the Federal Dept. or any State Dept. of Co-operatives in the Ministry of Agriculture and Rural</p>	<p>Perhaps the office of the Vice-President, Deputy Governor or the Ministry of Economic Development, if any, will be ideal locations for cooperative matters. The final establishment of the envisaged National Cooperative Commission of Nigeria (NCCN) will solve the problem of the location of co-operative matters.</p> <p>The Co-operative Development Policy for Nigeria, 2002 has provision for the creation of "Ministry of Cooperatives and</p>

6	3	<p>Conditions for the registration of cooperatives: Primary; Secondary; State Apex; and Federal Apex. Minimum number of membership: Ten for a primary society and five for a secondary society</p>	<ul style="list-style-type: none"> A primary auxiliary/service cooperative needs a minimum of ten (10) individual members. This number is too small for viability. The Tanzanian Cooperative Societies Law has 20 as the minimum membership, with different types of societies having their own minimum membership, between 20 and 50. The larger a society is, the better in most cases. The share capital being variable with membership is larger, the bigger the membership. The turnover of the society is also larger, the more the membership. Putting the minimum membership at 10 individuals in an auxiliary primary society and six in a productive primary society has resulted in so many mushroom societies. This has led to the inefficiency and ineffectiveness of so many societies. At least 70% of all societies in some states are moribund. Secondary societies: The minimum is five (5). This number again is also too small for viability. So many secondary societies at the local government level are not functional. 	<ul style="list-style-type: none"> This minimum should be increased to at least thirty (30). Smaller groups, at least 10 persons each, should form a co-operative cell. A minimum of 3 cells then form a primary co-operative society.
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<ul style="list-style-type: none"> • A primary auxiliary/service cooperative needs a minimum of ten (10) individual members. This number is too small for viability. The Tanzanian Cooperative Societies Law has 20 as the minimum membership, with different types of societies having their own minimum membership, between 20 and 50. The larger a society is, the better in most cases. The share capital being variable with membership is larger, the bigger the membership. The turnover of the society is also larger, the more the membership. Putting the minimum membership at 10 individuals in an auxiliary primary society and six in a productive primary society has resulted in so many mushroom societies. This has led to the inefficiency and in effectiveness of so many societies. At least 70% of all societies in some states are moribund. • Secondary societies: The minimum is five (5). This number again is also too small for viability. So many secondary societies at the local government level are not functional. • State Federations/associations are almost in the same boat as the secondary unions. Even though the membership in these state apexes is in almost all cases more than five (5), most of them have collapsed, let alone if they were only five. In so many states of the Federation, we have only one multi-purpose co-operation federation. How can we have only one multi-purpose state apex? • Zonal/Regional Federations/Apexes: There are no provisions on zonal / regional apexes / federations. Since national co-operatives have almost never functioned well and survived, zonal apexes are needed. These, if properly managed, can contribute substantially to the efficiency/effectiveness of co-operatives in the geo-political zone as a result of internal economies and the economic support zonal apexes can provide to the societies in the zone. 	<ul style="list-style-type: none"> • This minimum should be increased to at least thirty (30). Smaller groups, at least 10 persons each, should form a co-operative cell. A minimum of 3 cells then form a primary co-operative society. • The minimum membership in a secondary society (union) must be beefed up to at least ten (10) primary societies. In a productive secondary union the minimum of 5 is acceptable since there are not many of such societies.
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				<p>The same corrective measure in (b) above applies.</p> <p>There is the need for zonal apexes so that states within a geo zonal apexes to meet their special needs. Indeed in most cases zonal apexes are more needed than national apexes.</p> <p>A minimum of two state apexes should be allowed to establish a zonal cooperative apex/federation and provisions are therefore needed on this in the Act.</p>
7	30	Restriction on granting of loans to non-members	<p>A society is not allowed to grant loans to individual non-members. We are in a new era where co-operatives should look beyond their noses and do non-member business, primarily to increase their turnover in order to improve on their business results. In the face of competition from capitalist corporate bodies, co-operatives which confine their business to members only may face business difficulties. Doing business with non-members in a community may be said to be in obedience to the co-operative principle of "Concern for Community" to help community members. Doing non-member business can be seen as a marketing strategy of co-operatives to attract non-members into their fold. Non-member business allows for optimal capacity utilization. (see Chukwu, 1990: 146 – 147).</p>	<p>Individual non-member business should be allowed in the Act, provided that in savings and credit coops and generally in financial cooperatives (except banks), an upper limit of 25% should be placed on non-member business.</p>
8	(34)1	Approval by the Mgt. Committee/ Board for the payment/distribution of net surplus	<p>Offends the Member Economic Participation Principle. It is the members' right to approve the appropriation of the annual net surplus on the recommendation of the management committee/board. The management's insistence in doing can bring conflicts in the society, which can negatively affect the society.</p>	<p>Provision to be expunged and members made to give final approval on the recommendation of the management committee / board of directors.</p>

9	34 (3)	Director's approval for the transfer of part of annual net surplus to education fund (a maximum of 10%).	<ul style="list-style-type: none"> • Director may hinder this transfer. • Its creation is optional • Director's refusal would hinder the Education. Training and Information Principle and, therefore, the provision infringes on the Principle. Without education and training, efficiency/effectiveness would suffer. The max of 10% is wrong. 	The Act and bye-laws should take care of this as provided in the Policy of 2002 and made compulsory . The members must be allowed to decide what percentage should go to the education reserve. However, 10 -15% of the net surplus is recommended.
10	34(5)	Approval by the Minister/Commissioner on for the distribution of net surplus in a society with <i>unlimited liability</i> : (note only a society with <i>unlimited liability</i> : a rare form, anyway)	Infringement on the Democratic: Autonomy: and Member Economic Participation Principles. Members must be made to know the special importance of creating adequate surpluses in unlimited liability societies and the distribution left for them. Wrong decisions by the Minister/Commissioner can negatively affect the efficiency/effectiveness of co-operatives.	Members to take their own decisions on the distribution of net surplus, and therefore, this provision must be expunged. The bye-laws of societies must provide for adequate creation of reserves, for example.

11	46(1-6)	Settlement of Disputes, i.e., Arbitration by the Director or his sole appointee	Arbitration by one person, either the Director or his appointee is likely to be subject to abuse. Without any of the parties to the dispute or the Cooperative Movement. This abuse can lead to the inefficiency of co-operatives.	Arbitration should be carried out: <ul style="list-style-type: none"> • By three arbitrators: one each by the two parties and a third nominated by Director who shall be the Chairman; or • By a Standing Arbitration Panel at the L.G.A. and state levels; 5 at zonal level. Composition: one to be the director's nominee and two the movement's nominees. At the zonal level as deemed appropriate, depending on the parties in dispute.
12	-	Lack of provisions on the subscription of shares by members	There is no section in the Act which provides for the compulsory subscription of shares by members of a co-operative society. The third principle: "Members Economic Participation" provides in part as follows: "Members contribute equitably to, and control, the capital of the co-operative. Members usually receive limited compensation if any, on capital subscribed as a condition of membership" The above part of the principle seems to call for the subscription of share capital as a condition for membership. The lack of provision on compulsory subscription of share capital seems therefore to be an infringement on the 3 rd principle.	There must be provisions on the subscription of shares in co-operatives. However, the minimum amount to be subscribed should be left to the relevant state apex society should guide a pre-co-operative in the determination of its financial provisions, including entrance fee, shares, savings, reserves, dividend and interest payments. Provisions should be made for

• **RECOMMENDATIONS**

The nation needs an enabling Co-operative Societies Act which can guide co-operatives to function efficiently and effectively. Table 4 contains several recommendations, all of which cannot be repeated here. What has been done is to pick the key ones only.

• **Revision of Policy to set Deofficialisation in Motion**

Even though the work is not on the policy, a policy substantially determines what the Act provides. Most of the issues discussed revolve around the powers of the Director of Co-operatives and official's action. To tone down the statutory powers of the Director of Co-operatives, both federal and state, there is a need for a new policy which will clearly make the autonomy of the co-operative movement its central focus (see Münkner, 1993). The preparation of the policy must be participatory.

• **Review of the Act**

There is the need to start all over to review the Act. It is not the people's law. *Popular participation* of all stakeholders, especially co-operators and their various apex organizations, such as the state co-operative federations and all national co-operative apexes must be followed in the review of the 1993/2004 national Co-operative Societies Act.

• **Adoption of ICA's Statement on Co-operative Identity**

The Act must adopt and domesticate ICA's 1995 "Statement on Co-operative Identity" in the early sections of the Act. So many countries have done that now (see Appendix I).

• **Code of Conduct**

To ensure proper, honest and accountable management, the Act should provide that every society prepares a "Code of Conduct" for its elected officials and employees.

• **Minimum Membership of Societies**

The minimum membership for all levels of the movement should be revisited. A minimum of thirty (30) persons are required

to form a primary society and a minimum of ten (10) for a LGA-based secondary union and a state apex; two for a zonal/regional co-operative and four (4) apexes from at least two zones of the Federation for a federal co-operative association or federation.

• **A Good Definition of the term "Co-operative"**

The Act which emerges **should clearly define the term "co-operative"**, stressing its cardinal features – as based on self-help; SHO; its autonomy, the co-operative values and principles, and as a promotion instrument of the members, etc.

• **New Act to be an Enabling Act**

The new Act must be an enabling law, and must be couched in such a language and framed in such a manner that is clear, devoid of inconsistencies, typographical and grammatical errors, wrong placement of provisions, etc. The original Decree was full of such errors (see Berko, 2001). All these, either directly or indirectly promote co-operative efficiency and effectiveness.

• **De-politicizing the Appointment of Directors of Co-operatives**

The appointment of the Federal and State Directors of Co-operatives must be **de-politicized**. They should thus be appointed in the same way as other civil service directors are appointed, except if the position is raised to the status of a Permanent Secretary. It is hereby recommended in this connection that the nomenclature **Director** should be changed to **Registrar** of Co-operatives, a term used in most countries belonging to the English legal circle (Registrar-General at the federal level and Chief Registrar at the state level). The term 'Director' connotes someone who directs the affairs of an organization. Should the Director really direct co-operatives under his jurisdiction? It is indeed, a misnomer (see Chukwu & Berko, 1994:148).

Furthermore, the post of Director of Cooperatives is so involving that he must be "a special specie of civil servant". He/she must have very good training and exposure in

co-operative matters to be able to efficiently and effectively lead, advise and administer the entire national co-operative movement to great success. A bad, unqualified Director of Co-operatives can destroy a very good co-operative movement. The Act must, therefore, deviate from the usual norm of law-making in the country by stating the Director's qualification requirements in the Act, as it is in Great Britain and Malaysia, for example.

• **Removal of Directors Controlling Functions**

The removal of the controlling functions from the Director will be in consonance with modern trend and in the spirit of "structural adjustment programme" and deregulation which the federal and state government have directly or indirectly embarked upon since the mid-1980s, but there is a caveat as in (x) immediately below.

• **Phasing the Deofficialisation Process**

This author is not too sure that the Co-operative Movement itself is ready for complete **deofficialisation** immediately. There must, therefore, be a transition period of about five years to reposition the Movement to take over added responsibilities. The transition period will also allow government to restructure the Department of Co-operatives at the federal and state levels and rationalize staff (not retrench them) in these Departments (on officialisation and deofficialisation see Hanel, 1976; Koch, 1985; Berko, 2001).

• **Strengthening the Movement Prior to Deofficialisation**

The National Co-operative Movement must be strengthened prior to complete deofficialisation through the provision of intensive cooperative education, training and information, that is, through capacity building, and the re-structuring and re-organization of the Movement. It is advised that every state should have a Directorate of Co-operative Development (or a Cooperative Development Agency) which

will take over the developmental functions of the Department of Co-operatives, except education and training.

Each state must have several specialized "trading apexes". These must include a production input supply co-operative; an apex for micro, small and medium scale industries; a marketing apex; and a financing apex. Let every state take a cue from the good example of the Bauchi State Co-operative Financing Agency Ltd. We must consider 'exporting' as very vital. Every geo-political zone should have "a co-operative bank" and later a national co-operative bank, if deemed necessary. There is nothing wrong in providing for all these and others in the Act. What has been done in some countries, such as Tanzania and South Africa is to have brief provisions for some of the very important apexes, including "housing apex" in the Act. Every state must have "an accounting and audit federation". Every society and secondary union **must** become a member of the state accounting and audit federation.

• **Provisions for Organs of Co-operatives in the Act**

The Act must have provisions for at least four organs: (i) the General Meeting (ii) the Management Committee/Board of Directors (iii) the Supervisory Committee and (iv) the Manager. The first three are generally seen as the very embodiment of a 'co-operative'. More details on them can appear in the Regulations (see South Africa Cooperatives Act and the Cameroonian 'Coop. Law'). For co-operatives to survive in an ever overheating competitive environment there is the need for a business manager. Other than ensuring that the management of the society is in capable hands, employing managers and other workers is the co-operatives own contribution to creating employment, and thus contributing to defeating unemployment. The organs together contribute to the efficiency/effectiveness of co-operatives.

• **Dismissal of Management**

Committee/Board of Directors by the Director

The authority of the Director to dismiss the management of a society and take over its management for a maximum period of two years is irreconcilable with the freedom the Act has in part given to co-operatives. It is also repugnant to good conscience and runs counter to the current wind blowing across developing nations. It is a demagogic provision which will create confusion in the co-operative movement. It will send fear down the spines of all office holders and employees. This is not good for creating space for co-operative efficiency and effectiveness for it create insecurity. This provision must be revoked because it is more powerful and dangerous than all the controlling powers put together. It empowers the Directors to make unfettered and unwelcome incursions into the co-operative kingdom, inadvertently perhaps, for destruction. The provision is the very embodiment of officialisation and the legalization and personification of illegitimacy. The Director hasn't adequate staff to take over the management of the so many societies which are inefficiently managed. This provision is capable of destroying the entire Movement.

- **Need for a Supervisory Committee**
The presence of a supervisory committee in a co-operative society creates checks and balances, and accountability. It will help reduce fraud and inefficiency on the part of management. It will help keep employees and the management committee on their toes. The South-East Cooperative Societies Regulations (sec. 54) and the Cameroonian Co-operative Societies Law of 1992: section 25 – 28 have provisions on it (see Cameroon Law of 1992; also Cooperative Societies Act of Germany, 1895, 2006). Almost all European Co-operative Societies Laws have provision on the supervisory committee except Britain which influenced all Afro-Asian co-operative laws. For too long the management committees / boards of directors of Nigerian co-operatives have been to free to

commit all manner of malfeasances, result in cooperative efficiency and effectiveness and the near collapse and eventual demise of a greater part of the Movement. Unless there is unquestionable internal control by members, the Movement will eventually disintegrate to the chagrin of the present and future generation and a golden opportunity frittered away.

- **Compulsory Education Fund**

The creation of an education fund should be made compulsory and the percentage of the net surplus for this purpose increased to a minimum of between 10-15 percent until co-operative education/training reaches an appreciable level in the country. The Minister or Commissioner for Co-operative Matters and the Director of Co-operatives should have no hand in the creation and management of this fund. Education is so important for the efficiency, effectiveness, sustainable growth and development of co-operatives that it cannot be treated with lavy (see Berko, 1991; 2012; Chukwu, 2012; Onuoha, 1998).

- **Easier Mobilization of Funds**

Attempts must be made to make it easier for co-operatives to mobilize funds, especially internal funds. It is necessary to make the subscription of shares by members compulsory, even though it is not always right. In this regard, provisions in the legislation for the payment of dividend on shares must be made more flexible and attractive, but not too capitalistic. The same applies to interest on savings. Instead of fixing the rates in the Act or Regulations, the rates must be decided by the bye-laws, but must not be fixed except the percentage of it which must be absorbed in the Income and Expenditure Account, usually about 2.50%. The use of financial instruments, such as sponsor shares, debentures and even preference shares must be encouraged.

- **Multiple Liability**

The Act should make provisions for multiple liability, basically to increase the creditworthiness of societies, but it must not

exceed 3 times a member's subscribed share capital. Increasing the creditworthiness through multiple liability can contribute to attracting more external funding and thus increasing the possibility of higher levels of efficiency and effectiveness.

- **Broadening the Scope of the Act**

The scope of the Act should be broadened to include provisions on **probationary societies** to give such societies a corporate status. This reduces the disadvantages of unincorporation and thus raise the level of efficiency / effectiveness. Other “co-operative-like” organizations or special economic interest groups can also register under the Act (see Cameroon, Law 92/006: Law Relating to Co-operative Societies and Common Initiative Groups). In this way these organisations will enjoy the benefits enjoined by co-operatives and thus raise their levels of efficiency / effectiveness.

- **Co-operative Development Agency and Deofficialisation**

A Co-operative Development Agency (CDA) in each state and at the federal level must be put in place at the onset of the deofficialisation programme. The World Bank, UNDP, ILO, ICA, European Union, etc. will be interested in helping the country successfully embark on deofficialisation as has been accomplished in the Cameroon since 1992. Preceding the new Act must be a new co-operative development policy, which will clearly outline a phased-model towards deofficialisation. This organisation will take over some of the functions of the Director of co-operatives and be so positioned that it can positively affect the efficiency and effectiveness of the co-operatives it would be promoting.

- **Two-Term Tenureship Problem**

Section 26(2) poses a problem. What happens after someone has served two consecutive terms of four years each, that is, a total of eight years? Does the section imply that such a person cannot serve on the board again? If that were to happen then a time would come when there would be no one to serve on the board. There should be a 'cooling off' period

of one term after which such a person can re-contest to serve on the board. Co-operatives should not be deprived of its experienced and resourceful human capital in the name of 'rotation' or 'giving others a chance to serve on the board'. A confused situation can negatively affect the smooth running of co-operatives. A remedy is thus very necessary.

- **Division of the Annual Net Surplus**

Section 34(1) provides that the appropriation of the net surplus cannot take place without the approval of the management committee/board. This is wrong! The management committee/boards proposes, subject to the approval of the annual general meeting (AGM). This allows for control and accountability. Very often fictitious financial statements are issued by the management committee/board of directors, very often with the connivance of auditors, and unless co-operative members have the final say in the distribution of the annual net surplus, a lot can go wrong.

- **Very Stern Punitive Measures Against Offenders**

Co-operative funds and property should be seen generally as the poor people's funds and property which should be husbanded with extreme *passion*. Anyone not prepared for this should not accept leadership positions in co-operatives. This is why there must be a code of conduct for all office holders and employees. Again this is why these days the Values of Co-operation are being harped on. Co-operative leaders must behave honestly and display accountability, prudence and diligence. As the ICA has emphasized, the “co-operative principles” are instruments for putting the “values” into practice. Office bearers must behave like the founding fathers of co-operatives – Robert Owen, Dr. William King, Wilhelm Friedrich Raiffeisen and Hermann Schulze – Delitzsch, both of Germany and some pioneers of co-operatives in Nigeria who sacrificed so much for the overall wellbeing of their fellow citizens, among them Tetteh Ansah, Chief Obisesan etc.

The Co-operative Societies Act has some

provisions for certain breaches, but these are not punitive enough. The net must be cast wider and very stern punitive measures must be meted against all offenders, both during arbitration and in the law courts. Offences in co-operatives must be seen as offences against humanity. It is very sad to observe that co-operatives have become fertile grounds for dubious people to perpetrate all kinds of heinous crimes; some people ganging up to siphon million and millions of naira of the ordinary people's money, ruining the livelihoods of their members and those of their dependants in pursuit of their selfish aggrandizement. Fake co-operatives are registered by some Directors of Co-operatives for personal gains. Several properties of co-operatives, some donated by Government, have been sold off and the revenue misappropriated by a few, unfortunately before the open eyes and ears of some top government co-operative officials. Employers who refuse to transfer deductions of money meant for co-operatives or work against co-operatives should be seen as **enemies of the people and national development** and must face very stern punitive measures as the courts may deem appropriate. But let everyone hear this. It has never, never ended anyone who has cheated co-operatives and their members well. Most of such people die unnoticed and unsung.

• CONCLUSION

A very large proportion of the citizens are facing social and economic hardships but can be rescued through efficient and effective co-operative practice. Co-operative efficiency and effectiveness are determined to a very great extent by legal provisions – an enabling legal environment which allows co-operatives to operate efficiently and effectively.

The Co-operative Societies Act is founded on the policy of state-sponsorship and control, enunciated in India at the beginning of the 20th century and transferred to Nigeria and other countries of the British Colony. After some eighty (80) years of this concept, using the provisions of various pieces of co-operative

legislation, the Movement has not appreciably moved forward. In fact, in many sub-sectors of the Co-operative Movement of Nigeria, there is retrogression. There are hardly any true and functional national co-operative apexes, both 'trading' and 'non-trading'. The unions at the local government area levels are in most cases a sham, and the state apexes are a huge disappointment. Which ones are functional?

After analyzing some determinants (independent variables) of co-operative efficiency and effectiveness and the relevant provisions of the subsisting Act of 2004, the author has come to the inevitable conclusion that so many of the provisions do not support the creation of an enabling legal framework for the proper, efficient and effective functioning of co-operative societies and the Co-operative Movement. There is, therefore, the urgent need to revisit both the Policy of 2002 and the Act of 2004. The Government must adopt the popular/citizens' participatory approach in the formulation of both of them (see Berko, 2017).

The Policy and Act must focus on the emergence of a phased deofficialisation process, which will span over five (5) years. The Directors of Cooperatives must be special specie of civil servant with the right academic and practical qualifications. A Director must be a developer/promoter of co-operatives but not the supervisor or boss of co-operatives. The government must fully support the development of co-operatives as a social, economic and political responsibility to the citizens. The Government must not be seen as the master and the Cooperative Movement as the servants. What we need now is a true Government Co-operative Partnership (GCP) to move the Movement and the nation forward through policy and legal provisions which will see co-operatives as autonomous, democratically managed social enterprises. With enabling policy and legal provisions, we will see a robust Co-operative Movement emerging in the next few years – co-operatives which are properly structured, financed, managed, fully supported by their members, member-

focused and self-reliant, progressive and contributing very meaningfully to employment and wealth creation, empowerment of the people, enthronement of social justice and equal opportunity for all. Government must continue to assist co-operatives but not at the expense of the autonomy of the Movement. Distinguished gentlemen, efficient organizers of this very successful people's conference, our cherished co-operators, heads of various cooperative institutions, my dear colleagues, the Fourth Realm, let me rest my case here in the meantime. Pardon me for any shortcomings, which, however, can be discussed in this forum. The ball is now squarely in your court; let us have a participatory session; everyone talking; everyone expressing his/her views. This is grassroots democracy, offered by co-operatives.

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BANK OF AGRICULTURE (BOA) PERSPECTIVES ON FINANCING AGRICULTURAL COOPERATIVES IN OGUN STATE

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ABSTRACT

This study focused on Bank of Agriculture (BOA) perspectives on financing Agricultural Cooperatives in Ogun State. The three zones of the bank operation were sampled using multistage sampling techniques. Primary and secondary data were utilized for the study and obtained with the use of a well structured questionnaire from 120 respondents only out of which One hundred and nine (109) were returned, and acceptable for data analysis.

The results obtained on the socio-economic characteristics of the beneficiaries revealed that majority of them were male (58.7%), aged less than 50 years (75.2) with an average age of 42.51 years per beneficiary, married (75.2%), had moderate household size of 5 (mean) per household, literate with vast majority (98.2%) possessing one form of formal education or the other; (71.6%), engaged in farming as main occupation had an average of 5 years of farming experience and (64.2%) practiced Christianity as religion.

An evaluation of the factors determining the amount of loan obtained revealed that age, education, farm size, amount repaid, past record and annual net income are the important factors determining the loan amount obtained from the Bank. The age of the respondents, negatively influenced the amount obtained while farm size and amount repaid positively influenced the loan amount obtained. Household size, education and loan size were found to have significant relationship with loan repayment rate. While household size had negative relationship with loan repayment, education and loan size have positive relationship with it. In terms of constraints to the BOA loan acquisition. High interest rate, bureaucracy and inability to provide a guarantor were adjudged as the major constraints to loan acquisition in the Bank of Agriculture in Ogun State.

Keywords: *Agricultural Cooperatives, Loan Acquisition, Loan Repayment, Loan Evaluation.*

Introduction

The Central Bank of Nigeria (CBN 2014) defined the Bank of Agriculture (BOA) as a type of bank that lends money to farmers for longer a periods of time and charges them less interest. Therefore, the Bank of Agriculture (BOA) is described as credit bank expressly established in accordance

with the provision of law to assist agricultural development across the globe, particularly by granting loans for longer periods than is usual with commercial banks. In his words, Adesina (2012), an Economist and Social commentator succinctly conceptualized Bank of Agriculture (BOA) as bank that lends money to individuals, basically farmers.

Bank of Agriculture (BOA) is the nation's foremost agricultural and rural development finance institution. It was incorporated in

1972 as Nigerian Agricultural Cooperative Bank Limited (NACB) to reflect the inclusion of cooperative financing into its broader mandate. In October, 2001, following the Federal Government effort to streamline the operations of its agencies, that were believed to be performing overlapping functions, three institutions, Nigerian Agricultural Cooperative Bank (NACB) Peoples Banks of Nigeria(PBN) and the risk assets of the Family Economic Advancement Programme (FEAP) were merged to form Nigerian Agricultural, Cooperative and Rural development Bank (NACRDB) in October 2010, following the rebranding of the bank to reflect its institutional transformation Programme, the Bank adopted the new name Bank of Agriculture (BOA) in the year 2013.

Co-operatives are autonomous associations of persons who unite voluntarily to meet their common economic and social needs through a jointly owned and democratically controlled enterprise (ICA, 1995). Co-operatives are established by like-minded persons to pursue mutually beneficial economic interest and they provide a unique tool for achieving one or more economic goals in an increasingly competitive global economy.

Agricultural cooperative also known as farmers' cooperatives is a cooperative where farmers pool their resources in certain area of activities thereby encouraged members to engage in joint cultivation of food and cash crops, purchase farm inputs at subsidized price and create better producers' price for their farm products (Poulton, *et al* 2006). In view of the low financial capacity and high level of under-development, an individual farmer cannot achieve the desires for large-scale production. It is therefore in the farmers' interest that resources are pulled together so as to gain a tremendous collective advantage and thus widening the industrial base of the economy and the management techniques (Epetimehin, 2006). For instance, farmers' co-operative societies are formed to bring in more agricultural inputs and product marketing services to members, increase

competition in the agricultural service sector and provide savings and loan to members, among many other functions. Small holder farmers stand a better chance with the formation of agricultural co-operatives.

Awoke (2004) reported that high rate of default arising from poor management procedures, loan diversion and unwillingness to repay loans has been threatening the sustainability of most public agricultural loan schemes in Nigeria; thus warranting an empirical probing and the need to critically assess factors affecting the rate of loan allocation to societies by bank of agriculture.

A detailed understanding of these factors may provide necessary information towards designing a more effective and sustainable loan system that can serve resource poor farmers better. Against this backdrop, this study is being undertaken to supplement existing literature and also serve as a bridge pillars between the bank of agriculture and farmers in ascertaining factors that influence their willingness or unwillingness to meet credit need of rural farmers.

Objectives of the study

- describe the socio-economic characteristics of the farmers in the study area
- examine the factors that determine the amount of loan obtained by the farmers
- identify the constraints to agricultural loan acquisition from BOA

Research Methodology

Study Area

The study was carried out in Ogun State, Nigeria, which was created in February 1976 with Abeokuta as the State capital. The State shares an international boundary with the Republic of Benin to the west and inter-state boundaries with Oyo State in the north, Lagos State in the South and Ondo State in the East. The State has a landmass of about 1.7 million hectares. It is currently made up 20 Local Government Areas (LGAs) spread across four main divisions – Egba, Ijebu, Remo and Yewa/Awori (NPC, 2006).

Sources and Methods of Data Collection

Both primary and secondary data were used for this study. They were obtained through wellstructured questionnaire which was administered by trained enumerators. The following information were collected from the respondents' socio-economic characteristics, amount of loan given to farmers, whether or not farmers were able to repay for their loans on time, interest charged on loans given to them, timeliness of disbursement of loans, farm size and other factors influencing loan repayment of beneficiaries of BOA in Ogun State.

Sampling Techniques

Multistage sampling technique was used in selecting the beneficiaries. The first stage was a purposive selection which indicates the three zones. This ensures that all the operative bases of the Bank were all covered. The second stage was a random selection of four Local Government Areas from each of the three zones that where BOA branches are located. The last stage was random selection of 10 beneficiaries from each of the 12 Local Government Areas LGAs, forty farmers from each zone which are Abeokuta zone, Ijebu zone, and Imeko Afon zone from the list of farmers that were made available. In all, a total of one hundred and twenty (120) respondents were randomly sampled. However, after thorough field editing only one hundred and nine (109) were useful for the study.

Methods of Data Analysis

Descriptive statistics such as frequency distribution tables, percentages and measures of central tendency were used to describe socioeconomic characteristics of the respondents and identify reasons for loan default. While, multiple regressions was used to examine factors that determined the amount of loan obtained, repaid and defaulted by the farmers.

Ascertain the factors that determine the amount of loan obtained by the beneficiaries.

Amount Obtained:

The model is implicitly specified as follows;

$$Y = f(X_1, X_2, X_3, X_4, \dots, X_n + ei) \dots \dots \dots \text{Equation (i)}$$

The model is explicitly specified as follows; Equation (ii)

- Where Q = Amount Obtained (₦)
- = Constant term of the regression
- = Coefficient of X input
- = Independent variables
- = Error Term.

The model is explicitly specified as follows:

$$Q = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_6 + b_7X_7 + U \dots \dots \dots \text{(iii)}$$

- Q = Relative amount obtained (₦)
- X₁ = Borrowers age (Years)
- X₂ = Loan beneficiaries educational level (years)
- X₃ = Farm size (hectares)
- X₄ = Loan Experience (years)
- X₅ = Household size (in number of person)
- X₆ = Amount repaid (N)
- X₇ = Annual Net income (₦)

b₁, b₂, b₇ are coefficient to be estimated.

Problems encountered by the BOA beneficiaries in the study area.

Descriptive statistics such as (frequency distribution tables, percentages and measures of central tendency) was used to achieve this objective.

Results and discussions

Socio-economic characteristics of the respondents

The socio-economic characteristics of the respondents are presented under this sub-heading. An assessment of the socio-economic characteristics of the respondents becomes important because of its tendency to influence their borrowing and repayment behaviours. As stated below, Sex of borrowers could have implications on loan repayment and by implication, default. It is important to understand how the respondents' sex would likely influence loan repayment. This could facilitate credible loan administration. The results revealed that the majority (58.7%) of the respondents were male. It is evident that majority (75.2%) of the respondents were younger than 50 years

with mean age and standard deviation of 42.51 and ±11.03 years respectively. Result on marital status reveals that majority (75.2%) of the respondents were married. This is an indication that married people were the predominant beneficiaries of the BOA loan. The table also revealed that the vast majority (83.5%) of the respondents had at most 6 individuals in their households with an average of 5 individuals per household. This household size is considerably moderate and may not have substantial effect on the use of borrowed fund for unintended household consumption expenditure. In other words, the level of the household size may not have significant effect of repayment. The results on education of respondents analyse that only minority (1.8%) of the respondents had no any form of formal education. This implies that the vast majority (98.2%) had one form of formal education or the other. Besides, substantial number (39.4%) of the respondents had HND/BSC certificates. Obtained results revealed that vast majority (71.6%) of the respondents

were farmers. With the high level of education among the beneficiaries, there is the tendency that if they invest the loan in farming, reasonable profit could be generated that will enable repayment of the loan. Also an evaluation of the farming experience of the beneficiaries revealed that the majority had between 1-5 years of experience with an average of 5 years per beneficiary. This experience level is relatively low and might not be unconnected to the high level of education that might have accounted for substantial years in the beneficiaries' lifespan. Evidence on the table below shows that the majority (66.0%) of the respondents earned at most N100,000 per month. The mean farm income and standard deviation revealed high level of variation in income of the beneficiaries. The results on Religion revealed that the majority (64.2%) of the respondents were Christians. Notwithstanding, the number of Muslim beneficiaries were also substantial (35.8%).

Socio-economic Characteristics Distribution of Respondents

Characteristics	Frequency	Percentage	Cumulative Frequency
Sex			
Male	64	58.7	
Female	45	41.3	
Total	109	100.0	
Age (years)			
20-29	9	8.3	8.3
30-39	30	27.5	35.8
40-49	43	39.4	75.2
50-59	22	20.2	95.4
> 60	5	4.6	100.0
Total	109	100.0	
= 42.31, SD = ±11.03			
Marital Status			
Single	11	10.1	
Married	82	75.2	
Divorced	4	3.7	
Widowed	9	8.2	
Separated	3	2.8	
Total	109	100.0	

Household Size (Person)			
1-3	37	33.9	33.9
4 - 6	54	49.6	83.5
7 - 9	14	12.8	96.3
≥10	4	3.7	100.0
Total	109	100.0	
Mean () = 4.5, Standard Deviation (SD) = +2.49			
Education			
No formal education	2	1.8	
Adult literacy	5	4.6	
Primary education	3	2.8	
Secondary education	23	21.1	
OND/NCE	33	31.3	
HND/BSC	43	39.4	
Total	109	100.0	
Occupation			
Banking	2	1.8	
Business	1	0.9	
Civil service	1	0.9	
Farming	78	71.6	
Sailor	2	1.8	
Tailoring	1	0.9	
Teaching	15	13.8	
Trading	9	8.3	
Total	109	100.0	
Farming Experience (year)			
1-5	82	75.2	75.2
6-10	20	18.4	93.6
>10	7	6.4	100.0
Total	109	100.0	
Mean () = 5, Standard Deviation (SD) = 4.9			
Income (₦)			
≤50,000	34	31.2	31.2
50,001-100,000	38	34.8	66.0
100,001-150,000	28	25.7	91.7
>200,000	9	8.3	100.0
Total	109	100.0	
= N147,404, SD = ±N220,818			
Religion			
Christianity	70	64.2	
Islam	39	35.8	
Total	109	100.0	

Source: Field Survey, 2017

Factors determining the amount of loan obtained by the beneficiaries

Multiple regression model was employed to analyse the determinants of BOA loan obtained by the respondents. Age of respondents (X_1), level of education (X_2), farm size (X_3), loan experience (X_4), household size (X_5), amount repaid (X_6) and annual net income (X_7) served as independent variables. The adjusted R^2 of 0.682 indicates that about 68% of the variation in loan obtained is captured by the variables included in the model. The remaining 32% is due to unexplained variation in the amount of loan obtained by the respondents. The significant F-value (at 1% level) also shows that the model is a good fit to the data.

The data in the table, revealed that the coefficients of age, education level, farm size and amount repaid (in the past) significantly influenced the amount of loan obtained by the respondents. The age of the respondents, negatively influenced the amount obtained while farm size and amount repaid positively influenced the loan amount obtained. The implication of these findings is that the youths have better access to higher amount of loan than the aged and those that had better repayment in the past, will receive relatively higher loan amount than those with relatively less repayment record. Besides, the more educated an aspiring beneficiary, the higher the likelihood of securing higher

Multiple regression analysis of determinants of loan obtained by beneficiaries

Variable Code	Variables Name	Regression Coefficient	Standard Error	t-value
β_0	(Constant)	-410026	348672.3	-1.176
X_1	Age	-13718.4**	-0.136	-2.152
X_2	Education level	39916.48**	0.134	2.168
X_3	Farm size	107728.5***	0.328	4.700
X_4	Loan experience	-28102.5	-0.039	-0.660
X_5	Household size	21383.69	0.051	0.706
X_6	Amount repaid	0.737***	0.097	7.587
X_7	Net income	0.004	0.025	0.149
	F-value	34.016***		
	R-squared	0.702		
	Adjusted R-squared	0.682		

Source: Field Survey, 2017, * significant at 10 % level, **significant at 5% level,***significant

Constraints to Agricultural Loan Acquisition through BOA

Constraints refers to the problem faced towards achieving a particular goal. In this case, the usual goal of the beneficiaries is to continuously have access to the BOA loan.

This also applies to prospective beneficiaries who may want to secure the loan for the first time. Understanding the constraints faced by the current beneficiaries will enable the prospective beneficiaries to be better prepared. This may ease the process of the loan

procurement. Besides, the BOA could also improve on its loan disbursement processes with the knowledge of the constraints faced by the current beneficiaries. An attempt to provide this knowledge informs the analysis of the constraints being faced by the current beneficiaries of the BOA loan.

It is evident from the findings that substantial percentage (26.6%) of the respondents considered high interest rate as the most important constraint to the use of the BOA loan while others, considered bureaucracy, inability to provide the required guarantor, harsh loan recovery methods being used and untimely disbursement of loan as the most important constraints to procurement and/or use of the BOA loan.

A follow up interview with the management of BOA in charge of loan revealed that the interest rate was relatively lower than what obtained in the

mainstream financial sector like commercial and microfinance banks (between 20-40%). According to the BOA official, the interest rate for small-holder and SME loan beneficiaries for agricultural purposes is 12% and 14% respectively for non-agricultural purposes, the interest rate was 18% across board (all non-agricultural loan).

Intending beneficiaries of Bank of Agriculture (BOA) are required to have 20% of the desire loan amount as savings before they are requested. The smallholders are not required to provide collateral. For instance, a beneficiary that intends to borrow ₦100,000 must have at least ₦20,000 savings in the Bank. This is not a necessary condition for the SMEs who are required to provide collateral before securing the loan. The SMEs can, however, have both savings and collateral.

Distribution of the Respondent by Constraints faced by the Beneficiaries of the BOA

Constraints To Loan Use	Frequency	Percentage
High Interest Rate	29	26.6
Difficulties and protocols involved in obtaining loan	17	15.6
Cost of obtaining loan is too much	3	2.8
Inability to provide guarantor	12	11.0
Loan is inadequate	8	7.3
Untimely disbursement of loan	6	5.5
Harsh loan recovery procedure	8	7.3
No response	26	23.9
Total	109	100.0

Field Survey 2017

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Summary of major findings

The results obtained on the socio-economic characteristics of the beneficiaries revealed that majority of them were male (58.7%), aged less than 50 years (75.2) with an average age of (42.51) years per beneficiary, married (75.2%), had moderate household size of 5 (mean) per household, literate with vast majority (98.2%) possessing one form of

formal education or the other, (71.6%), engaged in farming as main occupation had an average of 5 years of farming experience and (64.2%) practiced Christianity as religion.

An evaluation of the factors determining the amount of loan obtained revealed that age, education, farm size, amount repaid, past record and annual net income are the important factors determining the loan amount obtained from the Bank. The age of the respondents, negatively influenced the amount obtained while farm size and

amount repaid positively influenced the loan amount obtained. Household size, education and loan size were found to have significant relationship with loan repayment rate. While household size had negative relationship with loan repayment, education and loan size have positive relationship with it.

In terms of constraints to the BOA loan acquisition. High interest rate, bureaucracy and inability to provide a guarantor were adjudged as the major constraints to loan acquisition in the Bank of Agriculture in Ogun State.

5.2 Conclusions

The age of the respondents, negatively influenced the amount obtained while farm size and amount repaid positively influenced the loan amount obtained. The size of loan given had positive relationship with the repayment rate. High interest rate, bureaucracy and inability to provide guarantor were adjudged as the major constraints to securing loan from the BOA. The age of the respondents, negatively influenced the amount obtained while farm size and amount repaid positively influenced the loan amount obtained. Household size, education and loan size were found to have significant relationship with loan repayment rate. While household size had negative relationship with loan repayment, education and loan size have positive relationship with it. In terms of constraints to the BOA loan acquisition. High interest rate, bureaucracy and inability to provide a guarantor were adjudged as the major constraints to loan acquisition in the Bank of Agriculture in Ogun State.

Successful management of agricultural loan programme for farmers depends to a large extent, on sound knowledge of socio-economic characteristics of the farmers and their

production situation or background also the amount of loan obtain. Management therefore needs to put in place, practical measures to mitigate the risk in the BOA loan scheme so as to improve the quality of the overall loan portfolio of the bank. These factors, pose three major tasks for the loan administrator namely, how to: Ensure continuous patronage from farmers, guide against mis-use of loan, and ensure prompt and full repayment of loan.

Recommendations

Recommendations arising from the conclusions of the study are given below:

- BOA should consider reducing the interest rate to encourage more people to access the loan and ease repayment.
- Loan administrators at the BOA should consider providing large sum to beneficiaries rather than series of small loans because it was found to increase propensity to repay.
- Bureaucracy should be tackled and loan disbursed on time to beneficiaries to avoid the issue of wrong timing of loan disbursement and use.
- The BOA loan administrator should review the guarantor policy with a view to easing it. Perhaps, they could employ group lending as opposed to individual lending with guarantor.
- There should be effective and proper monitoring, supervision and control of loans to the beneficiaries in order to ensure prompt and full repayment of loan.

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SUSTAINABLE ASSETS BUILDING THROUGH CO-OPERATIVE SOCIETIES' SUSTAINABILITY IN NIGERIA

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ABSTRACT

The quantum of assets an organization owns is a reflection of its economic status. In the same manner, the quantum of assets, both business and personal household assets, and individual has is a reflection of the person's socio-economic status in the society. Corporate assets are of two types- real assets and financial assets. Both are investment instruments which when in the right quantity and quality and well managed can yield substantial value addition. In terms of co-operatives, it is necessary to discuss both co-operatives' corporate assets and their members' personal assets which can be both business assets and household assets. In this work, two types of co-operative societies are used for illustration; namely: farmers/agricultural multi-purpose auxiliary (service) co-operatives and salaried workers savings and credit co-operatives (SW SACCOs). Owing to their poor capital base and other management problems, the country's agricultural auxiliary multi-purpose co-operatives have generally very poor assets base- members' equity capital and retained earnings (reserves), liquid cash and physical/real assets. The big, rich SACCOs on the other hand, have a strong assets base, but they are mostly financial assets, mainly bank deposits and savings; member-debtors and employers' unremitted deductions from members. The members' private assets base follows the same trend as the corporate assets, members of SW SACCOs having a much stronger assets base than their counterparts in agricultural auxiliary multi-purpose co-operatives.

To improve on the assets base of the societies, they must be better financed and managed. The poor farmers need to be given initial start-up capital / seed capital- for crop farmers about ₦150,000 and livestock and fish farmers ₦250,000. Auxiliary / service co-operatives have proved over the years in Nigeria to be an inefficient and ineffective organizational form of co-operatives and the author therefore recommends the adoption of the more effective production-promotion co-operatives for experimentation. The SACCOs should not empower the exploitative business organizations but should rather lead the way for establishing a new and resilient co-operative empire by first of all establishing co-operative financial institutions and afterwards venturing into other relevant sectors such as consumer and housing co-operatives. The country needs a sustainable co-operative movement to create employment, wealth and grow the gross domestic product (GDP). The Co-operative Movement is the ordinary persons' last hope for survival and they should therefore be taken seriously.

1.0 Introduction

The topic "Sustainable Assets Building through Co-operative societies, sustainability in Nigeria" fits quite appropriately into the overall theme of this year's conference, the 4th Annual Conference of the Institute of Co-operative Professionals of Nigeria (ICOPRON). For any country to achieve "Total Economic Recovery", its citizens must have unfettered and affordable access to initial productive assets of all types and variations. Such initial productive assets are expected to yield further productive and household assets as well as make available adequate financial resources for accessing more 'financial assets' and consumption. All these can come about if the economic and human resources, including entrepreneurship, management, land, capital and labour, are properly and efficiently harnessed for optimal production. It must, however, be emphasized that the accumulation of economic resources must not be concentrated in a few hands which would then create a bourgeoisie class with unassailable economic and political power to the detriment of other citizens, far greater in number who then form the proletariat class which go by various nomenclatures: the down trodden; the wretched of the earth, the neglected majority; the abject poor; the silent majority, etc. As Prof. Charles Soludo is quoted to have said, only about 8% of Nigerians own 80% or more of the wealth of this nation, while about 92% own 20% or less of the remaining. Such a society is obviously not wished for, for it is capable of creating all sorts of animosity, a sharply divided class society, inequality and inequity, social and political instability, loss of confidence by the majority in the polity. Such a lopsided society is not capable of fulfilling the aspirations of the country's 2002 Co-operative Development Policy.; "a new democratic order and a stable polity that would guarantee national economic development, equal

opportunities and prosperity for all" (sec. 1.2 CDPN, 2002), It is only when the majority are included in the mainstream of the economy and thereby increase the productive capacity of the economy that more assets can be created to make it possible for the nation to aspire to achieve 'near full employment,' a level some previously classified developing countries, such as China and the 'Asia? Tigers have almost achieved.

1. An Invited Paper Delivered at the 4th National Conference of the Institute of Co-operative Professionals of Nigeria (ICOPRON) Under the Theme: Total Economic Discovery through Co-operative Sustainability
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Perhaps to serve as an appropriate foundation for this paper, we may have to fall on a section of the Preamble of the Co-operative Development Policy for Nigeria, 2002, beginning from the third sentence of section 1.1(b) through to 1.1(e). Sec 1.1 (b), 3rd sentence reads:

When cooperatives are encouraged and efficiently operated, they could take care of most of the needs of their members' patrons and in the process could also take care of the needs of the general public. There are productive cooperatives in all the branches of agriculture (Crops, livestock, fisheries, forestry), the inputs supply and distribution the marketing of agricultural produce and other essential commodities. The all-important financial needs of large number of small producers and non-agricultural small scale industrial sectors are easily provided through cooperative thrift and credit co-operations. The cooperative movement presents one of the most potent

means of capital accumulation through savings by members.

Sub-section (1.1(c)) goes on:

Cooperatives therefore play a pivotal role in the task of nation building and general development. Hence, given the economic weakness and small scale nature of the economic activities of most Nigerians, Cooperators need to be empowered through an effective cooperative policy that creates an enabling environment for them to operate profitably.

Sub-section (1.1(d)) provides the numerical strength of the country's cooperative movement and attempts to demonstrate what can be achieved with such a huge numerical strength. The sub-section provides:

Approximately 5 million families are actually participating in cooperatives at various levels (society, union and apex). The movement is touching every sphere of the people's lives, especially the poorer segments of the populace. As such the movement stands a great chance to assist the government in reducing the problems of mass poverty. Thereby ensuring political and economic stability of Nigeria. If cooperatives should play leadership roles in inputs supply, primary production, processing and distribution, the impact will be felt nationwide. If they are in the forefront in the marketing of agricultural and industrial goods, the effect will be dramatic since their purpose is to make life easier for all the citizens' including non-cooperators.

Sub-section (1.1(e)) provides the ultimate, government's vision for the cooperative sector:

The vision for Nigerian cooperative sector is to promote the members' entrepreneurial capacities so that they can generate adequate surpluses for themselves and create opportunities for economic progress for the public. In this way, greater employment opportunities will ensure, thus raising the income of individuals and families and improving the general welfare of Nigerians.

The extensive quotation is desirable so as to know:

- (i) the major types of co-operatives in the country which can contribute significantly to assets building;
- (ii) the weaknesses of the Nigeria's silent majority and the role of co-operatives;
- (iii) the numerical strength of the movement and its presence in all nooks and crannies of the nation; and
- (iv) what ultimately the co-operative vision is, especially as regards "promoting the co-operative members' entrepreneurial capacities to enable them generate adequate profits for themselves (not surpluses and thus create opportunities for economic progress.

The issue of members' entrepreneurial capacity is quite pivotal to 'assets building' and co-operative members' overall performance in their 'private enterprises' as well as in the 'common co-operative enterprise'. It is the hope of this writer that there will be some interesting papers on 'co-operative entrepreneurship', a very vital topic in Co-operative Management, but which unfortunately has not been given adequate attention in this country so far. Today, 'Entrepreneurship' as an academic subject is the in-thing, with the Federal Government providing funding and facilities for it in all polytechnics and universities in the country.

2.0 The Nature of Assets

The sentence "He is an asset to his organization or co-operative or his community" gives one an idea of what an "asset" is. An asset is anything, whether tangible or intangible or visible or invisible, or which when put to use creates extra wealth or satisfaction – a value – addition instrument or means. Thus, assets building is a product of investment- in real assets in financial assets (see Berk o, 2003; 2006; 42-60; Ugwuanyi, 1996: 505ff.; Emekekwe, 1990.) The above sentence can be re-constructed to read:

'He is an instrument for the development or progress of his community or organization or co-operatives.

There are quality differentiations in assets, some very efficient/productive/effective, while others are less efficient/productive/effective. There are situations where an 'asset' becomes a 'liability', such as where a commercial bus incurs more expenditure than its revenue over a reasonably long period of time. A footballer bought for US \$100 million can become a liability because he plays far below expectation and in addition creates confusion in the team.

There are primitive and crude instruments and equipment – such as the cutlass, hoe, digger, etc. as well as modern, highly technical and automated machines, instruments and equipment such as tractors, grain harvesters, warehouses, silos, weighing machines, irrigation equipment, aircrafts, ships, trucks and vans, factory machines, robots, etc.

There are 'production assets' such as have been mentioned above and 'household assets – dwelling houses/homes, furniture, refrigerators, deep freezers, cookers and utensils, automobiles, bicycles, shoes and clothing. Some are very durable others are less durable but they are all assets.

There is also the distinction between fixed assets and liquid assets/capital or circulating or working capital.

There is a further classification of assets, namely real assets and financial assets. Real assets are the tangible assets such as real estate or mortgage assets; production assets; precious metals and (collectible) artworks; agricultural produce such as cash crops; cattle and fish products; and household assets. Financial assets or invisible assets on the other hand represent financial claims such as equity shares in businesses, companies and co-operatives; creditors' claims such as current and savings accounts; treasury bills and bonds. (Ugwuanyi, 1996; 510-511; Emekekwe, 1990; Pandy, 1981). One can further

distinguish between business assets and personal or household assets. In terms of business assets, one can look at the balance sheet of an organization and pin-point these items which have been acquired with the money the organisation has been able to mobilize. In addition to these physical/real assets are the cash on hand, bank credit balances and investments in other organizations.

3.0 The Case of Co-operatives

When one takes a 'co-operative', that is, the co-operative complex or combine: the cooperative (business) enterprise and its members group, one can very clearly determine the assets base of the co-operative enterprise itself and the assets base of its individual members, and in the case of the members be able to answer the question whether the co-operative business enterprise has been able to promote its members' socio-economic welfare or not. Have the individual members been able to increase their wealth (assets of the individual member less his/her liabilities). What is the net worth of each member after 3, 4, 5 or 10 years of co-operative membership?

4.0 Types of Cooperatives Handled in this Work

Several types of co-operatives/co-operative societies can be discerned when one resorts to various criteria. In this work, the sector of the economy in which the co-operative is located; the number of functions carried out by the society for its members; the organizational form; and the occupation/profession of its members are used in the paper.

The Sector

- (i) With the sector as criterion one can classify classifies the co-operatives as:
- (1) Agricultural co-operatives, consisting of:
 - (a) Crops, agricultural co-operatives
 - (b) Fisheries co-operatives (fish farming)

- © Livestock co-operatives
- (d) Forestry co-operatives
- (e) Ornamental flowers co-operatives, etc.
- (ii) Industrial co-operatives, consisting mainly of:
 - (a) Micro, small and medium scale processing and manufacturing co-operatives.
 - (b) Artisans/craftsmen co-operatives, including building co-operatives.
 - (c) Fishermen co-operatives
 - (d) Fishmongers co-operatives, etc.
- (iii) Commercial and services co-operatives
 - (a) Transporters co-operatives
 - (b) Housing co-operatives
 - (c) Traders' co-operatives: consumer retailers' co-operatives, wood sellers co-operatives, etc.
 - (iv) Financial C-operatives, mainly:

Co-operative banks

Co-operative microfinance banks

Savings and credit Co-operatives

Insurance co-operatives

These are only but a few of the sectorial types of co-operatives which come to mind and which one mostly find on the Directors' Registers of members across the country. This list will most likely increase through the discussions which will follow after this paper. All these various sectorial types of co-operatives have their peculiar assets, these are not exhaustively mentioned in the paper, but should be exhaustively handled during the discussion session.

(B) The number of functions carried out

Basically there are (i) single-purpose co-operative societies; (ii) multi-purpose co-operative societies. Helm (1968) talks of universal co-operatives. A single-purpose co-operative carries out only one specific function. On paper, yes, but in reality single-purpose co-operatives are not many. A savings and credit co-operative (SACCO) performs two functions – savings on one hand and the extension of

credit on the other. You hardly have a co-operative which involves itself with only the savings of members. Most employee's co-operatives like agricultural co-operatives are multi-purpose. There is also the talk of universal co-operatives". These are co-operatives which supposedly carry out almost all functions for its members. It is a very highly 'integrated' co-operative, such as 'commune' co-operatives, For example, the "traditional" Israeli Kibbutz(im) (a full productive co-operative) and the Hutterian Brothers of North America..

(C) Organizational Forms of Co-operatives

The two basic organizational form of co-operatives based on the level of integration within the 'co-operative complex are:

- (i) The auxiliary or service co-operative
- (ii) The productive co-operative (joint-production co-operative).

In the German literature since the early 1960s, one began to hear of the "co-operative society for the promotion of production or the production promotion co-operative (in German: productions forderungsgenossenschaft) as designed by Prof. Otto Schiller, a former Adviser to the Food and Agriculture Organization (FAO) (see Schiller, 1969, also Duelfer, 1974; Berko, 1996; and references thereof; Chukwu, 1990: 15ff.).

Almost all co-operatives in Nigeria are auxiliary/service co-operatives. Hardly does one talk of 'productive co-operatives, let alone production-promotion co-operatives".

(D) Occupation/Profession of Members

There is an inexhaustible list of co-operatives according to the multitude of occupations/professions of co-operative members. There are, for example:

- (a) Farmers co-operatives
- (b) Employees/workers co-operatives

(such as savings and credit co-operatives; housing and consumer co-operatives, employees multi-purpose co-operatives.

- (c) Policemen co-operatives
- (d) Cleaners co-operatives, etc.

5.0 Assets Base of Different Types of Co-operative

In the following, an attempt is made to assess the assets base of some of these types of co-operatives and explain why the differences occur. Some of the criteria are sometimes combined to have one type of co-operatives society. For example, one can have farmer's multi-purpose co-operative society; agricultural multi-purpose co-operative society; workers' agricultural multi-purpose auxiliary co-operative society; employee's savings and credit co-operative society, etc.

5.1 Agricultural Multi-Purpose Auxiliary Co-operative Society

In an auxiliary agricultural co-operative society, each member has his private farm(s). It is usual in Nigeria and similar countries for a farmer to have three scattered and fragmented holdings, each holding measuring an acre or a hectare. On the average a typical Nigerian smallholder farmer farms on 1.50 acres at a time, even though he may have extra land uncultivated. Shifting cultivation is generally practiced, but it is on the decline these days due to land scarcity. Auxiliary agricultural co-operatives are usually multi-purpose. Such a co-operative society in most parts of Nigeria has an average membership of between 25 and 40. In recent years with 'political co-operatives' being formed as a result of government political programmes, the membership can be as low as between the legal minimum of 10 and 12.

5.2 Sources and Value of Funds

In such an auxiliary agricultural co-operative, the minimum shareholding may be N500 – N1, 000, that is, in recent years, in the past, the minimum shareholding ranged anything between N50 and N100. Such old co-operatives formed in the 1970s

or even earlier have not revised their minimum shareholding. In some cases, these meager shares are not even fully paid. The result is that the total share capital of the society may be only between N3, 000 and N20, 000 or an average of N10, 000

Members total savings are usually nothing to write home about, usually as little as N5, 000 – N10, 000. Reserve funds from annual net surpluses are also very meagre because the volume of business of such societies is so little. All types of reserves (statutory; general and special reserves) of societies which have existed for some 10, 20 or even 30 years may be a paltry N6, 000.

External sources from the public agricultural bank, the NACB/NACRDB and now Bank of Agriculture (BOA) may be only N50, 000 – N100, 000. To sum up these sources in a balance sheet say in the year 2000 will look like this:

5.2.1 Balance Sheet of Agege Peace Farmers Multi-purpose Co-operatives Society for the year 2000

Sources of Funds (Liabilities)

	N	N
1. Members' paid-up shares	10,000	
2. Members' Savings	5,000	
3. Statutory Reserves	3,000	
4. General Reserves	2,000	
5. Special Reserves	1,000	
Sub-total	21,000	
External Loans	50,000	
Total liabilities		<u>71,000</u>

Uses of Funds (Assets)

1. Office Furniture	10,000
2. Equipment	
(a) Weighing scale	15,000
(b) Safe	20,000
(c) Jute Bags	5,000
	40,000
3. Creditors	10,000
4. Working Capital:	
(i) Cash in Bank	3,000
(ii) Cash in Hand	8,000
	<u>11,000</u>

Total Assets 71,000

5.3 Discussion

The above hypothetical balance sheet is typical of most rural auxiliary agricultural multi-purpose co-operative societies. A few societies are doing much better, but there are also many as well which cannot boast of 50% of this balance sheet, which incorporates some vital financial statements.

In the year 2000, Agege Peace Farmers Multi-Purpose Co-operative Society Ltd. In the year 2,000 had only N71, 000 for its business. It acquired various physical/tangible assets worth N40, 000; it was owed N10, 000 by members in the form of loans or/and sales on credit. It had N3, 000 in the bank and N8, 000 on hand, a total of only N11,000 working capital.

The assets base was so poor. It had no office building of its own and, therefore paid rent from its obviously meager income. It has no wheelbarrows, no truck (no matter how small); perhaps an old non-functional weighing machine and an unsafe safe. The multi-purpose society is expected to supply its members with improved varieties of sowing inputs; fertilizers; chemicals; credit; market the products of the members; store some, help in transporting members produce etc. The society had very little means to carry out of these functions. Its working capital was so meagre, a paltry N11, 000. It was, indeed, very lucky to attract the N50, 000 loan because it had very low creditworthiness. With such characteristics, there was no way the society could perform satisfactorily to generate adequate income and be able to generate adequate surpluses to enable it acquire the necessary asset base.

After 5, 10, 15, 8 or 17 years, the balance sheet of Agege Peace Multi-Purpose Co-operative Society might change, but not significantly. The paid-up shares might go up by 10% the physical assets, perhaps, 10% too or even (less) due

to depreciation. There might be no debtors, because part of the amount owed might have been repaid and the remaining written off as bad debt and without the society giving out more loans because it has had no money of its own to give out as loans nor would it have attracted external loans partly due to its weak credit worthiness. It is disheartening to read something like this, but this is the truth and the reality on the ground.

The overall picture the above scenario paints is that the agricultural co-operative movement in the country has a very weak assets base, preventing it to do good business and grow. If 80% of all co-operatives in the country have similar very weak assets base, then the entire co-operative movement is in serious trouble.

We all know that there a correlation between profits (surplus), savings and investment and assets building. The higher the profit or surplus, the higher the savings or reserves and the high the quantum investment and the higher the profit/surplus and the value addition. If these continues for a longer period that is, can be sustained (co-operative sustainability) then the organization can grow. If the opposite is the case, then the organization falls into all sorts of traps and will eventually be buried or fold up or remain moribund. This is what is happening, to most co-operatives in the country. With this situation the assets base of the country's agricultural co-operative societies is very, very weak.

6.0 Effects of Co-operative Performance on Members

Multi-purpose agricultural cooperatives are expected to promote its members when these members enjoy co-operative effects from their activities Chukwu (1990:24pp) defines co-operative effect generally as, "that degree of extra satisfaction which a member derives as a result of participating in the cooperative as compared to workings alone. It is not simply the total satisfaction as derived during a given period but rather,

the result of comparison between the level of satisfaction derived before participating in the cooperative and the level after participation”.

Chukwu (1990:25) terms that extra satisfaction “sats”. Thus:

$$Esat_2 = Total\ sat_2 - Total\ sat_1$$

Where:

(a) $Esat_2$ is the extra satisfaction during period 2;

(b) $Total\ sat_1$ = Period 1 total sat; and

(c) $Total\ sat_2$ = Period 2 total sat

As Chukwu (1990:25) has carefully explained people would expect that the extra satisfaction ($Esat_2$) will always be positive, but this does not always happen for $sats_2$ can be negative when the activities or the non-performance of a member's society ends in failure

6.1 Types of Co-operative Effects

The 'Co-operative effect' can be regarded as the “extent of co-operative promotion potential (Henzler, 1962:15, cited in Chukwu, footnote 19). Chukwu (1990:27-32) discusses the kinds of co-operative effects as:

(i) Price advantages: Price advantage in both supply and marketing co-operatives – the society buying cheaper and passing it on to members; and through a more effective mark etc.

(ii) Increased acceptability in economic circles:

This refers to the better acceptance of cooperative members by the economic community as partners one can do business with compared with when they had not joined co-operatives. The business community includes financial institutions; input suppliers, marketing organizations, transporters etc.

(iii) Increased adaptability to market trends:

This includes the ability of co-operatives to lead their members to adjust such as in the supply of their agricultural produce. This is to the advantage of the members.

(iv) Increased possibilities of

investment:

The ability to attract loans and obtaining the necessary information on investment opportunities, etc.

(v) Increased opportunities for specialization:

The ability of farmers, for example, to specialize in the production of one or two or fewer commodities instead of a “general producer without the advantages of specialization.

(vi) Reduction in risk-bearing:

The individual bears higher risks when he takes decisions for the future since the future is not quite predictable. Risks are reduced when more people put their heads together to take decisions which reduce future risks. Cooperative members can transfer certain functions to their societies, such as transportation and storage and so avoid risks which they would have otherwise borne personally. There are also the possibilities of taking joint insurance with fellow co-operative members as a means of reducing risks. Transfer, avoidance and reduction of risks amount to reduction in cost of production or operation and this is the advantage of each member of the cooperative society.

(vii) Education (and training)

Co-operative education and training that is human capital development has great positive effects on their members' cognitive, psychomotor and affective faculties. These positive effects help members to think better, acquire higher skills and undergo positive attitudinal changes. Such changes as a result of learning, results in positive effects on the business undertakings of the members.

(viii) Social effects

Man is a social animal and joining in the economic sphere has social consequences, such as group protection, acceptance and recognition, etc. Indeed, Maslow's social and self-esteem needs are achieved faster through group interaction. Political advancement of individuals, using membership in a co-operatives or co-operative is one of the co-operative effects.

Social effects has significant impact on economic effects.

6.2 Co-operative Effects and Personal Assets building

These co-operative effects can have considerable effects on personal and business assets acquisition. Any society which produces very little co-operative effects also produces little wealth for its members. As already mentioned earlier, most agricultural co-operatives have had very little positive effects on their members' capacity to acquire both business and personal assets. One's assets base is a true reflection of the person's economic and social status. It can be stated without equivocation that the higher one's assets base is, the richer the person. Corollary stated, a person's very low assets base is indicative of his high poverty status. These are truisms which do not need any scientific or mathematical proof. It will be deduced from the foregoing that co-operative societies generally have not served as veritable instruments for wealth creation, building of assets, both for themselves (corporate assets) and for their members' personal assets which can be further broken down into individual business assets and household assets.

7.0 Causes of Poor Assets Base of Co-operative Societies

7.1 Poor Capital Base

As demonstrated in the Agege peace Farmers Multi-Purpose Co-operative Society, its assets base was poor mainly because it had a very low capital base. Members' share capital contributions were very low and therefore it had very few assets and working capital. Members were also not saving and its reserves were very low because it did very little business and therefore had very little surpluses, if at all. The society also received a loan only once and that was only N50, 000. No loan was received from any of the numerous government poverty alleviation programmes such as NAPEP, Fadama

Programme, Anchor Borrowers Programme, etc.

7.2 Other Causes of Poor assets Base

Other causes of poor assets base include:

Poor management (b) the non-employment of staff (c) dishonesty/corruption (d) Members' poor attitude towards their co-operatives, etc.

The above are not handled further although they are very important independent variables. It is hoped that these will be handled by other speakers.

8.0 Strategy for Start-Up Capital for Agricultural Co-operatives

Co-operatives are self-help organizations (SHOs) and thus one would ask “why do the members not help themselves? It is not as simple as that. Most rural farmers are, indeed and in truth, very poor. They were unfortunately poor at birth and they have not received any substantial financial and educational support to lift them out of poverty. This author thinks something drastic has to be done in the poor African countries generally. In each country, the Central banks and the ministries of finance and economic planning should be innovative and design a home grown financial model to save the poverty situation. It should be taken that all poor people have just been born as adults, seeking start-up capital. Let us assume in the case of Nigeria that the population is 200 million out of which 60% are in the active group. That gives 120 million out of which 120 million, 80% of them, that is 96 million, rounded up to 100 million, need urgent financial intervention for various occupations.

Let us take agriculture for illustration. Let us assume that 70% of this number, that is, 70 million of the citizens, are into agriculture. Let us assume further that 50% of the 70 million, that is, 35 million are organized into one kind of agricultural co-operative or the other. Some people may counter that organizing 35 million of Nigerian farmers into co-operative is too

ambitious and unachievable. This author disagrees. In most European countries and most agricultural states of the United States of America, between 70 and 90% of farmers are organized into various type of co-operatives, especially input supply, processing and marketing co-operatives (see Ogbu, 2013). Almost all these are auxiliary or service co-operative societies.

The first question which arises is: How much "start-up capital" or "seed capital" for each of these 35 million will be deemed adequate. This is a difficult question, but we must start from somewhere. A further assumption is that land is available for each farmer, one hectare in size.

The required start-up capital is needed for land clearing and preparation; fertilizer; improved varieties of sowing seeds/seedling/cuttings, etc.; chemicals; labour; cost of irrigation services; storage facilities; and transport etc. For those going into livestock production and fish farming similar factors of production are needed.

For crop production, a moderate ₦150,000 is needed, while those who would decide on livestock or fish production, a minimum of ₦250,000 is needed. Let us further assume that about 70% of the 35 million which is 26 million decided on crop production while 25%, that is 9 million, decide on livestock and fish production.

The need of the 26,000,000 crop production farmers at ₦150,000 per co-operative farmer- gives a total of ₦4,350,000,000,000, while the 9,000,000 livestock/ fish co-operative farmers at ₦250,000 gives a total of ₦2,250,000,000,000, giving a grand total of about ₦6.6trillion. This amount is for the co-operative sector only, that is, for the 35 million farmers who are organized into auxiliary farmers' co-operatives.

If these auxiliary (service) co-operatives are well and effectively managed, each farmer should be able to at least make 25% profit on his invested

capital. Of the ₦6.6 trillion naira, a value addition of ₦1.65 trillion naira should be made. Let us assume that 50% of the amount, that is, ₦825,000,000,000 (₦825billion) is spent on personal consumption. The balance of ₦825 billion is then added to the original ₦6.6 trillion for further investment. If this continues for five years and beyond, a substantial amount will be realized for the acquisition of personal and investment assets. Perhaps for fear of spiral inflation as was experienced with the Udoji awards, the ₦6.6 trillion may be spread over two (2) years. With proper monitoring and sincerity of purpose, there will be little leakages that cannot fuel spiral inflation.

9.0 Necessary Conditions for Co-operative and Members' Personal Assets Building;

9.1 The Case of Adequate Funding of Members

One should remember that it is the members of co-operatives who actually influence assets building in their co-operatives. If members are empowered financially, they would be able to contribute appreciable sums as share capital as well as be able to save substantially and patronize their societies. With increased funding, these societies will, *ceteris paribus*, perform much better; get better financial results and be able to acquire more corporate assets. Adequate funding alone is not enough. There must be good, transparent and honest management. There must be internal democracy, fairness and adequate internal and external auditing.

In the case of the personal assets building by co-operative members, the provision of external loans is the first major step towards building of investment/real assets as well as the acquisition of personal assets. Obtaining external funds on poor conditions will not yield good results. The investment sum must be adequate. The interest rate must not go above one digit.

Any expensive loan, ranging between 10 and 20 – 30% is unrealistic. There must be a moratorium (grace) period of at least two seasons (two years) to enable farmers reinvest the profits before beginning to repay the loan, not in one year, but over a period of say five (5) years, a medium term, not a short term, loan. Members of co-operatives who receive such loans must use them judiciously. They must be hard working and have a high need for achievement (a high n arch). They must avoid diverting these loans, especially by avoiding frivolous social spending.

On the part of the co-operatives to which these members belong, they must train these members in their various occupations. There is usually the wrong assumption that farmers in the various sub-sectors have the necessary knowledge and skills to succeed. This is wrong. There are so many farmers who do not posse 50% of the required knowledge and skills to undertake successful agricultural operations. Even if they have, the cooperative must strive to complement members' knowledge and skills, their update. Co-operatives must be in link with government's extension officers and private consultants for improved knowledge and skills acquisition.

The co-operative through which the loan are channeled must monitor the use of the loans. Monitoring of the use of the loans by members in auxiliary co-operatives is most difficult or almost impossible. This is one of the main reasons why so many auxiliary co-operatives in the country are not efficient and effective. For monitoring to succeed, the country will need to experiment with production-promotion co-operatives.

9.2 Adopting an Appropriate Organizational Form;

The Case of Production-Promotion Co-operatives

Auxiliary /service co-operative in agriculture are those co-operatives whose

members have their individual private farm holdings. As mentioned earlier, these farm holdings may be three or four or even more, fragmented and scattered, altogether measuring some 1.5 – 2 hectares. The society's management has no knowledge of what happens on individual farm holdings. The society's management is, therefore, unable to monitor what happens on the individual farm. The society's management does not know what the farmer does with the loan she/he receives; whether the inputs supplied by the society are actually put to proper use at all. What happens after physical production? How are the products of the famers handled after harvest? Are they properly transported to the market or members' homes? Are they processed and if so how efficiently in order to add appreciable value to the physical products?

Unfortunately, auxiliary (service) co-operatives do not provide an enabling environment for very positive results. Loans are not put to proper productive use so also are other inputs, labour as well as management. In short, auxiliary (services) co-operatives are not quite able to add appreciable value to members' production and investment activities to enable them earn enough to build assets. Loans in auxiliary/service co-operatives are usually far from being fully repaid and this poses problems for the society. The efficiency levels in auxiliary/service co-operatives in this country is generally very low and this author would like to put it at 30% or even below.

It was for these and related reasons that Prof. Otto Schiller conceived a modified form of the auxiliary co-operative. This modification or restructuring became necessary when Prof. Otto Schiller discovered that the auxiliary (service) co-operatives in India, Pakistan etc., all in the Far East, were performing far below expectation. The production –promotion organizational form combines the advantages of the auxiliary co-operative and those of the productive co-operative. The main advantage of the

auxiliary co-operative is its individual ownership and motivation this has on the members. The productive co-operative (joint - production co-operative) has several disadvantages, but it has the advantage of large scale farm holding outlay; encourages mechanization; on-farm investment; a complete overview of farming activities which facilitates monitoring, etc. (for details see Chukwu,1990;Berko,1996;Berko and Jaja,1997:9-17;Helm,1968);

A production- promotion co-operative combines the advantages and advantages of both the auxiliary and the productive co-operative. The members either voluntarily consolidate their farm holdings and the resultant large piece of land equitably parceled out (in which is then shared to them equitably (in accordance with the total acreage brought in by each individual member). Since voluntary land consolidation is almost impossible to achieve, it is usual for a new large piece of land to be acquired and parcelled out among its members. Owing to this division, the production-promotion co-operative society is sometimes referred to as the "divided holdings co-operative".

The management of the society leaves nothing to chance; for it plans and manages the day-to-day affairs of this society which has a very high level of integration. The members hand over. The making of almost all crucial decision to the management of the society so that in terms of structural types of co-operative, the production promoting co-operatives, is an 'integrated co-operative'

The management committee decides firmly what is to happen on the entire farm holdings, with the members carrying out the decisions or directives of the management committee. The society arranges for loans and all the inputs; decides on the rotation plan; undertakes or facilitates the harvesting, transport on and storages of the produce and processes them where necessary. Very importantly, the society also undertakes the marketing of

the products, either in their primary or secondary form or both. Both the upstream and downstream production activities are so blended as to produce the highest possible value additions.

It is reported that this organizational form the 'co-operative society for the promotion of productions' (production-pro-motion co-operative), has been tried out in several Middle East and in a few North African countries. In Egypt, for example, the Nawag Experiment in the Nile Delta area increased production outputs and incomes of farmers in the experiment by about 300%. The same results are reported in the Gisela Experiment of Sudan.

This author has been writing on this organizational form for some thirty-five years, drawing attention to the limitations of the auxiliary/service co-operatives and productive co-operatives and urging the experimentation with production-promotion co-operatives (in German *Produktionsförderungsgenossenschaft*) but all in vein. This author throws a challenge here to ICOPRON members. Let ICOPRON members start with one production- promotion co-operative in each local government area of the Federation or at least with one production-promotion co- operative in each on the 109 senatorial districts of the Federation. Any of these can be in the crops production sub-sector or in the livestock sub-sector. After two years of the experiment with production promotion co-operatives, one will be able to assess them against the auxiliary/service co-operatives in each senatorial district.

It is the conviction of this author that members of the production-promotion co-operatives will perform much better than those of the auxiliary co-operatives. In like manners, the production-promotion co-operatives will be found more efficient and effective than their auxiliary/services co-operative counterparts.

There has been the talk of cluster

farms in recent years in the country. These clusters can conveniently serve as the bases for organizing production -promotion co-operatives in the country. There is almost no local government areas in this country where land, measuring about ten (10) hectares (or five in the case of poultry farming) cannot be found to establish a production- promotion co-operative society. It is worth trying out this experiment.

10.0 Capital Base and Corporate Assets in Savings and Credit Co-operatives

In this country, the most preponderant form of co-operatives after farmers multi-purpose cooperatives are savings and credit co-operatives. (SACCOs). It is worthwhile, therefore, to put the searchlight on these co-operatives to establish their capacity to build corporate assets and the personal assets of their members.

One can distinguish between SACCOs of rural people and SACCOs of urban dwellers or between SACCOs of the relative poor and SACCOs of the relative rich. Rural SACCOs are generally of poor members, while urban SACCOs are of relatively rich members, especially SACCOs among salaried workers, referred to in this work as SW SACCOs. It is these latter which are handled in the following since the rural SACCOs are generally inconsequential.

10.1 Some Characteristics of SW SACCOs

Salaried workers are found in the core civil service, parastatals, teaching service. polytechnics, universities, government hospitals, oil and gas industries, police force, military and para-military, etc. They are found in federal establishments as well as in state establishment and in the private sector. Thus, they are sometimes referred to as institutional savings and credit co-operatives, and sometimes as institutional saving and investment co-operatives.

Membership in this SW SACCOs

range from the lowest paid to the highest. Salaries range from as low as ₦250,000 to ₦12,000,000 and above per annum. In some big establishments the numerical strength range's between 100 and 800-1000. Most of these societies have share capital; monthly savings; deductions for repayment of loans; unremitted deductions by employers, outstanding loan balances, deposits/savings in commercial banks and very little money on hand. Some of these SACCOs buy treasury bills and a few have investments in other private organizations. A few of them have buildings of their own and almost all of them have furniture. Very few of them have landed property, undeveloped and real estates.

In terms of financial capacity of these societies, the share capital of some big and rich SW SACCOs men's into millions of naira. A society with 500 members and an average share capital of ₦10,000 per member is able to mobilize a total of ₦5,000,000. In terms of savings, a SW SACCOs with 500 members and an averages savings of ₦5,000 per member per month (10% of average, monthly income of ₦50,000) mobilizes ₦2,500,000 every month and thus ₦30,000,000 a year. For such SACCOs which are ten years old, a total of ₦300,000,000 is mobilized and in 20 years a total of ₦600,000,000.

Together with reserves and, share capital same big, rich SW SACCOs, are worth over a billion naira some NNPC corporative are worth over 2billion naira. There several SW SACCOs which are worth over ₦100,000,000. In this county, There are least two hundred (200) very rich SW SACCOs, altogether worth over ₦150 billion. The smaller less rich SW SACCOs number about 1,000 in the country, each with an average membership of 50. Giving that the average savings per member per month is ₦2000 an average of ₦100,000 is save every month. This comes to ₦1,200,000 a year. For societies which are ten years old, a total of ₦12,000,000 should

have been mobilized. The 1,000 smaller SW SACCOs in ten years might have mobilized a total of ₦12,000,000,000 (₦12 billion). Over the 20 years some of these have existed, a total of ₦24 billion might have been mobilized. Together with the very big rich SW SACCOs, a total capital base of ₦174 billion can be reckoned with. The SW SACCOs as a movement in this country can thus be said to be quite rich. How many financial institution in this country have this capital base?

Each of the zonal Co-operative Movements can mobilize the needed capital base to establish a bank and each state a microfinance bank, the insurance co-operative societies must also be revived to cater for the insurance needs of the Co-operative Movement. One can imagine how much co-operative money can flow into these co-operative banks and the insurance co-operatives. One should let the past horrible experiences with co-operative banks not haunt co-operators into submission. This must be a new era; a new determined beginning.

10.2 Keeping of Deposits and Savings in Profit-Oriented Banks: Instrument for Exploitation

SW SACCOs have their savings/ deposits in profit-oriented commercial banks. This means that Nigeria SACCOs have their deposit/savings in rival financial institutions, which these capitalist banks pass on to profit oriented businesses which use these funds to exploit the masses, including co-operative members. Ideally, co-operative societies must not invest their capital in profit-oriented and exploitative companies and other ventures, but must create their own business empire within which to circulate their capital to "close the financial loop;" of the entire co-operative Movement. First and foremost, there must be a co-operative bank in each of the six (6) geo-political zones of the Federation. The Co-operative Movement must make a new start to build a strong financial rock on which the entire Movement can rest and be

restructured. The national co-operative movement must reinvent the wheel and surge forward.

11.0 Creating Corporate Real Asset Base

With a solid financial base, whose creation will be led by the SACCOs, the Co-operative Movement can begin to make efforts at acquiring real assets through very carefully selected ventures, the movement should decide on its priorities. Is it venturing into agriculture; industries consumer goods or into real estate? In which sector or sub-sector has the Movement a competitive advantage? In which sub-sector has it a ready and reliable market? Which areas are not so risky given the members' entrepreneurial capacity? In which areas can co-operative members quite readily acquire entrepreneurial knowledge, skills and overall capacity? These decisions need a lot of reflection; a properly coordinated co-operative network, etc. However, certain sub-sectors readily come to mind: the agricultural, small and medium scale industries, the financial, consumer and housing sub-sectors.

Today is not like the yesteryears when the Movement was relatively short of educated and trained manpower. Today, there are several universities and polytechnics producing en mass the necessary manpower needed to successfully husband and manage a newer, rejuvenated and dynamic economic empire, capable of giving birth to a social and economic Movement which can appropriately and effectively serve as a mass mobilizer of the forgotten and silent majority; a socio-economic Movement that can serve as a veritable, unshakable countervailing power. This is the time and all of us must put on the co-operative armor and together we must build, a silent but powerful commonwealth.

12.0 The Personal Assets Base of Members of SACCOs

In handling this topic, the writer is expected to touch on the acquisition of personal

assets of members of co-operatives. This has been handled earlier for the agricultural multi-purpose co-operatives. The handling of the case of SACCOs is brief.

There is no doubt at all that SW SACCOs in general have performed far better than the agricultural multi-purpose co-operative societies. This is to be expected since these SW SACCOs have a far stronger capital base and are for better managed and controlled.

Through the extension of credit by SACCOs to their members, these members have acquired several personal and real assets, including household tangible assets, farms retail shops, small scale industries, land, buildings and automobile for personal use and transport business; *keke* and *okada*. Some have invested in financial assets, buying company stocks and treasury bills in particular. Others than these, some members have wisely invested in the education and training of themselves and members of their nuclear and even extended families.

One of the areas which SW SACCOs must seriously consider going into is the housing sector. Compared with several other countries in Africa, the ratio of Nigerians living in rented homes is very high (see Berko, 2013). In the face of very high and ever soaring house rents, as well as the high housing deficit (estimated at about 17 millions) in this country, the SACCOs Movement, with all its resources, should consider venturing into the real estate sub-sector. It is cheaper for the Co-operative Movement as a whole to provide a gamut of housing facilities to its members than just the loans because the members have to turn to profit-oriented estate developers or building constructors to get houses erected for them at a very high cost.

The housing situation in the country is generally acknowledged to be deplorable and unless the people themselves mobilize all available resources to face this housing cankerworm, the situation might completely get out of hand, considering especially the near population explosion

and the very high cost of building. Government alone, with all its good intension, cannot effectively combat the deplorable housing situation in the country (for details see Berko, 2013; 2014).

13.0 Summary and Conclusion

13.1 Summary

This paper has attempted to examine the extent co-operative societies have contributed to both corporate and personal sustainable assets building in the country. This writer used agricultural multi-purpose co-operative societies and salaried workers savings and credit co-operatives (SW SACCOs) for illustration.

The agricultural/ farmers multi-purpose co-operatives generally have very weak financial base and have thus neither been able to build a vibrant corporate real and financial assets base nor a strong personal assets base for their members.

This author is of the considered opinion that poor farmers can hardly provide adequate funds for their personal investments and their co-operative societies. These co-operative members and other farmers will be consigned to perpetual in pecuniary if nothing drastic is undertaken to provide them with adequate seed/ start-up capital. For crops agricultural farmers, a minimum start-up capital of ₦ 150,000 each and for each co-operative fish and livestock farmer, a minimum of ₦250,000 are suggested. A total of about ₦6.6 trillion is needed for about 35million co-operative farmers. This amount may be spread over two years if it is feared that it would lead to spiral inflation if loaned out in a single year. The interest rate on the loans must not exceed on digit and the repayment of loan spread over about five (5) years. Agricultural co-operatives in the country are preponderantly auxiliary/ service co-operatives, which have neither been able to substantially promote the creation of their own assets base nor the assets base of their members.

This author recommends the adoption of

production-promotion co-operatives, which have proved to more efficient and effective, for trial. The SW SACCOs have generally built a strong corporate assets base, but they are mainly financial assets, consisting of their savings/deposits in profit-oriented commercial banks. The total financial resources of SW SACCOs which run into some ₦174billion are used by these banks to exploit the masses, including co-operative members. Co-operatives must get their act right and restructure, rejuvenate and re-invent their wheels. They have to set up co-operative banks, microfinance banks and insurance co-operatives to serve as the bases on which a revived movement well rest. The Movement must get its priorities right and get involved in setting up relevant co-operative organizations including consumers and housing co-operatives. For the achievement of all these, all hands must be on deck. We must put on the co-operative armour and march forward towards victory.

13.1 Conclusion

It must be stated unequivocally that any nation which toys with the fortunes of the co-operative movement does so at its own risk. Co-operatives, if well organized and managed, have the potential to: increase outputs and incomes and the gross domestic product (GDP) many fold; narrow the gap between the rich and the poor; eliminate abject poverty; many folds increase the financial and real assets base of all co-operatives and bring about prosperity to all and sundry, irrespective of tribe, circumstances of birth and the religious and political divide to which one belongs. May the Co-operative Movement unite us. May this great country be in the position to fulfill the objectives and vision of the universal Sustainable Development Goals (SDGs) through the nation's sustainable co-operatives, serving as mobilizer and galvanizer and the last hope of the ordinary man and woman.

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ASSESSMENT OF THE ROLE OF WOMEN IN COOPERATIVE DEVELOPMENT IN AWKA-NORTH L.G.A ANAMBRA STATE OF NIGERIA.

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ABSTRACT

This study had the objective of assessing the role of women in cooperative development, analyzing the socio-economic profile of the cooperators on the basis of gender, assessing women contributions to cooperative development in terms of membership, organizational and leadership structures, examining technical efficiency and factors hindering the implementation of gender sensitive program and activities in Awka North Local Government Area of Anambra State. A field survey was conducted to collect data from one hundred and fifty (150) respondents. The study employed descriptive statistics, stochastic cobb Douglas frontier function as well as ranking method in the analysis of data collected. The result of the study indicates that female cooperators, who are within the active age, are reasonably literate and dominate the leadership role in cooperatives. The result also shows that farm size and fertilizer use lead to increase in technical or productive efficiency among cooperators. The major constraint is gender imbalance or inequality, conflicting interests, low level of participation, wrong timing of meetings, and long distance to meeting venue. The estimation of technical efficiency of the cooperators was estimated using cobb-Douglas functional form of stochastic frontier model. The coefficients of farm size and fertilizer possess a positive sign, while gender possessed a negative coefficient and highly significant, although it does not confirm with a priori expectation, it shows that female cooperators contribute more to technical or productive efficiency of their enterprises than their male counterparts. Hypothesis was tested using chi-squared X^2 . This paper recommends that cooperatives should address equality issues and make a firm commitment in their mandate to correct imbalances where they exist and to attain equitable and sustainable development with both men and women in decision-making and leadership position.

Keywords: Role Of Women, Cooperative and Development

that a given society considers appropriate for men and women.

BACKGROUND OF THE STUDY:

Gender refers to the socially constructed roles, behaviours, activities, and attributes

Gender concept simply refers to the socially-determined and culturally-specific differences between men and women as opposed to the biologically

determined differences.

Russo et al (2004) see gender as socio-economic variables which aid the analysis of roles, responsibilities, constraints and opportunities of both men and women. Meanwhile, the concept gender, is an important analytical tool in the planning, management, monitoring and evaluation of development programs or cooperative projects as requires that women are considered in relation to men in a socio-cultural setting and not as an isolated group.

Gender roles focuses on household and community roles because gender roles are different in any society, this is because in each society, there are functions of what men and women of that society are expected to do in their adult life. Men and women are also characterized by different roles which mean that men take the lead in productive activities, and women in reproductive activities, where the latter include the reproduction of the family and even of society itself. Obviously, women and men's roles and responsibilities are separate but they complement one another. UNDP (1995) Opined that 'gender' is an economic issue as well as a social issue, in fact more so in Africa than in any other Region and that both men and women play substantial economic roles, notably in Agriculture and in the informal sector, but they are not evenly distributed across the sectors of the economy.

World Bank (2000) on economic roles of men and women in Africa asked, if Africa can claim the 21st century?, a study made the argument that Africa has enormous unexploited potentials. It has hidden growth reserves in its people, including the potential of its women, who now provide more than half the Region's labour but lack equal access to education and factors of production. The study concludes that gender equality can be a potent force for accelerated poverty reduction in Africa and

Nigeria in particular.

Although 'gender' and 'women' are often used interchangeably, they are not one in the same. However, most gender analyses usually find that women are disproportionately disadvantaged, that is why the majority of gendered interventions target women. As a result of this, the discussions on gender roles at household and community level revealed that women do all the reproductive work as well as most of the productive work. Women have a bigger share of community roles. Women are continuously taking up roles that were traditionally considered men's; for example in building. Finally both men and women agreed that some men are not taking sufficient responsibility in the homes and that this is one of the reasons why women take up such responsibilities in view of the well being of their families; that is, if a man does not care about building or repairing the family house, the woman has to do so because she cannot continue living under a leaking house which is unsafe for the family. This entails that most of the economic activities are in the hands of women; also, women's activities are often constrained to household and community management activities like child care, food preparation, and subsistent agriculture e.t.c. This is why Moser(1993) refers to women as assuming a triple role, that is, they are responsible for reproductive, productive and community management activities, and receive little recognition for their unpaid work. Therefore, women, the poor, religious or ethnic minorities may face significant constraints in their attempt to participate in collective action. Women's exclusion from participation may be a direct result of gender norms, or can emerge from other factors that are determined by such norms.

In a study of mixed-sex agricultural cooperatives in Nicaragua, Mayoux found women's participation limited to involvement as day labourers; when women attempt to make their voices heard

or gain management positions, they were perceived by others (men and women) as attempting to step out of their appropriate social role.

According to ICA (1995) second principle, which says "principle of democratic member control"; this entails that cooperatives are democratic organizations controlled by their members who actively participate in setting their policies and making decisions. Men and Women serving as elected representatives are accountable to the membership. In primary cooperatives, members have equal voting rights (one member, one vote) and cooperatives at other levels are also organized in a democratic manner.

In Anambra state of Nigeria, agriculture is the major occupation of the people and economic activities center largely on food production, processing, marketing and distributive trade. Agricultural producer cooperatives are the main type of societies found in the state; they are registered as farmers multipurpose cooperative societies; women who are more in population are the most active in some primary societies than the men.

Idiong (2007). The productivity of farmers can be raised either by adoption of improved production technologies or improvement in efficiency or both.

1.2 OBJECTIVE OF THE STUDY:

The broad objective of this study is to assess the roles played by women in cooperative development in Anambra state of Nigeria. The specific objectives include to:

- analyze the socio-economic profile of the cooperators on the basis of gender.
- assess women contributions to cooperative development in terms of membership, organizational and leadership structures.
- examine the technical efficiency of cooperators.

1.3 STATEMENT OF RESEARCH QUESTION

- What are the socio economic profiles of the cooperator on the basis of gender?
- What are the contribution of gender to the cooperative development in term of membership, organization and leadership structure?
- What is the technical efficiency of the cooperator; how can the technical efficiency of the cooperator be compared long gender line.

1.4 STATEMENT OF HYPOTHESES

Ho1 cooperators activities are female dominated.

Ho2 technical efficiency is positively related to education, farming experience, farm size, extension visit, credit access, household size, gender; and negatively related to age.

Ho3 female cooperators are more efficient than the male cooperators.

1.5 JUSTIFICATION OF THE STUDY

The justification of this study can be perceived that both women and men play substantial economic role, notably in agriculture and in the informal sector, but they are not evenly distributed across the sector of the economy UNDP (1995). The government of Nigeria will benefit from the findings of this research because it shows and identifies the problems of unequal relations of power between women and men on the socio-economic level and make suggestions for improvement.

It will provide adequate and useful information to the members of cooperatives and to the general public on the concept of gender.

It will be useful to other researchers and readers.

1.6 LIMITATION AND SCOPE OF THE STUDY

Due to time factor which is caused by the shortness of period in which this research conducted, financial constraint which hinder the researcher movement to all the cooperative societies in Awka North to get first hand information has nearly frustrated the researcher effort.

This research work is limited to Awka North L.G. A in the assessment of the role of women in cooperative development in Anambra State. Anambra has up to 200 viable and unviable cooperative of which 150 were selected as the sample size.

2.0 LITERATURE REVIEW

It is pertinent for the researcher to review some of the existing body of knowledge on the subject matter, with a view of having a critical analysis of the subject matter. This review however will begin by reviewing the nature of cooperative, cooperative development, principles, problems, concept of gender, gender and development project in cooperative and so on.

2.1 THE NATURE OF COOPERATIVE SOCIETY

Since the inception of cooperative as a movement there has been a search for its appropriate definition, this was as a result of cooperative being practicable in all fields of human endeavor Igwe (1993).

Therefore, various authors have advanced the definition of cooperative based on their own perception of the concept Okechukwu (2001). According to Okechukwu, it could be legal if the author is dealing with legal implications. Socio logical when persons, societies and social behaviours are being considered and economics when its business nature is involved, though all the definitions have fundamental similarities. According to ICA (1995) definition "A

Cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprises.

Japanese cooperative law of 1921, defines cooperative society as "an association having legal existence formed by persons of modest means in order to promote and develop according to the principles of mutuality, the exercise of their economic conditions". This definition emphasizes the legal personality of cooperative once it is registered, it is focused on the idea that cooperatives are often formed by people of average and lower income earners, and that its operation is on the basis of mutual help.

Berko (1989) defined cooperative as an association of persons, with variable membership and variable capital who have pooled themselves and their resources together on mutual or self basis to form a business enterprise which seeks to solve the socio economic problem or problems of these members by directly providing goods and services to the members in their capacity as either the owner/customer or owner/employee of the cooperative enterprise.

ILO (1966) defined cooperative as an association who have voluntarily joined together to achieve a common and through formation of a democratically, controlled organization making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking in which the member actively participate."

2.4 Problems of Cooperative Societies

Chukwu (1988) attributed the problem of cooperatives to over dependent posture of the cooperatives in Nigeria, which he said made us to entertain a good dose of unrealistic planning and engage in

unrealistic projects. He cited the case of abandoned project of the over sized warehouse in the local government areas. He exclaimed " what a waste of capital resources which was now lacked and cannot progress without". According to him all that happened just because the money was coming and was believed it would continue to come, not from its society anyway, but from the government. He went further to argue that if we were self reliant that we would have been a big more mutinous in planning and embarking on only realistic projects. The researcher does not completely abide by the idea of Chukwu because, it is hard for a business to survive with only internal and insufficient capital and the alternative for survival is to look out for help whether from government or any other financial institutions. Moreso, it is not a crime if government can help cooperatives realize their dream goals.

ILO (1977), attributed the problems of cooperative to economic viability. It stated that the economic viability of most cooperatives in Nigeria and in fact Arica was not encouraging. It defines economic viability as " income generated from business that provides for meeting the cost (both variable and fixed) and ensures a reasonable surplus for expansion". Most of the cooperatives further stated made losses while those that made profit, the profits are so small to make proper use of economic of scale or to have losses to the normal financial institutions available to other business understanding, it is because of this economic viability of cooperatives that ILO (1977) claimed that the failure of cooperatives was due to lack of "equity capital and recommended for "Revolving capital". This idea was not bought by Ijere (1977): who attributed problems of cooperative to lack of education. He was of the opinion that uniformed cooperative is lost about what cooperatives was all about.

Okereke (1986): was of the opinion that the mobilization of cooperatives internal

resources should not be with prejudice to government assistance in area where necessary, such as far basic overheads and infrastructural facilities. According to him for sufficient sales operations physical marketing infrastructural capacity was inevitable. According to him, was an investment problem requiring additional government support by way of credit to purchase processing and other marketing facilities. He concluded by saying that government intervention and support should be limited to the provision of essential services of a general nature.

From the literature reviewed, it could be deduced that the cooperative experts and writers have tried to identify these problems militating against the performance of cooperative societies. From their views non- permanent nature of government officials and excessive government control and supervision on cooperative have been a problem affecting cooperative society. Also, mismanagement and misappropriation of cooperative societies which results mainly from fraudulent acts of cooperatives officers and lack of requisite managerial skills personnel have also been identified as one of the major problems of cooperatives.

Furthermore, from the researcher opinion, the problems of cooperative societies could be:

- Lack of adequate capital, that is working/operational capital
- poor participation
- Poor leadership style
- Poor management
- Poor information technology
- Poor education
- Lack of dynamism
- Lack of adequate professionals in the field to disseminate cooperative news or information.

The researcher suggested some solutions to the cooperative problems that could yield a maximum support to the cooperatives

development in any society, they are:

- Full participation and commitment of members and member patrons. That is, irrespective of gender, every body must be involved for the achievement of the cooperative objectives.
- Profit oriented: If cooperative should survive and progress, they should operate like the IOF – Investor Oriented Firm, meaning that no business enterprise can expand or grow without being profit oriented.
- Good corporate governance on the part of the committees: that is the management committee should be tactful and skillful to manage and disseminate information to member and non-members of the cooperative societies.
- Dynamism- The management committees and members of the cooperative society should be enthusiastic and energetic to make new things happen and to success in cooperative societies because one cannot compete without being dynamic.
- Networking: That is, members of cooperative society should embark on research for information, technology and communication.
- Education, training and field work is an important aspect for the solution of cooperative problems of which Ijere (1977) was of the opinion that lack of education is a big problem which make the cooperative society to lost about what cooperative was all about.
- Cooperative principles need to be reformed and reviewed for sustainability and continuity.
- Political neutrality that is, cooperative societies should not involve themselves in politics.

2.5 The Role of Women in Cooperative Development

Mark et al (2003), says that both men and women play a substantial though different roles in African economics. Women in Africa provide more than half the regions labour but lack equal access to education and factors of production (World Bank 2000).

Therefore gender equity can be a potent force for accelerated poverty reduction in Africa and cooperatives in general.

Elkogali (2002), says that a recent review commissioned by the World Bank on the gender and trade literature confirms finding that at least three quarters of the labour force in most export processing zones (EPZs) are women, who are usually in the semiskilled jobs.

Blunch et al (2001), opined that it is unambiguous on the concentration of women in the informal sector and on its importance to economic growth and poverty reduction prospect without reference to the informal sector in sub-Saharan Africa (SSA). Since women constitute a significant percentage of the population in Nigeria, they play a significant role in cooperative development particularly in Awka North Local Government Area. According to Ijere (1992), who opines that the roles of women include:

- Mobilization of funds through their cooperative activities like share capital of membership and donations from their cooperative meetings.
- They create a healthy environment by keeping their homes, cooperative societies and communities clean.
- They engage themselves in agricultural production which is their major occupation through food production, processing and marketing.
- They are expert in home management by assisting their husbands in the provision of food, child

training, cooking, washing, fetching water and so on.

- In cooperatives, they are involved in the management of the cooperative activities more especially in the planning process.
- They sensitize and encourage other women in their communities to join cooperatives for its socio-economic benefits.
- They integrate their fellow women to for a thrift and saving cooperative societies for growth and expansion of their cooperatives.

2.20 Relevance of Rural Children and Youths Development Programmes (CIAP)

Kalim (1995) asserts that young people tend to take special interest in conservation and management of natural resources and are more ready to accept and promote sound environmental practices than adults. He reaffirms that rural youth programmes can become a catalyst, which energizes the process of environmental education in a country, leading to practical applications in a large scale, thus contributing to sustainable development.

Kalim (1995) supported the fact that rural-to-urban migration is a major problem in developing countries as youth see more opportunities and more excitements in the cities than in the farming communities. Youths represent the future hope of every country. The high return on resources invested in youth today has both immediate and long-term benefits.

According to Alao (1998) children include all categories of people with ages ranging from birth to 18 years age; youths are categories of people whose age group fall mainly within twenty-one (21) to thirty-five (35) years of age. Youths and children are known to contribute significantly in agricultural and forestry activities such as land clearing, cultivation. Marketing and distribution and exploitation. They also constitute the greater percentage (over

50%) of the human resources of any society and Nigeria inclusive. It is argued that the aged farmers cannot respond credibly to modernization in agricultural sector relative to children. This is because younger farmers are more energetic, acquire better education and so can interact positively with the older farmers (Umeh 1988).

2.2.1 Strategic Integration of Children-In-Agriculture Programme (CIAP)

Adedoyin (2001) opined that preparing and mobilizing farm children and youths is potentially a sustainability towards the realization of rural and agricultural development, and poverty alleviation in Nigeria. This is in line with the opinion of the United Nation's Task Force on rural development (1986) that Africa cannot solve its economic problem without it raising and educating more than 300 million young people (children and youths), most of whom are in the rural communities.

Cooperatives should focus in human capital development through empowerment and capacity building of children and youths because they are the future hope of the country. Nigerians should be people focused in its development activities and with particular attention to children and youths. Girl-child development is a major indicator of the level of civilization of any nation. Hence, Nigeria is yet uncivilized with respect to the very little attention it pays to the development of the girl-child. Extension officers should concentrate on capacity building of present and prospective farmers, especially youths and children as the best way in solve hunger, poverty and related problems.

From the researcher point of view, cooperatives should embark on policies that will encourage people participation especially on women, youth and even children.

RESEARCH METHODOLOGY

3.1 AREA OF STUDY

The study was conducted in Awka- North L.G.A of Anambra State. Agriculture is the major occupation of the people of Awka-North L.G.A and economic activities center largely on food production processing, marketing and distributive trade.

3.2 POPULATION OF THE STUDY

Information gotten from the cooperative department in the ministry of commerce and industries reveals that there are up to (200) two hundred registered cooperative societies in Awka North but only 10 cooperative societies are functional; the functional ones with their membership strength are:-

FUNCTIONAL COOPERATIVES SOCIETIES / MEMBERSHIP STRENGTH

- Umunnokwa Ugbene FMCS Ltd ---
-----30
- Umunnakwe Ugbene FMCS Ltd ---
-----35
- Awba FMSC Ltd -----
-----25
- Orie Achara FMSC Ltd-----
-----15
- Obinwanne Achala Stranger
FMSC Ltd-----
40
- Anibueze Ugbenu FMSC Ltd-----
-----35
- Anibueze FMSC Ltd-----
-----10
- Ofenmili FMSC Ltd-----
-----20
- Obinwanne Akaeze Urum FMSC
Ltd-----10
- Nkpadiluonge Ugbene FMSC Ltd--
-----30

TOTAL MEMBERSHIP -----

250

3.3 RESEARCH DESIGN

In the design of this research work, the researcher made use of basic sources of data collection through primary and secondary data. Thus, data collected were analyzed using descriptive statistics, stochastic frontier function and ranking methods. The structure of this methodology is designed in a manner that will facilitate the gathering of the information necessary to assess the role of gender in co-operative development.

3.4 SAMPLING TECHNIQUE

The study employed random sampling technique in the selection of cooperative societies and respondents. From the sampling frame collected from the cooperative office at the Local Government headquarters, ten cooperative societies were randomly selected and then, fifteen cooperators each were chosen randomly from the societies. This brought the sample size for the study to 150.

3.5 METHOD OF DATA COLLECTION

Data were collected from basically primary sources. The primary data employed pre-tested and structure questionnaire sets for recording information and data elicited from the cooperators who were the respondents for the study. However, relevant secondary information were elicited from texts, journals, learned articles, websites of reputable institutions etc.

The primary data collected were on age (in years), education (in years), farm size (in hectares), Household size (in numbers), farming experience (in years), extension contact (in number), farm income (in Naira), labour input (in Mandays), planting materials (in kg), fertilizer (in kg) etc.

3.6 METHOD OF DATA ANALYSIS

The study employed descriptive statistics, stochastic frontier function and ranking method in the analysis of data. Descriptive

statistics such as tables, percentages, mean and frequency were used in analyzing objectives one, two and four. Objective three which examined the technical efficiency of cooperators applied stochastic Cobb-Douglas frontier function while objective five adopted a ranking method in assessing constraints to implementation of gender related activities.

3.7 MODEL SPECIFICATION

For the purposes of assessing technical efficiency the Cobb- Douglas functional form of stochastic frontier model was estimated and stated this;

3.7.1 Technical Efficiency (Cobb-Douglas)

$$\ln Y_1 = \ln a_0 + \beta_1 \ln X_1 + \beta_2 \ln X_2 + \beta_3 \ln X_3 + \beta_4 \ln X_4 + \beta_5 \ln X_5 + e_i \text{-----} (1)$$

Where \ln = the natural logarithm

- Y_1 = Output in kg
- X_1 = farm size in hectares
- X_2 = labour input in mandays
- X_3 = planting materials in kg
- X_4 = Fertilizer used in kg
- X_5 = Depreciation in Naira
- e = Composite Error term

3.5.2 Sources of Efficiency

To further examine efficiency of cooperators, factors influencing efficiency were estimated as follows;

$$E \exp(-U_i) = Z_0 + Z_1 X_1 + Z_2 X_2 + Z_3 X_3 + Z_4$$

$$X_4 + Z_5 X_5 + Z_6 X_6 + X_7 X_7 + Z_8 X_8 + e_i \text{-----} (2)$$

Where $E \exp(-U_i)$ = Efficiency of the i th cooperator

- Z_1 = Age of the cooperator (in years)
- Z_2 = Level of education (in years)
- Z_3 = Farming experience (in years)
- Z_4 = farm size (hectares)
- Z_5 = Extension visit (no of times)
- Z_6 = Credit access access =1
No access =0
- Z_7 = Household size (number)
- Z_8 = Gender male =1
Female =0
- e_i = Composite error term.

The coefficients are unknown parameters to be estimated by the method of maximum likelihood using the computer program, frontier 4.1 (Coelli, 1994).

4.0 RESULTS AND DISCUSSION

4.1 SOCIO- ECONOMIC CHARACTERISTICS

The socio-economic characteristics of the cooperators in Awka North Local Government Area were analyzed under the following: age, farm size, education, farming experience, extension visit, household size and farm income. The summary of the result on socio-economic characteristics was presented in table 4.1.

Table 4:1 Summary of socio- economic profile of cooperators by gender

Factors	N	minimum	maximum	mean	Std. Dent
Age (yrs)	M37	27.00	81.00	47.12	14.06
	F113	22.00	81.00	50.09	15.49
Education (yrs)	M 37	0.00	16.00	10.51	5.07
	F113	0.00	16.00	10.48	5.35
Farm size (he)	M 37	0.50	5.00	1.66	1.01
	F 113	0.10	3.54	1.54	0.80
Household size (No)	M 37	2.00	10.00	4.00	1.68
	F113	1.00	11.00	4.59	1.92
Farming exp (yes)	M 37	1.00	31.00	8.49	7.82
	F113	0.00	40.00	13.12	9.73
Extension visit (No)	M 37	1.00	10.00	5.68	2.74
	F113	1.00	10.00	4.92	2.88
Farm income (N)	M 37	4000	50000	16513.51	12621.35
	F113	3500	60000	15412.39	13928.38

Source: field survey, 2009

The male age of the cooperators ranged from 27 to 81 years with a mean of 47 years while the female age ranged from 22 to 81 years with a mean of 49 years. Both categories have majority of the cooperators in the active age bracket (41-50 years) and this, increases their capacity to participate and contribute to cooperative development. According to Yiwsa (1999), this age bracket contained the innovative, motivated and adaptable individuals. In term of educational acquisition, the minimum for both sexes was zero showing that there are cooperators without formed education while the maximum for males and females was 16 years. With a mean of about 10 years, it indicates high literacy level across the cooperatives. Gordon and Graig (2001) asserted that education increases skill level and enhances productivity.

Farm and household sizes for both sexes differ slightly. The mean farm sizes for males and females were 1.66 ha and 1.54ha respectively, implying a dominant small Gulder presence. Household sizes posited an average of 4 and 5 persons for male and female cooperators respectively. this posture confirm small holding capacity with their attendant large households that characterize Nigerian rural environment where farming is a major occupation. Farming experience spanned 30 years from the least to the most experienced male farmers while the female cooperators had maximum experience of 40 years. The gap between average years of experience

between the cooperators implies that the female cooperators have higher wealth of experience than male cooperators. Generally, increased wealth of experience has the capacity of maximizing their output and profit at minimum cost. Exterior visit was appreciable for both sexes. From table 4.1 the least had contact with an exterior agent only once while the highest met with an agent up to 10 times. On the average, only an intestinal difference exists between them. Generally, increased exnterion contact enhances participation and contribution to cooperative development.

The main farm income of the cooperators differ by about N1,000 per month with the male cooperators earning higher than their female counterparts. Although the farm income is relatively low, rural dwellers engage in off farm activities to boost their farm returns. Similarity, the study area is grossly dominated by female cooperators that are within active age, reasonable literate, experienced and are smallholders with bloated household sizes.

4.2 Gender contribution to cooperative Development in terms of membership organizational /leadership structures.

In assessing gender contribution to cooperative development, analysis of membership and organizational /leadership structures was performed and presented in table 4.2.

Table 4.2: Gender contribution to cooperative development

Gender	Membership	%	Organizational /leadership structures							
			Chairman	%	Secretary	%	treasurer	%	others	%
Male	37	24.67	6	60	3	30	1	10	26	17.33
Female	113	75.33	4	40	7	70	9	90	94	62.67
Total	150	100	10	100	10	100	10	100	120	100

From table 4.2, it could be observed that cooperatives in the area are female dominated, accounting for 75.33% of the membership. In terms of organizational /leadership structure, chairmanship positions were occupied by mostly male cooperators representing 60% while the positions of the secretary wee mostly taken by the female cooperators. Out of the 10 slots

for treasurers, only one was clinched by a male cooperator. The same trend of female dominance was observed in other categories with a representative percentage of about 63%. On the overall female cooperators can be seen to contribute to cooperative development more than their male counterparts. This result consolidates the findings of Ibezin et al (2008) who had a similar outcome.

4.3 Estimation of Technical Efficiency of cooperators

This technical efficiency of the cooperators was estimated using cobb-Douglas functional form of stochastic frontier model. The results were presented in table 4.3.

Table 4.3 Estimation of Technical Efficiency among cooperators

Production factor	parameter	coefficient	standard error	t-value
Constant term	X ₀	7.840	0.622	12.64***
Farm size	X ₁	20.823	2.974	7.002***
Labour input	X ₂	0.051	0.112	0.452
Planting material	X ₃	0.214	0.028	-0.778
Fertilizer	X ₄	3.230	0.065	49.919***
Depreciation	X ₅	-0.031	0.011	2.809***
Efficiency factors				
Constant term	Z ₀	-0.179	0.549	-0.326
Age	Z ₁	-0.018	0.006	-2.980***
Education	Z ₂	0.017	0.021	-0.813
Farming experience	Z ₃	0.028	0.012	2.411**
Farm size	Z ₄	0.420	0.139	3.027***
Education visit	Z ₅	0.107	0.221	-0.483
Credit Access	Z ₆	0.107	0.201	0.519
Household size	Z ₇	4.851	0.058	8.381***
Gender	Z ₈	2.045	0.263	-7.777***
Diagnostic statistics				
Total variance	r ²	0.162	0.162	3.775***
Variance Ratio	r	0.999	0.16E.06	0.60E07***
LR Test		44.257		
Log-likelihood function		-119.364		

Source: computed from survey data, 2009.

Note ***,** and * denote significance levels at 0.01, 0.05 and 0.10 probability respectively. as revealed by Table 4.3 that contains the cobb-Douglas stochastic frontier results, three out of five production variable are statistically significant at 87% probability level. Among the efficiency factors, five variables are significant at varied probability levels. The coefficients of farm size and fertilizer possess positive signs, indicating that increased farm size and fertilizer use would lead to increase in technical efficiency among cooperators. In line with aprior expectation, the coefficient of depreciation had a negative 4 sign. By implication, it has an inverse relationship with technical efficiency; this indicates that technical efficiency increases as depreciation cost decreases. This finding corroborates the research outcome of Onyenweaku and Navaru (2005) who had the same sign identify for depreciation in their research. Among the determinants of efficiency, age, farming experience, farm size, household size had the expected sign. Only gender coefficient contradicted aprior expectation. With a negative coefficient increasing age engenders reduction in the technical efficiency of cooperators. This consolidates Okike (2000) and Ono et at (2000) who also

found that increasing age declines efficiency. The coefficients of farming experience, farm and household sizes have the expected positive signs. Any 1% increase in technical efficiency is triggered by a corresponding 0.028%, 0.42% and 4.85% increase farming experience, farm and household sizes respectively. This is consistent with Nwachukwu and Onyenweake (2009). Gender possessed a negative coefficient and highly significant. Although it does not conform with a prior expectation, it shows that female cooperators contribute more to technical efficiency of their enterprises than their male counterparts. The total variance was 0.612 and statistically significant at 1% probability level. This parameter estimates goodness of fit and the counters of the specified distributional assumption of the composite error term. The variance ratio of 0.999 implies that 99.9% of the disturbance in the system is due to inefficiency, one-sided error and therefore 0.10% is due to stochastic disturbance with two-sided error, supported by a high $-t_x$ value. This agreed with Flemming et al (2004).

4.4. Comparison of technical efficiency scores along gender lines. In comparing technical efficiency along gender lines, efficiency scores of both sexes were employed as presented in table 4.4.

Table 4.4 Gender Distribution of Technical Efficiency Indices

Technical Efficiency Index	Frequency	Male		Female	
		percentage	frequency	percentage	frequency
0.10 - 0.19	8	21.62	28	24.78	
0.20 - 0.29	2	5.41	12	10.62	
0.30 - 0.39	5	13.51	10	8.85	
0.40 - 0.49	8	21.62	18	15.93	
0.50 - 0.59	5	13.51	18	15.93	
0.60 - 0.69	2	5.41	4	3.54	
0.70 - 0.79	0	0.00	3	2.65	
0.80 - 0.89	5	13.51	9	7.97	
0.90 - 0.99	2	5.41	11	9.73	
Total	37	100	113	100	
Minimum Tech Eff.		0.11		0.12	
Maximum Tech Eff.		0.91		0.99	
Mean Tech Eff.		0.45		0.46	

Source: computed from survey Date, 2009.

The distribution of technical efficiency scores along gender lines as shown in table 4.4 indicates that technical efficiency ranged from 11% to 91% for the male cooperators and 12% to 99% for the female cooperators. From the average, female cooperators are more technically efficiency than their male counterparts. The implication of the result is that an average male cooperator requires a cost saving of about 50.55% $(100(1-0.11)/0.91)$ to attain the status of the most efficiency male cooperator. On the part of the female cooperators, female cooperator will need a cost saving of about 53.53% $(100(1-0.12)/0.99)$ to become the most efficient female cooperator.

4.5 Factors hindering the implementation of gender sensitive programmes. In analyzing constrains that hinder complementation of gender sensitive programme a ranking method was employed and the result presented in table 4.5.

Table 4.5: constrains to implementation Gender sensitive programmes

Factors	frequency N=150	percentage	Rank
Gender imbalance	58	38.67	1
Low level of participation	29	19.33	3
Wrong timing of meetings	13	8.67	4
Conflicting interests	41	27.33	2
Long distance to meeting venue	9	6.00	5

Source: Field survey Data, 2009.

From table 4.5, it could be observed that among the perceived constraints to implementation of gender sensitive programmes and activities, gender imbalance ranked highest and as such, stood out as a major problem in the study area. Following closely was conflicting interests among cooperators with a representative percentage of 27, 33%. The least perceived problem was long distance to meeting venue.

5.0 SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 SUMMARY

This study is one with this extension assessment of the role women in co-operative development the study is grossly dominated by female co-operators that are within active age, reasonably literate, experienced and are small holders with bloated household sizes. The study also reveals that indicating that increase farm size and fertilizer use would lead to increase in technical efficiency among cooperators.

RECOMMENDATIONS

- Given the fact that farm size had a positive influence on efficiency, the proposed land reform agenda of the present administration should be critically addressed to increase and facilitate access to agricultural land by farmers, cooperators and other that are interested in agriculture.
- To ensure that large household sizes have their desired effects on agriculture in terms of supply of farm labour, relevant policies should be formulated to increase availability of farm labour such as ban of motor cycles as mean of transport. Such policies have the tendency of reducing rural – urban migration among the youth who are support to provide bulk of labour services to farmers in the rural areas.
- Extension education and service should be intensified to ensure that the capacity of the experienced farmers and cooperators be enhanced for greater productivity
- Intensified sensitization programme should be innovated by the ADP, with a view to encouraging participation in cooperative activities among existing and prospective male cooperators. This is necessary because of the declining participation of male cooperators in cooperative activities and the increasing problem of gender imbalance therein

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CLIMATE CHANGE ADAPTATION STRATEGIES FOR ENHANCED AGRICULTURAL CO-OPERATIVES FOOD CROP ENTREPRISES FOR POVERTY REDUCTION IN NIGERIA

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ABSTRACT

The paper focused on climate change adaptation strategies for enhanced agricultural co-operatives food crop production enterprises for poverty reduction in Nigeria. The objective of the paper is to explore adaptation strategies for the sustainability of agricultural co-operatives' enterprises and poverty reduction in Nigeria. This work is a survey analysis based on the traditional framework of utility theory and the theory of production. Climate change has adversely affected land, soil and water resources in Nigeria. It has also impacted on livestock and humans. It is reducing individual and co-operative capital. Specifically, climate change has affected rangeland, forest, fisheries, sea levels, food security and income. Erosion and flooding are gradually creating a new pattern of seasonal migration. Extreme temperatures are negatively impacting on humans and health care. Agricultural co-operatives should weigh the options of adjustment of planting dates and crop varieties; crop relocation; improved land management, erosion control and soil protection through tree planting and other practices against current practices. The paper concluded that other areas to be considered by the co-operatives are water storage, conservation technologies, water recycling and irrigation efficiency. Good corporate governance can add value to climate change adaptation strategies. In this instance, seawalls and storm surge barriers can be created by governments against sea level rise and flooding. It was suggested that actions that promote awareness for the altered conditions under climate change should be geared up. Awareness campaigns can address groups of stakeholders and the general public in a geopolitical zone affected by a particular climate threat.

Keywords: Climate change, adaptation strategies, co-operatives, poverty reduction.

Introduction

The process of producing food requires resources which could be natural or man-made resources. Natural resources include all the

materials and forces that are supplied by nature. Those are that are most essential for food crop production are land, water, sunshine, air, temperature and soil conditions. Man made resources include labour, capital and entrepreneurship and they are supplied and influenced by man

(Olayide and Heady, 1982. Oyekale, Bolaji & Olowa, 2009). Among the natural resources climate is the predominant factor that influence food crop production. Climate as defined by Oyekale et al. (2009) is the State of atmosphere, which is created by weather events over a period of time. A slight climate change will affect agriculture.

According to Intergovernmental Panel on Climate Change (IPCC) report, the United Nations Framework Convention on Climate Change defines climate change as a change of climate which is attributed directly or indirectly to human activity which alter the composition of the global and/or regional atmosphere and which is in addition to natural climate variability observed over comparable time period (IPCC, 2001). It is obvious from this definition that change is an inherent attribute of climate, which is caused by both human activities (anthropogenic) and natural processes (biogeographically) (Odjugo, 2007, 2009). Climate change is already affecting people, their livelihoods and ecosystems, and presents a great development challenge for the global community general and for the poor people in developing countries in particular (Khanal, 2009). Climate change also presents major challenges to Agricultural cooperatives, their food crop production enterprises, and consequently, their poverty reduction.

Literature have shown that for the past decades, factors like urbanization, deforestation, population explosion, industrialization and the release of green house gasses (GHGs) are the major contributing factors to the depletion of the ozone layers and its associated global warming and climate change (Buba, 2004; Nigerian Environmental Study/Action Team (NEST), 2003). The increased level

of GHGs has created a green house effect which subsequently altered precipitation patterns and global temperatures around the world in several areas. The areas affected include agriculture, forestry, water resources, and biodiversity, desertification, human health, and ecosystems good and services globally (Rosegrant et al., 2008).

Between 1960 and 1998, a decline in mean annual precipitation of between 20% and 40% has been noted in West African compared to 2% to 4% decline in tropical rainforest regions (IPCC, 2007). It is also important to note that rural people and agricultural production in Africa rely on rainfall for water supply with as little as less than 4% of cultivated land under irrigation (World Bank, 2008). The predominance of rain-fed agriculture, the scarcity of capital for adaptation measure, their warmer baseline climates and their heightened exposure to extreme events are vulnerable to climate change in African agriculture (Nnamchi and Ozor, 2009). Sub-Saharan Africa is a region of the world exposed to multiple stresses and has been identified as particularly vulnerable to the impacts of climate change. For example, in a 4°C world, Sub-Saharan Africa is projected to experience temperature that is well above currently experienced extreme heat waves (World Bank, 2012). In coastal areas, an additional problem will be sea-level rise, which is projected to displace populations, and particularly in combination with severe storms, could cause freshwater resources to become contaminated with saltwater (Nicholls and Cazenave, 2010). Tropical and subtropical eco-regions in sub-Saharan Africa are particularly vulnerable to ecosystems damage (Beaumont et al., 2011). For example, with 4 degrees centigrade warming, of 5,197 African plant species studied, 25 percent - 42 percent are projected to lose all suitable range by 2085 (Midgley and Thuiller, 2011).

At present, food security is one of the challenges facing sub-Saharan Africa, including Nigeria. The economies of the region is highly dependent on agriculture, with agriculture typically making up 20 - 40 percent of gross domestic product (Godfray et al., 2010). Climate change will likely cause reductions in available arable land (Brown, Hammill and McLeman, 2007). Because agriculture in Sub-Saharan Africa is particularly sensitive to weather and climate variables (for example, 75 percent of Sub-Saharan African agriculture is rainfed), it is highly vulnerable to fluctuations in precipitation, and has a low potential for adaptation (Kotir, 2011). With 4°C or more of warming, 35 percent of cropland is projected to become unsuitable for cultivation (Arnell, 2009). In a 5°C world, much of the crop and rangeland of Sub-Saharan Africa can be expected to experience major reductions in the growing season length (Thornton et al; 2011). For example, in the event of such warming, crop yields for maize production are projected to be reduced to 13-23 percent across different African regions (Thornton et al., 2011). Crop losses for beans are expected to be substantially higher.

Human health in Sub-Saharan Africa will be affected by high temperatures and reduced availability of water, especially as a result of alterations in patterns of disease transmission. Some areas in Sub-Saharan African may face a 50 percent increase in the probability for malaria transmission (Beguin, 2011) as a result of new species of mosquitoes becoming established (Peterson, 2009). The impacts on agriculture and ecosystems outlined above would further compound the direct impacts on human health by increasing the rates of undernutrition and reduced incomes, ultimately producing negative repercussions for economic growth. These conditions are expected to increase the

scale of population displacement and the likelihood of conflict as resources become scarcer. Long term shifts in the climate seem likely to catalyze conflict by creating or exacerbating food, water and energy scarcities, triggering population movements and placing large groups of people in competition for more and more limited resources. Increased climate variability, including the greater frequency of extreme weather events, will also complicate access to resources, thereby exacerbating conditions that are conducive to promoting conflict (Brown, Hammill and McLeman, 2007). Instances of conflict could unfold in a way that could roll back development across many sectors and across many countries.

It is important to emphasize that each of these impacts would undermine the ability of Nigerian people and members of Agricultural co-operatives who are already facing poverty and precarious conditions to adapt to the challenges associated with impacts in other sector. In this context, the potential for climate change to act as a threat multiplier, potentially making such existing challenges as water scarcity and food insecurity more complex and irresolvable, is cause for particular concern. Threat multiplier implies that by interaction and knock-on effects threats, such as water scarcity and food insecurity. The objective of this paper is to explore adaptation strategies or options for the Agricultural Cooperatives in Nigeria for the sustainable development of their enterprise and poverty reduction within the economy in line with the current Agricultural Transformation Agenda.

Theoretical Framework

One of the theories for this study is utility theory which is concerned with people's choices and decisions. It is concerned also with preferences and judgments of

preferability, worth, value, goodness or any of a number of similar concepts (Fishburn, 1968). This theory provides a methodological framework for the evaluation of alternative choices made by individuals and groups of people, firms and organization. Utility refers to the satisfaction that each choice provides to the decision maker. Thus, this theory assumes that any decision is made on the basis of the utility maximization principle according to which the best choice is the one that provides the highest utility (satisfaction) to the decision maker. Utility theory is often used to explain the behaviour of individual consumers. In this case, the food crop co-operator plays the role of the decision maker that must decide how much each of the available climate change adaptation strategies to use so as to secure the highest possible level of total utility subject to his or her available income, prices and other factors.

The traditional framework of utility theory has been extended over the past three decade to multi-attribute case, in which decisions are taken by multiple criteria. In all cases, the utility that the decision maker gets from selecting a specific choice of climate change adaptation strategy is measured by a utility function U , which is a mathematical representation of the decision maker's system of preferences such that: $U(x_1) > U(x_2)$, x_1 is preferred over choice x_2 or $U(x_1) = U(x_2)$, where choice x_1 is indifference to choice x_2 .

Another theory relevant to this work is the theory of production. Production is the process of transforming a set of inputs to output. The economic theory of production provides the analytical framework for most empirical research on productivity and efficiency. Productive efficiency means the attainment of a production goal without waste. Beginning with this basic idea of

“no waste”, economists have built up a variety of theories of efficiency. The fundamental idea underlying all efficiency measures, however, is that of the quality of goods and services per unit of input. Consequently, a production unit is said to be technically inefficient if too little output is being produced from a given bundle of inputs. In this instance, if climate change affects the Agricultural Cooperatives such that production processes could no longer be maximized, then there would be a drastic decrease in output which can lead to reduced income and exacerbate poverty. Measures must be put in place to mitigate the challenges. One of the packages of these measures is the climate change adaptation strategies or options, which are outlined in this paper.

Agricultural Transformation Agenda

This is a policy tool of the previous federal government administration aimed at repositioning agriculture to drive Nigeria's economy as part of the National Transformation Agenda. The Agricultural sector has the largest potential to diversify the Nigerian economy, create jobs, ensure food security, lower inflation and boost the nation's foreign exchange earnings. Nigeria used to be a major player in agriculture in the world, but has lost its place in the global community hence that Agenda.

The transformation agenda sets out to create over 3.5 million jobs from the rice, cassava, sorghum, cocoa and cotton value chains with other jobs to come from other value chains under implementation. The programme aims to provide over N300 billions of additional income for farmers. Over N60 billion is to be injected into the economy from the substitution of 20% of bread wheat flour with cassava flour. The initiative facilitates the effort to achieve food security by increasing production of key food staples by 20 million tones: Rice 2

metric tonnes (MT), Cassava 17MT and Sorghum 1MT respectively (Adesina 2012). The operations of the agricultural transformation agenda, according to Adesina (2012), are based on prioritization of commodity value chains along comparative advantage in the six geo-political zones of the country, and reform in the input supply sector to stop direct government involvement in the procurement, supply and distribution of fertilizer and seeds to farmers. The action plan focuses on some priority agricultural commodities namely; rice, cassava, sorghum, cocoa, cotton, maize, oil palm, dairy, beef, leather, poultry and fisheries and include the provision and availability of improved inputs, increased productivity and production, as well as the establishment of stable crop processing zones to address reduction in post-harvest losses, improving linkage with industries as well as access to financial services and markets (Adesina, 2012).

The transformation agenda targets rural commodities particularly women, youth, and farmers associations, as well as improving rural institutions and infrastructure. According to Adesina (2012), this involves provision of 50% support for seeds and fertilizers for farmers, empowerment of the private sector to sell their inputs directly to get to rural areas as well as provision of risk sharing guarantee to leverage loan from banks under the Nigeria Incentive- Based Risk Sharing System for Agricultural Lending (NIRSAL) to de-risk agricultural financing and mitigate against the impact of natural disasters on losses of agricultural investment by facilitating low interest credit to farmers through commercial banks and the liberalization of the insurance sector to increase farmers' access to cost-effective agricultural insurance schemes in the country.

Effect of Climate Change on Agricultural Co-operatives Food Crop Production Enterprises

The changing climatic conditions are exerting immense effects on agricultural co-operative farm enterprises, spanning through crop and livestock production, input supplies and other components of agricultural systems. In a forecast, it was suggested that climate change would result in agricultural winners and losers, in rough balance, but with developing countries being more vulnerable (McMichael, 2012). The winners are those in temperate and polar locations because additional warming will benefit their agricultural sector (Mendelsohn et al., 2010). They stated that the losers will be mainly countries in tropical and sub-tropical regions because additional warming will affect their agricultural sectors. It is estimated for Africa that 25-42% of species habitats could be lost, affecting both food and non- food crops (FAO, 2007).

The impacts of climate change have been divided into two groups (FAO, 2007): the biophysical impact and the socio-economic impact:

Biophysical Impacts:

- physiological effects on pasture, forest and livestock;
- changes in land, soil and water resources;
- increased weed and pest challenges;
- shifts in spatial and temporal distribution of impacts;
- sea level rise, changes in ocean salinity;
- sea temperature rise causing fish to inhabit different ranges;

Socio-economic Impact:

- declined in yield and production;
- reduced marginal GDP from agriculture;
- fluctuations in world market prices;
- changes in geographical distribution of trade regimes;

- increased number of people at risk of hunger and food insecurity;
- migration and civil unrest

The IPCC Fourth Assessment Report shows that by 2020, crop yields could increase by 20% in East and South Asia, but decrease by up to 30% in Central and South Asia, and that rain-fed agricultural output could drop by 50% in some African countries (McMichael et al., 2007). Western and Central Africa are expected to have losses ranging from 2-4% and Northern and Southern Africa are expected to have losses of 0.4-1.3% (Mendelsohn et al., 2010). The report of committee on food security in 2005 showed that up to 11% of arable land could be highly affected by climate change in developing countries including reduction of cereal production in up to 65 countries (Enete and Amusa, 2010).

In Nigeria, the IPCC research findings showed that climate change could result in loss in GDP of between 6 and 30 % by 2050, an estimated worth of USD100 - USD640 billion (DFID, 2009). The study showed that all the regions will be affected with predicted loses of 8-30% for the North, 5-25% for the Southeast and South-south and 7-34% for the Southwest and Lagos. In another study, Ayindele et al., (2010) established a linear causation between rainfall and agricultural output in Nigeria. It showed that rainfall has a great direct positive impact on agricultural productivity, and a decrease in rainfall will lead to a decrease in productivity.

Greenhouse Effect on Climate

Climate change arises from the concentration of greenhouse gases in the atmosphere (WRI, 1993; CCIR, 2005). These gases are relatively transparent to incoming solar radiation from the sun and opaque to outgoing ones (CCIR, 2005). As a result, the gases trap heat near the earth's surface resulting in the heating up of the

earth and also in the depletion of the ozone layer on earth protective shield (NAS, 2001). This phenomenon is generally referred to as greenhouse effect or global warming.

The GHGs according to the World Resources Institute (1993) are water vapour, carbon dioxide (CO₂), methane (CH₄), chlorofluorocarbons (CFCs), nitrous oxide (NO₂), Ozone (O₃) and other trace gasses. Of all these gases, water vapour and carbon dioxide are the most important and largest contributions to greenhouse effect (WRI,1993; CCIR,2005). The World Resources Institute noted that as global warming occurs, water vapour will increase in the atmosphere, thereby further enhancing the warming process (WRI, 1993). Greenhouse gases arises principally from two (2) major factors; natural and anthropogenic factors (CCIR, 2005).

Natural Factors:

The climate system according to the Climate Change Information Resources (2005) is driven by the energy from the sun or earth's orbital cycle and regulated by natural processes and cycles in the earth system. These cycles include the carbon cycle, orbital cycles, ocean currents (which distribute warmer and colder water around the globe), and atmosphere-ocean interactions (that moderate temperatures). In this light, a change in the sun's energy or earth's orbital cycle will alter all these processes and cycles taking place in the earth, with great implications on greenhouse effect and the climate system.

Anthropogenic Factors:

The anthropogenic factors refer to human activities that lead to the emission of greenhouse gases and they are the main contribution to climate change (Nwajiuba, 2008). These human activities bring alterations to the carbon cycle (which

regulates the flow of carbon among living and non-living parts of the earth system) through the emission of GHGs resulting to climate change. These human activities include fossil fuels combustions, land use and agricultural practices and industrial

operations (NAS, 2001).

The various sources of greenhouse gases are shown below:

Table 1: Sources of Greenhouse gases

GHG	Sources	Life span
Co2	Fossil fuels, deforestation, soil destruction.	500years
CH4	Cattle, biomass, rice paddle, gas leaks, mining, termites.	7-10 years
NO2	Fossil fuels, soil cultivation, deforestation.	140-190 years
CFCs	Refrigeration, air conditioning, aerosols, foam blowing, solvents.	65-190 years
O3	Photochemical processes, cars, power plants, solvents.	Hours-days

Source: The Greenhouse trap, World Resources Institute, (WRI, 1993)

Adaptation Strategies for Enhanced Co-operatives Food Crop Production Enterprises and Poverty Reduction

There are two main policy responses to climate change: mitigation and adaptation. Mitigation addresses the root causes, by reducing greenhouse gas emissions, while adaptation seeks to lower the risks posed by the consequences of climate change. Both approaches are necessary, because even if emissions are dramatically decreased in the near future, adaptation will still be needed to deal with the global changes that have already been set in motion. Adaptation measures may be planned in advance or put in place spontaneously in response to a local pressure.

Humans have been adapting to their environments throughout history by developing practices, cultures and livelihoods suited to local conditions. Therefore, experiencing climatic shifts (extreme heat waves, high temperatures, storms frequency, reduced rainfall, flooding and other factors) should draw response actions from members of the co-operatives to adaptation as well as

behavioural shifts such as using less water; planting different crops; adjustment of planting dates and crop variety; crop relocation; improved control and soil protection through tree planting; expanded rainwater harvesting; water storage and conservation techniques; water reuse or recycling; irrigation efficiency. In order that the cooperators and the cooperative enterprises can achieve these measures, the following underlying policy framework should be developed or put in place, if they are not already existing; institutional reform; land tenure and land reform; training and capacity building; crop insurance; financial incentives, e.g. subsidies and deliberate subventions for assisting the governments in programme implementation and execution. Others include afforestation; reforestation; forest management; and reduced deforestation.

Land use planning can be used to cope with droughts, water scarcity and flooding. Land use influences the water balance of a catchment by influencing the evaporation process through infiltration, the soil water redistribution process and surface

roughness; which controls flow velocity and floodplain flow rates. Afforestation, forest transformation, some agricultural practices such as allowing vegetation cover to reduce evapotranspiration and introduction of drought/flood tolerant species can reduce risk.

Storing water in the soil decreases the negative impacts of droughts and climate change. Conservation tillage is the practice of leaving some of the previous season's crop residues on the soil surface. It reduces evaporation from the soil surface. Terracing or contour ploughing terrace is a method of soil conservation to slow or prevent the rapid surface runoff of irrigation water.

Awareness campaigns about potential impacts of climate change are essential. Awareness campaigns can address co-operative societies in a geopolitical zone affected by a particular climatic threat, groups of stakeholders and the general public. The ultimate aim is to achieve behavioural changes. Public awareness is important to increase enthusiasm and support, stimulate self-mobilization and action, and mobilize local knowledge and resources. Local knowledge can form major strategies of adaptation and effective packages of rural information obtained can form a desired result. For example, those who had experienced floods have higher levels of concern about the impact of climate change and are more likely to change their behaviours quicker and faster than others.

Good governance can facilitate the process of adaptation strategies. Governance centers on the process of decision making and the implementation of decisions that are responsive to the present and future needs of society. The adaptation challenge will require cooperators, cooperative societies, communities, corporate citizens,

and all levels of government pulling together to make tough decisions and lasting commitments. Civil society organizations and non-governmental organizations (NGOs) also have a role to play, through reinforcing the message to the public about the need for climate adaptation, engaging in the adaptation debate, and enhancing linkages between scientific research and policy making.

Conclusion

Global warming is now causing rapid changes in the climatic conditions that affect agriculture. Agriculture is one of the most climate-sensitive industries and depends on particular levels of temperature and precipitation. Its products are absolute necessity of life, with virtually no substitutes. At this same time, the world's population and particularly Nigeria's census data will continue to grow, increasing the demand for food just as climatic change begins to depress yields. To adapt to this inescapable early stages of climate change, it is essential to apply the rapidly developing resources of plant genetics and biotechnology to the creation of new heat-resistant and perhaps drought-resistant crops, cultivars and livestock. Adaptations to climate change though a necessary condition; it is not a sufficient condition. If warming continues, it will, in future, reach levels at which adaptation is no longer possible. Any long-run solution must involve rapid reduction of emissions, to limit the future extent of climate change.

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THEMATIC ANALYSIS OF CLUSTERED AGRIBUSINESS COOPERATIVES AND POVERTY ALLEVIATION IN KWARA STATE

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SALAU, A. A., ISSA, A. & OGUNBIYI, S. J., (2018)

Thematic Analysis of Clustered Agribusiness Cooperatives and Poverty Alleviation in Kwara State.

Abstract

The study examined the thematic relationship between clustered agribusiness cooperatives and Poverty alleviation in Kwara State. There are public outcries that elicited some responses from the government in form of programmes and schemes fashioned out to fight poverty. The study used a qualitative study using two groups of focus group discussion to answer the research theme. The study found out that clustering agric cooperatives along value chain and geographical clusters result in job creation, community development and income generation. The study recommended that similar agribusinesses such as the crop production or marketing cooperatives should be concentrated in the same geographical location to achieve economy of scale in production

Keyword: Cluster, entrepreneurship, cooperatives, Agribusiness, value chain and poverty alleviation.

Introduction

The evolution of cooperative as a recognized business organization in the 17th century was the result of the economic situation in Europe. The struggle by the poor weavers to break the fetter of poverty and improve their living conditions that warranted the efforts at forming cooperative in 1844. Since then, the global interest in the study of cooperatives has increased significantly in the last decade and continues to increase. The attention and recognition accorded this important concept derives from the fact that it is closely related to poverty alleviation. Cooperatives are conspicuous and universal features of today's economy. For decades, the conventional wisdom among local Nations pursuing growth was to

attract a large firm to relocate and establish industries to provide jobs for the citizens (Greenstone, Michael, Hornbeck & Enrico, 2010). The success of 'entrepreneurial cooperatives' in recent decades has challenged this wisdom. Today, many policymakers state that they want their regions 'to be the next Silicon Valley' through cluster of cooperatives. Lerner (2009), observe that this new emphasis on bottom-up strategies has led to extensive efforts to seed local entrepreneurship. Today's policymakers are especially eager to announce the launch of entrepreneurial programs in to aid cooperative organizations (Aaron, Edward & William, 2013).

Cooperatives and clustering are

fundamental actors in development considering their achievements, experience and expertise in this field. Most countries of the world have recognized that promotion of cluster guided by the (cooperative) values and principles should be considered as one of the pillars of national and international economic and social development. Maxwell (2013) asserts that the success of a high performance cluster is largely as a result of networking to achieve results, collaboration with stakeholders, alliance with community and cooperation with competitive elements (co-opetition). The cooperative model is thus to be seen as an essential tool for the development of emerging, developing and developed countries. As a result, cooperative organizations pursue people-centred development and affirm the pre-eminence of the real economy over the financial economy, favouring sustainable economic and social added value over financial profit. Hence, they have a huge capacity of development and of building a fairer world. The more cooperatives and other types of enterprises controlled by their own stakeholders develop in the world, the more income distribution and social justice there will be. Departing from an active and locally-based bottom-up dynamic, cooperatives are characterized by a strong link between the enterprise on the one hand, and the territory and the people working nearby on the other, thus concurring in the generation of trust. Cooperatives therefore, plays an important role in the task of nation building and general development. In Africa, cooperatives development programs have become increasingly widespread tools in fostering innovation and growth of a competitive private sector in developing countries, including Nigeria, Ethiopia, Kenya, Ghana, Egypt and host of others. It is no doubtful that poverty, which is a condition a person is subjected to in which

he/she is not able to enjoy the basic needs of life to the fullest, is wide spread in Nigeria. Although, agriculture has been identified as a veritable means to set Nigeria's economy on a path of rebirth and recovery, following the woes that have bedeviled the country's economy in recent years. Indeed, agriculture is key to Nigeria's quest for economic diversification and survival (EGRP, 2017). Many States in Nigeria have considerable comparative advantages within the agricultural sector at their disposal based on their natural resources. Agricultural cooperatives can be a foundation for an industrial park, just as the production of silicon transistors, together with presence of the tech-based Stanford Industrial Park, laid the groundwork for what would become the biggest concentration of high-tech companies in the world now known as Silicon Valley. While microprocessors laid the foundation, it was venture capital that built the industry. In the 1970s, venture capital firms started growing up all around the Valley. They were inspired in part by Stanford University and its engineering faculty, which encouraged faculty and graduates to translate their tech ideas into marketable products.

In Kwara State, using the cooperative model "the shared prosperity" policy introduced by the State Government in 2011 have had a major impact in the economic development in the state. Industrial agglomeration and economic activities have increased, and Micro, Small and Medium business Enterprises have developed. Local Government Areas like Isin, Oke Ero, Edu, Patigi and Baruten are set to be important and form the focal point for Agricultural Hub of the nation. Indigenous, International and Multinational Companies are seeking to locate and invest in Kwara State with the access to resources, infrastructures, skills, and enabling environments that will give them competitive advantage. The

development of cluster of cooperatives in Nigeria and in particular Kwara State is most appropriate at this time when the Government of Nigeria committed to push for economic empowerment, employment generation, poverty alleviation and food security among others. Hence, the study examine the thematic analysis of clustered Agribusiness cooperative and poverty eradication in Kwara State.

Statement of the problem

Government all over the world are under serious challenge from citizens to match words with actions in true demonstration of their commitment to fight the scourge of poverty. These public outcries had elicited some responses from Nigerian government in form of programmes and schemes fashioned out to fight poverty. These schemes were designed using the cooperative model, such schemes includes; Better life for rural women, National Poverty Alleviation Program (NAPEP), Family Economic Advancement Program (FEAP) and host of others, despite these efforts, much still need to be done in this direction. Studies show that agribusiness cooperatives in Nigeria face various challenges ranging from costly business environments with high taxes and restrictive regulations, to lack of access to formal finances, limited ability to acquire skills and managerial expertise, low access to appropriate technology and poor access to quality inputs and business infrastructure. Most of the constraints faced by these agribusiness cooperatives are aggravated by the fact that they often operate in isolation across dispersed locations, which worsen the disadvantage of being small in size. More so, they lack access to external best practices, markets, limited to learning only within their own territory and are cut off from sources of new knowledge and technology that help to accomplish competitive positions. The purpose of this study is to examine the

thematic analysis of clustered agribusiness cooperatives and poverty alleviation in Kwara State.

Scope of the Study

The coverage of the study was the framework provided by Off-Taker Demand Driven Strategy in the State with Attention to Cassava. Cassava is one of the foreign exchange earning product and it contribute mainly in employment creation, poverty alleviation and rural development. More so, the Kwara State government is concerned about using cooperative cluster initiatives in achieving its long-term objectives of economic growth by enhancing business competitiveness. The context of Kwara is used because it is in a region identified as having the highest potential to utilize Agricultural produce towards economic development of Nigeria and the state Government commitment to generate over 100,000 jobs in the Agriculture Sector through enhancement of agro allied industry and capacity building. This push small businesses across the production, value chain and supply chain to be creative in their approach to Business.

Conceptual Framework

Entrepreneurial Cluster

The concept of cluster was first coined by Michael Porter when he used it in his seminar work "Competitive Advantage of Nations to explain the concept of "Economic competitiveness" and what it stands for (Maxwell, 2000). This prompted various scientists and academia to begin to put forward their own definitions of clusters and clustering. Porter (2000) who identified the entrepreneurial phenomena viewed clustering as a philosophy based on the core principles of integration (of activities) and collaboration for mutual benefit. These benefits come at three levels; individual from level, sector or regional level and wider economy level. Bosworth and Broun (1996) in their

opinion viewed cluster as “geographical concentration of industries which gain advantages through co-location”. Porter (1998) Earlier gave a broader view on cluster when he described it as a “geographical concentration of inter-connected companies and institutions in a particular field”. In this regards, cluster can be viewed as array of linked industries and other entities important to competition. Entities such as suppliers, manufacturers customers etc. porter (1998) further explained that clusters often extend downstream to channels and customers and ultimately to manufactures of complimentary products and to companies in industries related by functions, skills, technologies and values (Maxwell). Cluster initiative green book (2003) defined cluster initiative as an organized efforts focused on the increase of growth and competitiveness of a cluster in the region with the participation of cluster companies, government and research community.

Similarly, UNIDO (2014) defined cluster as geographical concentrations of inter connected enterprises and associated institutions that face common challenges and opportunities. This was a buildup of works of Porter (1990) that described cluster as geographical concentrations of inter connected companies, specialized suppliers, service providers , firms in related industries and associated institutions in particular fields that compete and cooperate. Ingredients such common technologies, marketing supports, access to formal finance, technological upgrading, knowledge transfer, human resources skills and commodities or services competitive advantages must be present in a cluster. Pavelkova et al (2016) affirm that cluster consolidates the world of industry, science and education giving the opportunity to exchange knowledge, combine financial and human capital, assets, technologies and ideas into the

development of one “organism”.

Entrepreneurial cluster (EC) is now a standard to describe companies working together to improve their productivity and competitiveness. Porter, (1998; 2000) viewed entrepreneurial cluster as the new approach to economic development and are increasingly dotting the world's economic landscape.

Schimitz (1992) Building on Marshall's (1890) analysis on economic activities in textile and metal working district of England, Germany and France and his experience on growth constraint of small industries in developing countries defined cluster as a group of enterprises belonging to the same sector operating in close proximity to each other. Schimitz gave a more entrepreneurial definition of cluster. Further definition given by Elsner (2000) described cluster as group of firms that are functionally connected vertically and horizontal. Elsner definition described as functional approach to entrepreneurial cluster. However, His Approach underscores the kind of relationships that exists between firms and institutions supporting the cluster. The links that exists between firms are very important in strengthening competition. Steiner and Hartmann (1998) introduced a new dimension to the concept of cluster when he defined clusters as set of complementary firms (production and services sector) public, private and semi public research and development institutions which are connected by labour market, input output raw materials and technological links. Market mechanisms and the structures of cluster organization governed the links as a results, the cluster is highly competitive (Steiner & Hartmann, 1998).

From these definitions, cluster is seen as a critical mass of enterprises located in geographical proximity to each other. UNIDO (2014) stated that there is no universally accepted way of establishing the exact boundaries of a cluster. What is

perceived a close in one location may represent as insurmountable distance in other areas. Distance can be influenced by the availability of infrastructural facilities, cultural identity and social values. () further stated that the number of enterprises necessary to be considered as constituting a cluster can vary depending on the size of a country.

Clusters of related business enterprises can exist in most sectors of the economy and such has been demonstrated in modern economic history (Aaron et al, 2014). Pavelkova et al (2011) opine that cluster structures appears as good combination of collaboration and competition, where entities involved join their efforts and resources to achieve competitive advantage above others.

Value Chain Cluster

This concept is used to describe the value creating flow of a good from raw materials, production, commercialization and ultimately delivery to end users or consumers (USAID, 2008). Bair (2008) defined value chain as socio economic system which consists of a set of interdependent firms performing a sequence of value adding activities required to bring a product from conception to consumption. Betinna, Walfgany and Maurizio (2009) suggested that concentration in value chain is an important aspect because it changes the organization of value chain relationships. Tan, Lyman and Wisner (2002) however, argued that value chain and supply chain are inter woven. He identified six value chain management practices through factor analysis, they include value chain integration, geographical proximity, information sharing, supply chain characteristics, customer services and just in time capability.

Porter (2000) stated that clusters add value to the development of the economy by creating groups improving business

capabilities by offering tailored supports. He further asserts that the premises underlying cluster value chain is that individual firms often face sector level constraints that cannot be addressed alone. The value chain approach considers a broad market system and the development of products from inputs suppliers and to end customers. Hence, the values flow of a good from raw materials, production, commercialization and ultimately delivery to end uses or consumers.

Sectoral clusters

Michael Porter (1990) re-ignited the interests of many countries and regions to adopt 'economic clusters' as means for economic growth and internalization. Porter (1990) formalized the early work on agglomeration by developing the modern concept of industry clustering, and proposing the theory and related environmental framework for clusters. The definition of cluster by Rosenfeld (1997) elaborates on that of Porter (1990) suggesting “a geographically bounded concentration of similar, related or complementary businesses, with active channels for business transactions”, and “a dialogue that share specialized infrastructure, labor markets and services, and that are faced with common opportunities and threats”. Clusters thus include a group of related companies and other institutions which provided inputs to a firm operating in the cluster, and supported it in competing effectively (Porter, 2008).

A growing body of literature (Campaniaris et al., 2011; Delgado, et al., 2014; Porter, 2008) support the view that clusters influence and benefit the businesses located within them in numerous interrelated ways by (i) providing a market for products/services of businesses in cluster (Campaniaris et al., 2011) through the availability of a rich and diversified supplier base (Porter, 1998); (ii) providing

a rich labor pool to businesses in cluster (Campaniaris et al., 2011), as government often sets up specialized training programs in cluster regions, and a number of qualified and trained people are attracted to the region which provides them with job opportunities and no relocation inconveniences should they change employer (Porter, 1998); (iii) facilitating higher growth in new business formation and start-up employment (Delgado, et al., 2014); (iv) supporting the development of new establishments of existing firms, and new businesses within the cluster (Delgado, et al., 2014; Porter, 2008); (v) driving the direction and pace of innovation through close interactions to recognize buyers' needs, the ability to source quickly through close suppliers' networks, and the ability for staff to perceive gaps in product/service offers more quickly (Hafeez et al., 2010); and (vi) providing social networks (Hafeez and Alghatas, 2007) which facilitate the communication and the articulation of tacit knowledge (Malmerg and Power, 2005), as technical and competitive information accumulates within a cluster to which the businesses present may have access through supply chains (Hafeez et al., 2006; Keoy et al. 2007) and networking (Porter, 2008).

In understanding how these benefits are leveraged, Porter (1990) explained the effects of the local business environment on competition through four interconnected factors in his 'Diamond Model'. The four influences in the Diamond Model are: (i) factor conditions representing the cost and quality of inputs for example natural resources, skilled labor, infrastructure and technology-related developments on which local businesses seek to participate, (ii) request conditions or the sophistication of local consumers in terms of request for the industry's products or services, (iii) businesses strategy and rivalry which

include the nature and intensity of local competition, which affects the way companies do corporate with each other, their employees and the government, and (iv) related and supported industries which represent the local extent and sophistication of suppliers and globally successful challengers that stimulate cooperation and competitive rivalry?

Despite its establishment as a useful framework, Porter's cluster theory and diamond model need some critical reflection. For instance, the Porter approach talks about nations - which is ambiguous in modern times. In the definition of clusters, geographical closeness plays an important role, thus the cluster approach focus on regions, not on nations. Where does Japan (or even Germany nowadays) have a competitive advantage with cars? Production is global and the Chinese, French, and many others also have cars that are selling worldwide. Also, the US itself cannot be said to be a wine cluster, as the wine valley in California only. This is the same in the Dubai case. Nevertheless, a more critical approach with Porter is necessary to improve the theory further.

Geographical clusters

Martin and Sunley (2002) refuted the vague characterization and concept of clusters, although a myriad of theoretical and empirical studies, as well as methodological investigations have been carried out. A source of such ambiguity is that of definition. Clusters, according to Porter (1998), are critical masses in one place of unusual economic success in particular fields. He further defined them as 'geographic concentration of interconnected companies, specialized suppliers, service providers, firms in related industries and associated institutions in particular fields that competes but also cooperates' (Porter,

1998). Rosenfield (1997) has defined clusters simply as 'concentration of firms that are able to produce synergy because of their geographical proximity and interdependence' whilst Roelandt and den Hertog (1999) characterized clustering as networks of producers of strongly interdependent firms linked to each other in a value-adding production chain. Swann (1998) has defined clusters, in geographical and technological sense, as a large group of firms in related industries at a particular location. Swann has also taken the definition a little further in his empirical investigations by defining two main cluster strengths as the agglomeration sizes of similar-firms and related-firms in the region for a particular industry. Taking the number of definitions further, Feser (1998) said that 'economic clusters are not just related and supporting industries, but rather related and supporting institutions that are more competitive by virtue of their relationships'.

Clearly from this myriad of definitions, there are three main elements. Firstly, a cluster must consist of groups of associated and interconnected firms that are linked vertically and/or horizontally through their commonalities and complementariness in products, services, inputs, technologies or outputs activities. Secondly, clusters are physical proximate groups of interlinked companies which can encourage the formation of, and enhances value creating benefits via their interaction. Lastly, co-location itself does not imply clustering when these associated clustering benefits like innovation, productivity, growth or other superior competitiveness cannot be shown or described.

Cooperative Principles

Cooperatives according to Jurger (1997) are successful in economic development because they are commercial organizations that operate by a broader set of values than those associated with the narrow pursuit of profit alone. Cooperatives are first and

foremost businesses, but at the same time they practice economic fairness by ensuring equal access to markets and services among an open and voluntary membership base. Because they are owned by the consumers of the services they provide, cooperatives tend to make decisions that balance the need for profitability with the greater interests of the community which they serve.

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility, and caring for others. They adhere to a code of practice enshrined in the Universal Cooperative Principles (Open and Voluntary membership; Democratic Member Control; Member Economic Participation; Autonomy and Independence, Education, Training and Information; Cooperation among Cooperatives and Concern for the Community).

Agribusiness Cluster and Entrepreneurship

The call for diversification of the Nigerian Economy owing to over dependence on Oil as the mainstay of the economy has become a 'buzz word' as a result of falling revenue from Oil and its attendant adverse effect on the economy and citizens' welfare (Olatomide & Omowumi, 2015). Analysts, Scholars and Practitioners alike have acknowledged the contributions of Agribusiness in the improvement of people's standards of living, employment generations, Improvement in Gross National Income and the overall economy of Nigeria. The Government at various levels has adopted means of encouraging entrepreneurship which Shailesh, Gyanendra and Yadav (2013) referred to as a dynamic process of creating incremental wealth, in the sector as a way of ensuring

improved performance in Agribusiness. Economic Recovery and Growth Plan (E.R.G.P) (2017) identify clusters of Agric based cooperatives to identify groups of people with common interest. A cluster of cooperatives who create wealth by taking major risks in terms of equity, time and career commitment of providing value to some products or services, innovate new product or service; these products or services may or may not be new or unique but value must somehow be suffused by the entrepreneurs by securing and allocating the necessary skill and resources. Shailesh et al (2013) identifies a cluster of entrepreneurs as the application of collective energy for initiating and building a cluster. Development of entrepreneurial agricultural policies has been on the rise to increase the value of agricultural production and open up the sector for new ideas which is a clear departure from what obtained in the past when oil prices were at their peak (Nwibo & Okorie, 2013). Therefore, a policy change of this nature requires the development of entrepreneurial and organizational competency in farmers. Esiobu, Onubuogu and Ibe (2015) highlight that developing entrepreneurial cluster of farmers can take two approaches. The first is to consider the individual entrepreneurial orientation or the regional orientation as a whole. In whichever case the innovativeness, aggressiveness, technological orientation and the cultural frameworks must be considered to stimulate the development of the cluster. The second is the provision of enabling environment such as common facility center and affiliation with Research and Academic Institutes, the encouragement of Farmers, via their personalities and capabilities to rekindle the development of innovative Agribusiness. Olatomide and Omowumi, (2015) suggest that for improved agribusiness performance within the cluster, both approaches have to be

considered. Agribusiness is a sector in which most of the rural SMEs operate in and includes all participants in a commodity vertical structure, from suppliers, farmers, assemblers, processors and distributors to ultimate domestic and international consumers. The Agribusiness is of importance to the North-central Nigerian economy because they are aside from solid minerals, the bedrock for economic growth within the region, it helps accelerate development and serve as a business solution to rural poverty.

The Kwara Agricultural Modernization Master Plan (KAMP 2012 - 2017) was designed in partnership with Cornell University, New York, University of Ilorin and Kwara State University and All Farmers Association of Nigeria to create agro-driven economic diversification, enhance Competitiveness and establish Kwara State as Sub- Region's hub using the cooperative model. KAMP's main strategies were development of the agriculture value chain development in rice, soya, cassava and maize. As a result the off-taker demand driven agricultural activities (ODDA) was introduced. The Kwara Agro Mall (KWAMALL) which provides loan facilities, subsidies, consultations and equipment to farmers was put in place in an attempt to enhance the cluster creation within the state. The KWAMALL is meant to bridge the gap between farmers, financial Institution and Consumers by linking Farmers with Off-takers and serve as a one stop shop for farmers in the state.

Systemic Entrepreneurship theory

The systemic entrepreneurship theory is based on the premises that entrepreneurship is a phenomenon based on systemic and requires a high level of cooperation and integration among specialized actors within the system (Issa,2017). Porter(2000) posits that entrepreneurial cluster is a system which

comprises of actors. The actors within the system must be willing to cooperate. The individual entrepreneurs determines when the system is new, but gradually fades out as the system matures and the need for efficiency within the system takes over. Although, the theory posits that actors are in strata, that is bottom, middle and top, cluster system did not recognize strata within the ecosystem.

The theory was partly developed by Parson. Inspired principally by the works of Pareto, Weber, Marshall, and host of others, Parsons' theory was designed to incorporate theories of social action and social structure, with a particular interest in developing a view of how social systems work towards a state of integration and cooperation a more or less effective state of equilibrium in classic economic terms. According to Parsons, every social system faces four basic functional imperatives – Adaptation (A), Goal Attainment (G), Integration (I) and Latent Pattern Maintenance and Tension Management (Latency-L).

Central to Parsons' system theory is the universality of this four function model. Entrepreneurial system, simple or complex, faces these four functional imperatives. The ways in which a given system will manage and coordinate the means of satisfying these imperatives, however, will vary depending upon the size and level of complexity of the system, upon the demands of the environment and the goals developed with regard to how to best (or most properly) relate to the environment, and finally upon the effectiveness and requirements of the other functional imperatives. Each system is further divided into four functional subsystems and each subsystem may further be divided into the same four conceptual functions and so on down levels of analysis. Inherent in this systems view is the constant presence

The works of Geuna and Steinmueller

(2003) “Innovation networks and clusters” represent further knowledge-oriented concepts that stress the importance of cluster. This creates a demand for conceptually bridging systems and systems theory with networks and clusters. The rationale of system theory clusters could be interpreted as an equivalent for the elements of a system and networks as a (partial) equivalent for the relationship between the elements of one or of several systems. Networks may represent a specific, but crucial, subset of relations, relationships. Through networking, the clusters of a system (of different systems) relate and interact (and communicate). A system, acting as a subsystem and being embedded by a larger system, could also be interpreted as an element or as a cluster of that meta-system. Such perspective of further aggregation emphasizes that the borderlines between elements (clusters) and systems are perhaps more in flux than originally expected. Every element or cluster of a system could be tested whether it qualifies as a micro-system (subsystem).

Empirical Review

Pavelkova et al (2011) examined the development of clusters as a major source of competitive advantages of plastic companies from USA, West and Central Europe and Asia. Structured interview and Surveys were used to identify the critical factors of cluster performance management. Cluster Managers agree were of the opinion that professionalism, networking, communication and mutual trust among cluster members are of high importance to attain high level of competitiveness in plastic industry.

Bettina Wolfgang and Maurizio (2009) also studied value chain cluster of fresh vegetables in Europe, with focus on Germany, Spain and Italy. The study presents result. In-depth interviews were conducted on fresh vegetable businesses in respective countries. Finding reveals that

European vegetable producers are under pressure to improve their performance so as to increase competitiveness. They recommended that Innovative products, processes and competitiveness can be attained by the creation of entrepreneurial cluster and use of distinct resources as an outcome of networking between producers and other actors in local clusters.

Popkova et al (2015) in contrast the researchers examined the roles of Government in entrepreneurial cluster initiatives in developed countries. They considered the role of state bodies and level of their influence on development and functioning of cluster and were able to identify the problems of implementation of cluster initiatives in business in developing countries. As a result of the research, the authors concluded that major problem of implementation of entrepreneurship cluster initiatives in developed countries is ineffective cluster policy. The authors suggest self-regulation of cluster as a perspective instrument of implementation of cluster initiatives in business in developed countries.

Ingle (2013) examined business networks and the potential for clustering among small firms in attempt to bring about economic growth through productivity gains based on Cluster initiatives. They observed that industry concentration through clustering and networking can deliver such gains underlies industry and regional development policy. Formal policy mechanisms have been introduced in several developed economies in recent years to address structural deficiencies and raise competitiveness by encouraging cooperation among small and medium enterprises. The evidence supporting the effectiveness of such programmes, however, is mixed. This paper reviews the concept of clustering and examines both mature, naturally-evolved industry concentrations and newly formed cluster networks. They explored conceptual issues

emerging from the debate in the literature surrounding the network paradigm and its replicability.

Ari van & Kali (2016) used new panel dataset to study the network of formal firm linkages within and across 52 aerospace clusters in North America and Europe. They adopted knowledge-based cluster and global value chains literature as the basis for their theoretical framework. They found that a reduction in spatial transaction costs can induced clusters to specialize in increasingly fine-grained value chain stages. They recommended that for the overall network to evolve from a geographically localized structure to a trans-local hierarchical structure it must be stratified along value chain stages. Applying community structure detection techniques and organizing sub-networks by linkage type. Their claims were supported by empirical evidence in support of their proposition.

According to Jorge, José Marques and Saur (2012), while examining the role of networking in innovation promotion and cluster modernization a study of House of future, a framework of study where University of Aveiro has an important role. The paper stressed the potentials of innovative business cooperation networks in promoting regional Business competitiveness. It suggests success factors in the development of clusters from various sectors and a university and a agent. The aim of the "House of the Future" initiative is to promote an innovative approach to inter-organizational cooperation joining together firms from a number of different industrial activities related with the habitat meta-sector. The collaborative effort can act as an experiment for the design of regional innovation policies.

METHODOLOGY

The research is exploratory in nature, since the study generates a posteriori hypotheses

by examining a data-set and looking for potential relations between variables. The advantage of exploratory research is that it is easier to make new discoveries due to the less stringent methodological restrictions. More so, the desk study did not open up any clear avenues for adopting satisfactory theories of entrepreneurial cooperatives; the study combined survey and phenomenology, by analyzing empirical data without too much reliance on preconceived theories. Phenomenology is an inductive systematic research methodology that involves the understanding about the essence and underlying structure of phenomenon through qualitative explorations (Saunders et al., 2007). Hence, the study adopted an in-depth interview to elicit information from selected farmers. In practice, qualitative sampling requires a flexible, pragmatic approach. Amugune (2014) suggests that sample size should be small to allow in-depth exploration and understanding of phenomena under investigation. Consequently, the researcher actively selected five productive members of All Farmers association of Kwara State to answer the research interview. The study adopted focus group Discussion which is commonly used as a qualitative approach to gain an in-depth understanding of social phenomena. The method aims to obtain data from a purposely selected group of discussants instead of a statistically representative sample of a broader population. Focus Group Discussion (FGD), being a contemporary technique applied to gain insight into the dynamic relationships related to cluster performance and projected human activities was used. Its suitability to circumstances adjudged essential towards understanding the psychological and behavioural characteristics of stakeholders was taken into cognizance.

Data Presentation and Analysis

The frequency count for the gender grouping of the 24 discussants across the three senatorial zones of the State 14 (58 per cent) male and 10 (42 percent) female. This mix depicts a fair balance of both genders.

The descriptive statistics for FGDs outcome on the clustered Agribusiness in the sampled cooperatives in Kwara State is presented in this subsection. According to group A discussants, two principal structures are utilized by the cooperatives in the study for clusters: geographical clusters and value chain clusters. This represents ways in which agribusinesses can be clustered.

However, the dominance of geographical cluster was supported with 18 respondents (75 per cent) indicating that that was what was used in the Kwara and 6 (25 per cent) showing that value chain cluster dominated in their environment. In the Group B category of discussants, geographical cluster were supported as prevalent with 20 scores (83 per cent) and 5 scores (17 per cent) holding that value chain clusters were prevalent.

Figure 1.1 Model Summary of the Study

Source: FGD Output (2018)

The implication of these results is that of congruence among the stakeholders on how clustered agribusiness cooperatives can alleviate poverty. Group A and B did not differ in support of the fact that when cooperatives are clustered in the same geographical location there is tendency of job creation, income generation and community development. Similarly, the groups agreed that in the areas where cooperatives are clustered along value chain there is also opportunity for job creation and community development.

Table 1.1 Outcome of FGDs Structure on poverty alleviation

Themes, sub -themes and sub sub -themes emer ged	Informants Coded
Themes, sub -themes and sub sub -themes emer ged through NVivo on Perceptions of Informants on the clustered Agribusiness cooperatives and poverty Alleviation in Kwara State	
Theme 1. Poverty Alleviation	
Sub theme: Geographical Cluster : value cluster chain	
Job Creation	17
Community Development	19
Income Generation	

Source: FGD Output (2018)

Discussion of findings

The findings of the discussion were in line with the study of Ingleby (2013) examined business networks and the potential for clustering among small firms in attempt to bring about economic growth through productivity gains based on Cluster initiatives. Similarly, Bettina et al.(2009) also studied value chain cluster of fresh vegetables in Europe, with focus on Germany, Spain and Italy. The results indicated that poverty can be reduced when Agribusiness cooperatives are clustered using the geographical and value chain dimension.

Recommendations

The study recommend that similar agribusinesses such as the crop production or marketing cooperatives should be concentrated in the same geographical location to achieve economy of scale in production. This will enhance job creation, create income and develop the community which ultimately leads to poverty reduction in Kwara State.

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TOTAL ECONOMIC RECOVERY THROUGH CO-OPERATIVE SUSTAINABILITY

DR. ONOH, FELIX

ABSTRACT

The plunging trend in the Nigerian economy has become a source of worry to both the leaders and the led, making it difficult for the managers of businesses to make the decision for sustainable businesses. This work looks at total economic recovery through co-operative sustainability. The aim is to investigate the ways in which cooperatives can act as agents towards sustainable community development. The paper is a descriptive survey, which involves the collection of data for the purpose of describing the role of cooperative societies in economic development. The paper posits that for over one hundred and sixty years now cooperatives have been an effective way for people to exert control over their economic livelihoods as they play an increasingly important role in facilitating job creation, economic growth and social development. The paper concludes that to be effective and successful, cooperatives must continuously achieve two inter-related goals: enhance viability and improve ability to service its members; and remain an economically viable, innovative and competitive enterprise.

Key words: sustainability, economic recovery, cooperative, Development, Descriptive.

• Introduction

Currently, in this era when many people feel incapable to change their lives, cooperatives represent a strong, vibrant, and viable economic alternative. Cooperatives are enterprises created by and for people to serve their members' economic and social needs. Based on values such as self-help, democracy, equality, and solidarity, and guided by principles inspired by those values, cooperatives focus on long-term goals for the greater good, rather than short-term profits for a few. Through a cooperative, disadvantaged people can create their own economic opportunities, participate in decision-making processes that concern them, and turn individual risk into

collective risk.

As governments around the world cut services and withdraw from regulating markets, cooperatives are being considered useful mechanisms to manage risk for members in Agricultural or other similar cooperatives, help salary/wage earners save for the future through a soft-felt monthly contribution that is deducted from source, own what might be difficult for individuals to own by their efforts, strengthen the communities in which they operate through job provision and payment of local taxes. Cooperatives generally provide an economic boost to the community as well.

Incidentally, cooperative despite its old age is not very popular in Nigeria. Only recently worker cooperatives started gaining ground among working class citizens, most of who find it difficult to save part of their salaries/wages for the

rainy day.

Hitherto, cooperative societies were thought to be associations meant only for farmers, small traders and other very low-income earners. This explains why quite a number of cooperative farmers are found, particularly in southern Nigeria.

The problem is that many people do not know much about cooperative, its mechanisms and role in economic development, and how it is considered in the world as a *Third Force*, an alternative and countervailing power to both big business and big government.

Cooperatives operate very much like other businesses. They must serve a market efficiently and effectively, they must be well managed, and they must survive financially. However, there are important distinctions that make cooperatives unique. Laidlaw (1974) examines the difference between cooperatives and other businesses in relation to three main groups of people responsible for bringing them into existence and keeping them in operation. The three groups are: the persons who own them (the shareholders, the investors), the persons who control them (the effective decision makers) and the persons who use them (the customers). According to him, in typical capitalist business, especially large enterprise and multinational corporations, these three are separate and distinct groups. In small private business the situation is generally much better because of the close connection between shareholders (investors) and control. In a small retail business, for example, the first two components are often identical. But still the users, the customers, are a separate group. In a cooperative, all three come together to form a unity; those who own, those who control, and those who use are one.

- **Concept of Cooperative and Economic Recovery**

ICA (1995) defines co-operatives as

“an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically-controlled enterprise”. They are governed by a set of principles including voluntary and open membership, democratic member control, economic participation on the basis of membership rather than size of investment, autonomy and independence, a commitment to the education and training of their members, a commitment to co-operative with other co-operatives and a responsibility for the wider community. Behind these principles are values such as self-help, equity, democracy, equality among members, and solidarity (Birchall, 2003).

Co-operatives are not a panacea to solve all the ill-effects of global capitalism; however, co-operative model offers a structure of governance that is better suited to an economy that aims for sustainable wellbeing and prosperity rather than growth for growth's sake.

The market economy model implies that society is best off when firms maximise profits, thus contributing to economic growth. As we have already seen, there are plenty of reasons why we should not expect the pursuit of economic growth to lead in any straightforward way to greater human wellbeing. We need to move towards an economy in which broader measures of social progress and benefit are considered, and co-operatives enable exactly this.

- **The Role of Cooperatives in Economic Development**

Cooperatives are community-based, rooted in democracy, flexible, and have participatory involvement, which makes them well suited for economic development (Gertler, 2001). The process of developing and sustaining a cooperative involves the processes of developing and promoting community spirit, identity and social organisation as cooperatives play an

increasingly important role worldwide in poverty

reduction, facilitating job creation, economic growth and social development (Gibson, 2005).

Cooperatives are viewed as important tools for improving the living and working conditions of both women and men. Since the users of the services they provide own them, cooperatives make decisions that balance the need for profitability with the welfare of their members and the community, which they serve. As cooperatives foster economies of scope and scale, they increase the bargaining power of their members providing them, among others benefits, higher income and social protection.

Hence, cooperatives accord members opportunity, protection and empowerment - essential elements in uplifting them from degradation and poverty (Somavia, 2002).

As governments around the world cut services and withdraw from regulating markets, cooperatives are being considered useful mechanisms to manage risk for members and keep markets efficient (Henehan, 1997).

In a number of ways, cooperatives play important role in global and national economic and social development. With regard to economic and social development, cooperatives promote the “fullest participation of all people” and facilitate a more equitable distribution of the benefits of globalization. They contribute to sustainable human development and have an important role to play in combating social exclusion.

Thus the promotion of cooperatives should be considered as one of the pillars of national and international economic and social development (Levin, 2002).

In addition to the direct benefits they provide to members, cooperatives strengthen the communities in which they operate. According to Somavia (2002)

cooperatives are specifically seen as significant tools for the creation of decent jobs and for the mobilization of resources for income generation. Many cooperatives provide jobs and pay local taxes because they operate in specific geographical regions. According to Wikipedia (2006) and Levin (2002) it is estimated that cooperatives employ more than 100 million men and women worldwide.

In Nigeria, cooperatives can provide locally needed services, employment, circulate money locally and contribute to a sense of community or social cohesion. They can provide their employees with the opportunities to upgrade their skills through workshops and courses and offer youth in their base communities short and long-term employment positions. Students could also be employed on casual-appointment basis during long vacations. Through these, cooperatives will contribute to economic development.

- **Cooperative Sustainability**

Sustainability means meeting our needs without compromising the ability of future generations to respond to their needs (Kuhlman and Farrington, 2010). The concept of cooperative sustainable includes narrowing the gaps between rich and developing countries because of these deficiencies or weaknesses if not reduced or closed will cause more problems in the society instead of leading to economic development in a country. Achieving cooperative sustainability in Nigeria is to establish an economy that is viable, environmentally sound and socially responsible. The concept of cooperative sustainability has been there for years, and it was initially seen as an operational concern, consisting of mostly defensive efforts to reduce poverty and cut waste (Yvonet al., 2011).

Effect of Cooperative on Poverty Alleviation

Co-operatives are structured so as to serve the needs of their members, not just to return profits to them. In effect, the economic relationship between a consumer co-op and its members is different from that of a retailer and a consumer; and the relationship between a worker co-op and a worker-member is different from that of a firm to its employees. As Arild Vatn and others have shown (Vatn 2006), the contexts with which one engages people affects their preferences -we are only self-interested rational economic profit maximisers if we are engaged in contexts where that is the expected behaviour. In a co-operative, the motivations are often broader.

Co-operatives exist to benefit their members, with 'benefit' being widely defined. In some cases it may mean providing work; in others it may be providing a service or good that doesn't otherwise exist and in others it may be providing the best possible price for its

members needs or goods. This broad definition stands in stark contrast to publicly traded corporations; the purpose of co-operatives cannot be distilled into a single end (i.e. the maximisation profit). Crane and Matten (2007) provide concrete examples of different purposes of co-operatives:

- Retail co-operatives are set up to meet retailing needs: e.g. in remote parts of Nigeria consumers founded the multipurpose cooperative societies to provide them with shopping facilities. Also most banks were initially founded to supply its members with capital.
- Producer co-operatives are set up to meet production need: e.g. many agricultural co-operatives were founded to share tools, supplies, and know how.
- Purchasing co-operatives were set up to meet buying needs: e.g. These are co-operative of small companies in the roof-laying industry that use co-operation to increase purchasing power.

Table 1. Spread in poverty Levels in Nigeria

Urban	Rural	No Education	Primary Education	Secondary Education	Tertiary Education
43.7	56.3	68.7	48.7	44.3	26.3

Source: NBS, 2014

COOPERATIVES PRINCIPLE	SUSTAINABILITY			ECONOMIC RECOVERY		
	Count	Slope	Sources	Count	Slope	Sources
Cooperation	87	<0.05	48%	55	<0.05	30%
Working together	5	<0.05	6%	4	<0.05	4%
Coordination	28	<0.05	32%	8	<0.05	30%
Partnership	88	<0.09	42%	59	<0.09	50%
Levels (of government)	8	<0.05	12%	6	<0.05	15%
Networks	270	1.00	60%	136	1.00	40%

Table 2. Sustainability and Economic recovery

Source: ICA, Cooperative Work for Sustainable Development

Methodology

The method consisted of four Phases. The first step was to identify the key concepts underpinning economic recovery and cooperative sustainability. Second, these concepts were compared with the co-operative principles to evaluate whether the co-operative principles could be used as a proxy for sustainability. Third, samples of cooperatives were compiled. Fourth, the websites and annual reports were analyzed for the key sustainability concepts. This effort was supplemented by 'crowd-sourcing' examples of cooperatives that are leaders on sustainability.

Conclusion

A cooperative is a unique form of business used by people and businesses for their mutual benefit. Regardless of its purpose or membership, starting a cooperative requires considerable time, energy, commitment, and technical resources. Recognition of a common need is fundamental to the formation and successful operation of a cooperative. Potential members must devote much time and energy to developing their new business. A cooperative requires member commitment to finance and use the business and select knowledgeable directors who hire a competent manager. A strategic business plan is important to harmonize all of the elements for the cooperative's success. In order to achieve their maximum strength and effectiveness, cooperatives of various kinds must regard themselves and, as far

as possible, act as a distinct sector within the national economy of any country. As business organizations, cooperatives are partly private, partly public, but essentially different from both private enterprise and public enterprise. They are a "middle way", an economic sector in their own right.

Cooperatives must play the role of a Third Force, an alternative and countervailing power to both Big Business and Big Government. A cooperative is a business enterprise in which the elements of ownership, control and use of service are united in one group of persons. The distinguishing feature of cooperative business is its dual nature as economic enterprise and social organization. An economy based on one form of business organization alone is neither desirable nor possible in modern times. The best economic order is achieved through a mixed economy. To justify their existence and fulfil their purpose, cooperatives must make a significant and unique contribution to solving some of the massive problems facing mankind today.

Governments are expected to provide a supportive policy, legal and institutional framework, provide support measures based on activities, provide oversight on terms equivalent to other forms of enterprise and social organization, adopt measures to improve access to finance for disadvantaged groups, and topically, to promote the formalization of the informal economy. Government can contribute significantly to improving cooperative

performance by facilitating access of cooperatives to support services, particularly support to cooperative human resource development.

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CO-OPERATIVE SOCIETIES AND POVERTY ALLEVIATION: THE NEXUS

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ABSTRACT

Poverty is a major societal problem wreaking havoc on the entire continent of Africa and developing nations across the globe. Government of each country in Africa among which Nigeria is one has tried to set up programmes to reduce the level of poverty affecting a major part of the population within their territory. One of the major efforts in this direction is the official recognition given to the formation and establishment of co-operative societies. The role cooperative society's play in poverty alleviation in recent time becomes imperative. It is against this background that this paper seeks to examine the place of cooperative society in poverty alleviation and also offer suggestions on how to improve its activities towards enhancing a sustainable national development. This paper also found out that the backing given by government to cooperative society has encouraged participation in cooperative activities among workers in organizations be it public or private and the peasants in communities and this has gone a long way in alleviating the existing level of observed poverty.

Key Words: Cooperative society, Poverty alleviation, Nexus, Vulnerable

1.0 Introduction

Poverty is a global phenomenon. The Millennium Development Goal (2015) reported that the number of people living in poverty in Africa and Nigeria inclusive is unfortunately on the increase. The poverty trend in Nigeria is further exasperated due to lack of basic infrastructural facilities such as; access to clean or portable water, healthcare services, education opportunities, shelter, housing, good roads and power (MDG, 2013, UNDP, 2015). In view of the poverty level in the country, past and present governments have come up with one poverty alleviation program or the other. However, none of the government programs seems to be producing positive result as poverty situation till date remain prevalent.

Such poverty alleviation programs used by the government to tackle poverty in the country include You Win, Train to work initiative, Credit schemes, N-power, empowerment programs at all levels (National, State and Local Government Areas), job creation agencies such as National Directorate of employment (NDE). The challenge with these programs is that they are killed at the policy formulation stage. The policy formulators do not consider the people the program is meant for; the implementers too display a level of selfishness in that their personal interest overrides that of the nation thereby destroying a noble cause.

Abbas (2013). Opined that the efforts of successive government in reducing poverty are notable. Despite these efforts, poverty situation in Nigeria is worrisome. Nigeria is a country with an estimated population of about 180 million people but

nearly 50 percent (86.9million) of this total population are living in abject poverty (Kazeem,2018). It is therefore not surprising that poor people in Nigeria are left vulnerable to all kinds of inhumane treatment and exploitation by both agents of state and private authorities from which they seek for assistance. It is unfortunate that the poor in the society are always at the mercy of the rich and this has made them to become cheap for all kinds of political and economic exploitation caused by lack of independence, power and voice which could be relied on for daily survival. The failure of these programs with successive governments made people to seek alternative ways of alleviating poverty. The cooperative society became a good alternative in the face of poverty (Abbas, 2016) due the significant roles they play in an economy.

Several scholars identified the significant roles played by cooperative societies as; efficient marketing and distribution of goods and services especially for small scale farmers and the rural poor people; provision of voice to its members as it creates social, economic and political structure to represent their collective interest; improvement in member's income earned and other economic benefits, facilitation of social welfare among its members, creating job opportunities, financial inclusion, educational support for members and their children and women and youth's participation in economic activities, serving the society and members also model of enterprise relevant in difficult economic times and instances of market failures, promote and support entrepreneurial development, create productivity employment, raising incomes and help to reduce poverty (Ezekiel, 2014; Fapojuwo, Alarima & Abiona, 2012; Sizya, 2001). However, since poverty still remains a serious menace in Nigeria despite various efforts made by successive governments to reduce it, the role that

cooperative societies play in poverty alleviation in recent time becomes necessary.

Poverty is a menace that continues to pose serious threat to the development prospects of Nigeria. The alarming incidence of poverty in the country especially among the most vulnerable in the society; women, children, youths is serving as hindrance to socio-economic development of most of its communities. Its consequences have also resulted into population explosion, diseases, malnutrition, high rate of illiteracy, high rate of crime, infant mortality rate etc. This unfortunate situation becomes manifest in the increased rate of unemployment, joblessness as people's standard of living in the areas has been falling drastically in the society. Thus, since poverty still remains a serious menace in Nigeria, despite several efforts made by successive governments to reduce it, the role cooperative society's play in poverty alleviation in recent time becomes imperative. It is against this background that this paper seeks to examine the place of cooperative society in poverty alleviation and also offer suggestions on how to improve its activities towards enhancing a sustainable national development. To achieve this, the paper contributes to the extant literature on the role of Cooperatives in poverty alleviation by extending the frontier of knowledge. Policy-makers, scholars and practitioners in Nigeria will find the findings of this study useful in organizing and providing support to Cooperatives in different states. This paper is organized to accommodate the introduction, theoretical foundation, literature reviews, conclusion and recommendations.

2.0 Theoretical Foundation

The concept of poverty is dimensional (Ezekiel, 2014), hence a number of theories are advanced to explain what it means and how the theories could be applied to enhance the role cooperative society plays

in alleviating poverty. This paper reviewed two of these theories namely; right wing view and left wing view. The right-wing view opine that poverty is an individual phenomenon. According to this view, people are in poverty because they are lazy, uneducated, ignorant, or otherwise inferior in some manner. If this theory were true, it would follow that poor people are basically the same people every year. And if that were true, we could whip poverty by helping that particular 15% of the population to figure things out and climb out of poverty. Thus, a program of heavy paternalistic life contracts to help this discrete underclass get things together might conceivably end or dramatically reduce poverty (Bruenig, 2014). This is where the presence of cooperative society in a nation cannot be neglected.

The left-wing view is that poverty is a structural phenomenon. On this view, people are in poverty because they find themselves in holes in the economic system that delivers them inadequate income. Because individual lives are dynamic, people don't sit in those holes forever. One year they are in a low-income hole, but the next year they've found a job or gotten a promotion, and aren't anymore. But that hole that they were in last year doesn't go away. Others inevitably find themselves in that hole because it is a persistent defect in the economic structure. It follows from this that impoverished people are not the same people every year. It follows further that the only way to reduce poverty is to alter the economic structure so as to reduce the number of low-income holes in it (Bruenig, 2014). Altering the economic structure requires the development of alternative source of finance which can help remove the defect in the economic structure. The existence of cooperative societies gives people the opportunity to come together and pool their resources together for a common economic objective. The theory underpinning this study is right wing view as it addresses the interaction between the

variables of study. Findings from previous studies have also shown that cooperatives is a viable tool that can alleviate the effect of socio-economic challenges called poverty in most African countries and beyond. Oseni, Ogunniyi and Sanni (2012) reported that, although members might join cooperatives for various reasons but the major desire is to get cheap loans and capital that can be invested in the acquisition of fixed assets as savings for the rainy day. Chikaire, Ejiogu-Okereke, Oguebuchulam, Osuagwu and Obi (2012) in their studies concluded that; job creation, facilitation of financial services, educational support, labor exchange as well as mutual aids are the fundamental poverty reduction strategies of major cooperative societies in most African countries like Nigeria and therefore encourage the promotion of cooperative activities vigorously.

3.0. Empirical Review of Cooperative Society

Cooperative societies are defined as an autonomous association of individuals who voluntarily comes together as united force in order to meet their mutual, social-cultural and economic needs and wants through the help of a jointly owned and democratically managed enterprise (International Cooperatives Alliance and International Labour Organization, 2003). From this definition, we can draw the characteristics of cooperative societies as; autonomous association of individuals, voluntarism, united force, common objective, needs and wants, and democratic rule. The individuals that will likely join the society are those with limited means of livelihood who are ready to make equitable contributions to the resources required and thereby accepts fair or equal share of the benefits and risks that may come with the undertaking in which the members participate. However, cooperative societies remains an important impelling force for individuals and community

entrepreneurial growth because it helps to retain the capital that are mobilized within the communities in which they operate as well as, the surplus derived from outside transactions for further entrepreneurial development (Ezekiel, 2014).

According to Saleem (1987) a Cooperative society is a type of business organization where members of cooperative society make efforts to achieve any common objective on voluntary and democratic basis. The main rule of cooperative society is "one for all" and "all for one". In other words, a cooperative society is a form of business organization established by the voluntary association of certain member persons with spirit of service in order to achieve self-help through mutual help, and managed in a democratic manner. Tayebwa (1998) wrote that a Cooperative as a business organization is owned by their own-user. They are formed by people who come together to share their benefits. They are financed by members. Unlike joint stock companies and NGOs, their unique purpose is not to make profit but to improve the welfare of the members.

On the other hand, they are not owned by the government. This is why they fall under the community sector.

Cooperative is a group-based and member-owned business that can be formed for economic and social development in any sector (Ohio Co-operative Development Center, OCDC, 2007) and they can be categorized as institution /establishment based or community based depending on the sector. Olaleye (2004) sees cooperative societies as a business voluntarily owned and controlled by its members and operated for them and by them on a non-profit or cost basis. Cooperative enterprises provide the members, means whereby a significant number of people is able to take into their own hands the responsibility of creating productive employment, overcoming poverty and achieving social integration and continue to be an important means,

common to all are the co-operative values of self-help, self-responsibility, democracy, equality, equity and solidarity. Several studies were able to identify that cooperatives have four main characteristics: first, they are formed by groups of people, who have a specified need or problem. Secondly, the organization is formed freely by members after contributing to its assets. Thirdly, the organization formed, is governed democratically in order to achieve desired objectives on equitable norms, and fourthly, it is an independent enterprise promoted, owned and controlled by people who are members to meet their needs (Adeoye, 2004; Agunbiade, 2007; Ajewole, 1998; Babalola, 1998; DFID, 2005). Cooperative is a poverty reduction mechanism suitable for delivering sustainable results if well-articulated. Olaleye (2007) posited that for proper effectiveness and efficiency, poverty reduction strategies of cooperatives need to be annexed so as to remain focus on provision of financial support, loans which can further be redistributed among the members. Izekor and Alufohai (2010) are of the opinion that well organized cooperative societies is found to be effective credit delivery. It is also believed that cooperatives directly generate substantial employment and they also help to empower their members to own businesses which in turn have a multiplier effect on country's economic growth and poverty reduction. Tar, (2008). Furthermore, (Otto & Ukpere, 2011) are of the opinion that cooperative societies encourage members in the area of capital formation for investment purposes and poverty reduction strategy but Oki (2008) is of the view that cooperative societies should move away from mere contribution and lending of money to members to that of creating returns through engagement in business activities to compliment their effort in sustaining growth and poverty reduction. Co-operative societies are

enterprises in which owners, those who control and those who use are all the same people. Co-operative Societies like other business organisations are established to meet certain needs and there is hardly any workplace in Nigeria be it public or private establishments where the society is not operational (Kareem, Arigbabu, Akintaro & Badmus, 2012). Cooperatives are also established by different communities to meet the need of their members. The backing given to cooperative societies has endeared the workforce to the society and this has made their operations to be effective. Deductions of member's contributions/ repayment of loans are done from source; this is only achievable because of the relationship between the society and the government which gave legal backing to the society (Kareem et al., 2012). The mobilized funds are used by members to meet their needs and this in turn, create in the members the spirit of savings.

Cooperative societies make access to cash easy, convenient and with less stringent conditions unlike what happens with access to bank loans where collateral is compulsory. Members are only asked for minimum of two guarantors who are also members of the same cooperative society to stand for a member applying for loan. Where a member is applying for the exact amount he has as savings, guarantor might not be required. There is speed in attending to loan applications compared to what is obtainable in the banks.

Cooperative society's activities reduce considerably the level of poverty in the society by making

loans more accessible to low income earners based on their saving capabilities. In the study carried out by Kareem, et al., (2012) they found that co-operative societies have positive effect on members welfare and that the role co-operative societies play in poverty reduction cannot

be overlooked in the development process of any country, particularly in developing countries like Nigeria. The studies of Akinwumi (2006) and Oladejo (2011) shows that the operational style of the society provides the best funding alternative compared to all other economic strategies to reduce poverty. Oladejo (2013) conclude that the spread of cooperative societies in the country contribute significantly to the provision of basic needs of members at low and fixed interest rates.

3.1. Yaba College of Technology Staff Multipurpose Cooperative Society Limited (YCTSMCS)

The society was established in 1987 and incorporated in 2004 with registration No: LSCS8045 to foster the economic welfare of its members through the advancement of credit facilities. The society has over 1500 staff of the institution both teaching and non-teaching and over 60 staffs from the primary and secondary school arm of the institution.

Figure 1: YCT- Staff Multipurpose Cooperative Society Limited

Figure 1, shows the growth pattern of the society from when it was founded till date. This growth pattern can be attributed to the benefits derivable from the society by the members and which members are enjoying. This has endeared so many staff who newly join the establishment to the society. The drive for members' savings was vigorous in the last three years because of the transparency of the new executives in the running of the society as well as, innovative programmes that were introduced. Members are entitled to twice of their savings as loans at reasonable interest rates compared with those of the banks and at any point in time.

Table 1: Members Savings from 2015 – 2018 Cooperative Year

Item	2017	2016	2015
Members' ordinary Savings	#655,907,096.62	#529,621,603.00	#464,695,672.00

Source: YCTSMCS, 2018

From this table a gradual increase in members' savings is seen. Members' savings moved from #464 million in 2014 to #529 million and #655million in 2017. The increases in the savings from 2016-2017 cooperative years are worthy to be mentioned. This must have come as a result of the trust reposed on the executive and the way the society is been managed. Moreover, members request for loan are processed with speed, no delays at all.

Table 2: Loan facilities and Applicable Interest Rates

S/N	Loan Facility Types	Repayment Period	Applicable Loan Interest Rates	Maximum Processing Time
1	Normal Loan	6months, 12months, 18months & 24months	5%, 8%, 10%, 12% (Differential Interest Rate)	1week
2	Emergency Loan	4months	15%	1day
3	Car Loan	3years	24%	1week
4	School Fees Loan	3months	3%	1day
5	Festive Period Loan	Under consideration		
6	Commodity Loan	6months	12%	1week

Source: YCTSMCS, 2018

All members' of the society are eligible to all these loans, all it requires is obtaining a form for any of them that they chose to have by paying as low as 50kobo. Every other loan form attracts #1500 with the exception of commodity loan. The car loan is accessed by interested members with minimum savings of 30% of the price of the choice car. The member brings the dealer or whoever wants to sell the car and cooperative pays unbehalf of the member. The commodity loan is approved for staff that patronizes the society on the commodity day that comes up once in every two months. It is on this day that

members have the opportunity to buy foodstuff, house hold utensils, electronics, Laptops, equipments etc. Some other cooperatives call this commodity loan asset loan. The cooperative is responsible for paying for the items after members would have purchased them from invited and approved vendors. Other laudable programs put in place to further reduce poverty among the workforce were the proposed property investment which the society wants to embark upon as a long term investment for the society. The absence of basic needs have made workers to be favourably disposed

towards the growth of cooperative and their operations have also assisted in no small measure to alleviate members poverty.

4.0. Empirical Review of Poverty

The menace of backwardness, redundancy and poverty is interwoven and constitutes a vicious circle (Krishna & Shariff, 2011). According to Bhagwati and Panagariya (2013) and Arvind (2008) poverty is general scarcity or dearth or the state of one who lacks a certain amount of material possessions or money. It can also be referred to as the deprivation of basic human needs, which commonly include food, water, sanitation, clothing, shelter, health care and education (Erenstein, 2011; Sen, 1983). Poverty may also be understood as an aspect of lopsided social status and inequitable social relationships, experienced as social exclusion, dependency and diminished capacity to participate or to develop meaningful connections with other people in society (Davis, 2002). It is an obstacle to people's right, access to income, employment and basic necessities of life. Datt (1998) stated that the poor and weaker people in the society are exposed to the exploitation of various kinds including social discrimination. Poverty is one of the serious problems of the present generation. It limits awareness of their rights and their ability to access legal institutions to protect those rights (Banerjee & Somanathan, 2007). People are often trapped in this situation for most of their lives with little hope for themselves and their children (Chandy & Kharas, 2014; Richard, 1997). Poverty is one of the core problems of every economy all over the world. Approximately, 1.2 billion people – about one-fifth of the world population - live below the extreme poverty line of \$1 a day in the late 1990s. If we use the \$2 line, this number rises to 2.8 billion, more than half of the world's population (Ravallion et al., 2009). Sizya (2001) stated that poverty is multidimensional but specific to a location and a social group. However the striking common features in the experience of poverty is that poor people's life's' are

characterized by powerlessness and voicelessness which constrain the people's choice and define the relationship and influence they are able to make with institutions in their environment. The World Summit for Social Development (1995) gave the meaning of poverty as that situation that manifests in various ways including lack of income and productive resources sufficient to ensure sustainable livelihoods; hunger and malnutrition; ill health; limited or lack of access to education and other basic services; increased morbidity and mortality from illness; homelessness and inadequate housing; unsafe environments; and social discrimination and exclusion. It is also characterized by lack of participation in decision making and in civil, social and cultural life.

5.0 Conclusion and Recommendation

A well-managed Cooperatives society can go a long way in contributing to poverty reduction and enhance national development in so many ways. The cooperative society has been a blessing to the workforce because it has helped to reduce the request for loans and other financial assistance from organizations and communities (Ayedun, Oloyede, Ikpefan, Akinjare & Oloke, 2017). There is need for government to further strengthen the society via adequate policies for growth and sustainability; failure may lead to wastage of a veritable tool for the reduction of poverty and development of the country.

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INVESTMENT OF THE CO-OPERATIVE BUSINESS ENTERPRISES (CBE) IN MEMBERSHIP PROJECT PLANNING AND MANAGEMENT.

AMUJIELO, UCHENNA .J.

ABSTRACT

This work examines the investment of the Co-operative Business Enterprise (CBE) in Membership project planning and Management. The sample co-operative used was a multi-purpose co-operative. Objective and Problem statement of the study were developed which guided the work. The significance of the study was portrayed and the scope and limitation was reflected also. Discussions on: Concept of Co-operative Business Enterprise, co-operative complex, characteristics of co-operatives, opportunities, member identity, commitment and loyalty etc were discussed. The data collected through questionnaire and oral interviews were analyzed using tables, construct and percentages. Some challenges and solution were touched. Conclusion made and I recommend that emotional value and effective commitment have a strong or equal importance to financial and functional value in determining member loyalty, which will have a great impact on the Co-operative Complex/combine.

INTRODUCTION

Cooperative movement in Nigeria started with the colonial masters, with the formulation and enactment of cooperative legislation in 1935. During this period, the cocoa farmers in Western Region formed marketing societies with the sole aim of checking the excesses of middlemen and ensuring the marketing of pure and unadulterated cocoa. The initiative was taken following the acceptance, by the Colonial Administration, of Mr. C.F. Strickland's Report in 1934 on the prospects of cooperatives in Nigeria. Subsequently Mr E.E.G. Haig was appointed the first Registrar of Cooperatives (Okone and Ijere, 1986). In September of 1935, the Cooperative Department was inaugurated at Ibadan in Moore Plantation with total staff strength of one registrar, three cooperative inspectors, one clerk and one messenger. The following year, in 1936, the Cooperative Regulation was passed and the Cooperative

Department was separated the Department of Agriculture. The inauguration of the first Nigerian cooperative finally took place in 1937 with the registration of Gbedun Cooperative Produce Marketing Society Ltd.

While it is true that Nigerian cooperatives growth has been slow, increasing in membership from 12 in 1935, with membership of 400 to 500 in 1949, and 450,000 in 1975 with more increase in membership in subsequent years, one finds out that there is still room for further and faster improvement (Okorie and Ijere, 1986). For example as at 2005, there was a total 4.3 million members in 5000 Nigerian cooperatives.

Since the year 1973, the Federal Government of Nigeria has been utilising the Nigeria cooperative movement as a source of distribution of scarce and essential commodities. This very fact has gone deep into helping greatly to rekindle more

interest in the study of cooperatives since it looks as if one has to be a member of a cooperative society before one can obtain any scarce and essential commodity.

From 1935 to 1952, there was one central cooperative societies' division located in the Department of Agriculture in Ibadan. It was from there, under the registration of cooperatives that the movement spread to other parts of the country.

As time went on, however, the cooperative development became a regional matter, and later Cooperative Society Division was established in the Federal Ministry of Labour for the Federal Territory of Lagos. Subsequently, same were created by various state ministries in the country just as farmers' cooperatives flourished in the then Western Nigeria which built the famous Cocoa House, the cooperative credit society and unions thrived in the Eastern part and later metamorphosed into Cooperative and Commerce Bank Nigeria Limited. The establishment of cooperative societies and agricultural institutions in the old regions of the country contributed to some of the major achievements credited to the good leadership of each of the regions between 1950 and part of 1960s (Ejeakanonu, 2007).

The Cooperatives in Nigeria are organised into service and producer cooperatives. The producer cooperative objectives are to promote the use of modern technology and contribute to national development through production. The service cooperatives are responsible for procurement, marketing and expansion services, loan disbursement, sale of consumer goods and member education. The cooperatives have made remarkable progress in agriculture, banking, credit, agro-processing, storage, marketing, dairy, fishing and housing. Service cooperatives

are the closest to communities and are organised on a shareholder basis formed by individual members of organisations voluntarily working in a specific geographic area.

One of the most powerful channels of investment is cooperative societies. Many people have heard about them, but only few understand them and the immense opportunities they offer. As a result, only a fraction of the society are tapping into and enjoying these opportunities. Even the government is yet to realise how powerful cooperative societies can be, especially in eradicating poverty and improving welfare of the citizens. Fully exploited, cooperatives can enhance job creation and national productivity. For the individual, especially low income earners, it is perhaps the least stressful and risky ways to save, invest, and improve personal welfare. Going forward, we would devote time and space to exploring the investment opportunities of a cooperative society for the individual and its development benefit for the nation. (Babajide, 2013)

A cooperative society is an association of people that come together to pool resources together to engage in business or economic activities for the purpose of improving their welfare. According to the International Co-operative Alliance (ICA), a cooperative society is "an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise." The thinking behind cooperative societies is best reflected in an excerpt from the history of cooperative societies below. "As the mechanisation of the Industrial Revolution was forcing more and more skilled workers into poverty, these tradesmen decided to band together to open their own store, selling food items they could not otherwise afford. With lessons from prior failed attempts at co-operation in mind, they designed the now famous Rochdale Principles, and over

a period of four months, they struggled to pool one pound sterling per person for a total of 28 pounds of capital. On December 21, 1844, they opened their store with a very meager selection of butter, sugar, flour, oatmeal and a few candles. Within three months, they expanded their selection to include tea and tobacco, and they were soon known for providing high quality, unadulterated goods." (The History of Cooperative Movement, Wikipedia).

The brief literature above is useful and a powerful way to understanding cooperatives.

Let me add my idea based on this topic to an existing philosophy...

The philosophy submerged with my idea is – poverty eradication: Investing to eradicate it, welfare protection: Planning to actualize it, and improvement: effective Management to sustain it.

Statement of The Problem

The research problem is the effect of non investment of the Co-operative Business Enterprise (CBE) in membership project planning and Management, such like : the challenge faced in creating the trust among members of the CBE, avoid a situation where members are not at par in return of investment, attitudinal differences among members, the current economic hardship which makes the members financial solvency to be inadequate to actualize investments/or invest.

The Objectives of the Study:

The general objective of this study is to examine the Investment of the Co-operative Business Enterprise (CBE) in Membership Project Planning and Management.

Among the specific objectives are:-

- To find out measures to enhance the investment of the Co-operative Business

Enterprise in membership project planning and management.

- The contribution of the CBE in members project planning and management.
- Access the commitment of members with the CBE on project planning and management.
- Challenges facing the investment of the CBE in membership project planning and management.
- Solution to the challenges facing the investment of the CBE in membership project planning and management.

The Significance of the Study

Since the purpose of this study is "Investment of the Co-operative Business Enterprise (CBE) in membership project planning and management".

This write-up will be of immense value to:

Students: to widen their knowledge in the discipline.

Co-operative theoreticians' and practitioners: to have a mirror perception of the study and armed in solving other challenges they encounter / enlightening them on other issues that are related to them.

The public: to be informed and sensitized.

Scope and Limitation of the Study

The scope covers: measures, contribution, accessing the commitment of members with the CBE, problems and solution of investment of the Co-operative Business Enterprise in membership project planning and management in Enugu State.

This study conducted was not without limitations- Apathy on the part of some respondents, poor record keeping, difficulty encountered in finding related materials for literature review.

Co-operative Business Enterprise (CBE) (Mazzarol, Soutar and Limnios: 2012) states that:

Co-operative enterprises are a unique form of business. They are member-owned businesses that exist for the economic and social benefit of their membership. Unlike many conventional investor owned firms (IOF), the co-operative (in most cases) is governed by a highly democratic system of "one-member-one-vote" rather than the more traditional "one-share-one-vote" model of the IOF (Bacchiega and de Fraja 2004). While the IOF is established primarily as a vehicle to maximise shareholder returns through profit taking, the co-op is concerned with enhancing the economic benefits of its members (Birchall 2004). As its membership is also engaged with the co-op in a patronage relationship (e.g. as suppliers and buyers), this can mean that the co-op's purpose is to pay higher prices to suppliers and charge lower costs to buyers (Bontems and Fulton 2009). This need to deliver value to its members while also retaining sufficient retained earnings for sustainable operations and growth is one of the key challenges facing co-operative enterprises (Mooney et al 1996). The co-operative is a hybrid business form that serves both economic and social purposes (Levy and Davis 2008; Novkovic 2008). This dual function or "symbiosis" has been a feature of the co-operative business since the foundation of the Rochdale Society co-op in England in 1844 (Fairbairn 1994). Important issues for co-ops are how well they service the needs of their members, and how well they manage what is essentially a network of small firms, or households within a community (Helemberger and Hoos 1962;

Staatz 1983). The success and sustainability of the co-op is likely to depend on how well it delivers not only economic capital value, but also social capital value to its membership, and the ability for members to recognise this (Mancino and Thomas 2005; Novkovic 2008).

This study xrays the factors motivating co-op members' intentions to remain loyal to their co-operative. It is part of a wider study that is seeking to better understand the forces impacting on the success and sustainability of the co-operative business enterprise. The key research question guiding this study was: "How does a co-operative measure and communicate the true value of membership?" Related to this were questions as to the co-op's role in capturing value in an integrated or vertical value chain, and what are the most appropriate means of communicating value to members? In this study the focus was on investigating the relative importance of financial, function and emotional value on a member's commitment and identification with the co-op, and how these factors influence a member's decision to remain a member and how investment of the co-operative business enterprise (CBE) in membership project planning and management is done.

Fig. 1>

Diagram: The Co-operative complex/combine



Source: Berko, 2001

Co-operative Complex/Combine -: The co-operative should in reality be seen as a complex or a combine: the group of persons who constitute the membership, on

one side and the co-operative enterprise or society, on the other. But are one because they complement each other.

N.B: The above diagram systematically explains the topic of discuss.

The foundation principles of the Rochdale Society of Equitable Pioneers remain today as the guiding principles of the global co-operative movement (ICA 2012). This early co-op was founded on the basis that its members' investment capital was not to accrue any direct financial return by way of speculative capital gain. The members' economic rewards for their investment was a fixed rate of interest and the ability to trade with the co-operative and receive market prices without credit or profit taking. Any profit generated by the co-op was to be distributed to members commensurate with the amount of patronage each member provided. Some profits were to be set aside for the common good of enhancing member education and welfare (Fairbairn 1994). Over the years the nature of the co-operative business and how it deals with members' ownership rights and benefits has evolved. By the 1930s there was a move towards the payment of fixed interest rates on investment capital and for member-investors to have first claim on any profits, after paying out expenses and interest charges in proportion to purchases or patronage (Hall and Watkins 1937). How members' ownership rights and rewards for differential levels of patronage are recognised has been one of the most complex areas of co-operative governance for much of the past 200 years (Fairbairn 1994).

Co-operatives:

Probably the most widely known and proven of collaborative business organizations are cooperatives. They are usually formed of many entities and are legally constituted, limited liability corporations controlled by their members. Cooperative members are often in the same industry and have common economic interests which may involve joint

marketing, purchasing of supplies and/or the providing of services (Henehan and Anderson, 2001).

(Berko, 1989; 2001) states that Co-operative is a society which has as its object, the promotion of the economic interest of its members in accordance with Co-operative principles.

(Chukwu, 1990): in his own view starts by describing in its broader sense as a very generic term. It means any form of two or more persons working together to achieve some aim or aims. Such working together may be on a formalized or informal basis, economic or non-economic in nature. It can take the form of a permanent/long term or otherwise ad-hoc or even a one-time act. In this context the rules as well as the modes of such working together will differ from instance to instance- what will be common to all instances is only that two or more persons are involved in the process.

According to the International Co-operative Alliance (ICA), a cooperative society is "an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise."

Organizational Characteristics of Cooperatives

a separate, legal, limited-liability corporation members are often in the same industry and have a common economic interest formed for perpetuity usually composed of many entities often used by individuals or proprietors involved in joint marketing of outputs, purchasing of supplies and/or providing services a wide variety of products and services provided.

IDENTIFYING THE OPPORTUNITY

An essential objective for this discovery phase of development is that the group of potential members must arrive at an agreement on the nature and importance of the problem to be addressed. Even though the discussion is typically initiated by one or a few individuals, the initiators must

present a compelling enough argument to enlist the interest of the whole group in exploring organizational alternatives. In some situations where the group is beset by a resounding problem of major proportions, they may agree more quickly that something needs to be done than a group facing a less apparent problem. An example would be the exit of a firm from the individual's area which had played a key role in serving the economic needs of the group. For instance the exit of a processing plant which added value to individual producer products, creating a vacuum that a cooperative might be able to fill.

The importance of member identity, commitment and loyalty:

While these economic benefit issues relating to the need to balance the member's roles as a patron and investor continue to be important, there is a concurrent perspective that highlights the need to recognise the critical role of member identity and commitment (Fulton 1999). The co-op builds its members' commitment around trust and the sense of identity with a collective organisation (Ole Borgen 2001). The co-op's ability to engender loyalty and commitment from its members is likely to depend on its ability to develop a reputation for being effective as an agent for its members, which works to enhance members' economic and social well-being (Fulton and Giannakas 2001). Research into the nature of how trust works in co-operatives suggests that it needs to be viewed as grounded in both cognitive processes and affective responses (Morrow, Hansen and Pearson 2004). This indicates that member trust in the co-op's board and management results in enhanced levels of satisfaction and commitment to the co-operative's strategic goals (Hansen, Morrow and Batista 2002). Other research has found linkages between member property rights and trust. According to James and Sykuta (2005) a positive correlation exists between property rights,

organisational structures that engender a perception of equality and mutual interest, and member trust in the co-operative. However, there is more work to be done in understanding this dynamic. As others point out, there is a potential trade off that emerges when the co-operative begins to move from the traditional co-op structure to a more IOF like entity such as the US New Generation Co-operatives. By introducing changes to property rights and share ownership that shift the focus away from patronage towards investment, the co-op risks damaging its members' trust and commitment (Cook and Iliopoulos 1999).

The basics:

Project management can be defined as the planning, organizing, directing and controlling of resources, aimed at achieving a relatively short-term goal or objective. The standards for successful project management center around time, cost and performance.

The performance standards are clearly and briefly specified in the project goal and should be reviewed throughout the project at or before key decision points.

Project Management:

Cooperatives of all sizes must be able to respond rapidly to today's changing economic conditions in order to survive and prosper. Private business has successfully used project management to adapt to different conditions. There are clearly many opportunities and needs for project management within cooperative businesses. We can illustrate the primary features and concerns of project management by focusing on relocation/expansion of retail natural food cooperatives.

Project management is a term that originated in the engineering and construction fields. It was originally technical, rigid, specialized, and confining in its usage. In recent years, project management has broadened in acknowledging and emphasizing the

process and human factors involved in projects. Cooperatives might find value and special relevance in this broader concept at a developmental level. Cooperatives often are slow to respond or make decisions, and tend to be overly bureaucratic. The basic tools of project management, properly used, can help cooperatives overcome these tendencies and be more responsive.

By clearly defining the process involved in relocation and expansions and by developing high quality project management, cooperatives will be better able to compete and survive in the marketplace. New stores will be opened in a shorter timeline, without reinventing the wheel each time.

Design of the Co-operative business and generic problems:

According to Staatz (1987) the co-operative business suffers from two limitations. The first limitation is the way individual members are able to secure incentives for their membership. A second limitation is the lack of common interest amongst members who are often motivated by different goals. In many respects the co-operative is an alliance or strategic coalition of otherwise individual smaller businesses (e.g. farmers, small retailers), or households (Staatz 1983; Sexton 1983; 1986). Others have identified a series of "generic" problems that beset the co-operative and often threaten both its success and survival (Cook and Illiopolous 1999; Nilsson 1999; Hardesty 2005). The first of these generic problems is the risk of members' free riding, by either not giving all their patronage to the co-op, or joining the co-op late and reaping the benefits of the investment made by more established members without having to pay a premium price for share capital (Cook 1995). A second problem is related to the different horizons that the member and the co-op's board have about the future strategic direction of the organisation. For the member, their strategic horizon is often much shorter than is the case for the Board

of the co-op. This problem is also accompanied by a third problem relating to the portfolio of assets that are controlled by the member (as a farmer or small business owner), and the co-op board; which has the collective needs of the entire membership as its responsibility. These horizon and portfolio problems often lead to members pressuring the co-op to pay out dividends or lower service fees so as to satisfy their short term interests, rather than investing.

SOLUTION: DEVELOPING TRUST AMONG MEMBERS

During this phase of cooperative development, the steering committee, having answered the basic questions on whether there is a need for a cooperative and that forming a new cooperative is the most desirable option available, now embarks on building trust among the potential members. This trust will be essential in laying the groundwork for securing member commitment to join and support the cooperative. The whole steering committee becomes the initial champions for the proposed cooperative. It is all the more important at this time that the members of the steering committee exhibit the ability to nurture trust among the prospective members and other stakeholders.

The steering committee may find it necessary to seek seed money to fund activities being carried out on behalf of the group. Funding may be required to: hire a firm to develop a feasibility study, conduct a member survey, pay legal fees or other preliminary costs. Prospective members could be contacted to contribute funds to help finance these types of activities. It should be made clear to the group that as the primary potential beneficiaries of the proposed cooperative, they need to assume the responsibility to fund activities to help determine the potential for the cooperative business. It should also be clear to those contributing funds, that they assume the risk of losing this contribution if the

proposed cooperative business is proven to not be feasible or members do not make the necessary commitment to the new cooperative.

THE MATERIAL, METHOD, CONSTRUCT OF CBE INVESTING IN MEMBERS PROJECT PLANNING AND MANAGEMENT.

Enugu State which is the area of study is located in the tropical rainforest of Africa in Eastern part of Nigeria with luxuriant vegetation. This has bestowed on it a super-excellent weather, acclaimed as one of the best in this country and most peaceful place.

To test the model a pilot study was undertaken involving a survey of members from a Multi-purpose co-operative. A questionnaire was developed that measured eight constructs with a total of 15 items that were drawn from the Objective

of Study(literature) or developed specifically for this study. Table 1 lists these and provides an example of each item. The pilot questionnaire was distributed as part of a member survey circulated to around 30 of whom 20 replied, providing a response rate of around 66.67%, which is very good for this type of survey and suggests the results provide a good snapshot of members' views. The data were analysed using percentage rate to better understand the relationships of interest and the results obtained.

Primary data were collected using questionnaire and interview which helped to elicit information from the respondents and secondary data used were from periodicals, journals, manuscripts and other literally materials that are related to the topic of the study.

Table 1: The Study's Constructs

s/n	Construct	Sample item	No.of Acceptance	% of Acceptance of each.
1	Functional Value	The co-op can be counted on to perform well	5	25
2	Emotional Value	I feel good about my relationship with the co-op	6	30
3	Value for Money	I am sure the co-op is worth the money it costs me	5	25
4	Affective Commitment	I am proud to be associated with the co-op	11	55
5	Continuance Commitment	I would give up a lot if I left the co-op	5	25
6	Co-operative Identification	I feel like an owner of the co-op	5	25
7	Community Aspects	I give back to my community through my involvement with the co-op	3	15
8	Intention to Stay with Co-operative	I plan to remain a member of the co-op in the future	5	25

Source: Field Survey , 2018.

Discussion

In the initial data analysis phase, the various scales that were included in the co-operative members' value model were examined to ensure they had appropriate measurement properties. The initially suggested items came from a variety of sources, as can be seen in Table 1 above, which also provides example items and the initial number of items used to measure the constructs of interest. As the constructs were to be used to estimate an underlying member value model, it was seen as being important to ensure they had acceptable measurement properties. Consequently, percentage , confirmatory factor analysis procedures were used to examine this aspect, as they allowed an examination of the constructs' unidimensionality, reliability, convergent validity and discriminant validity.

CONCLUSIONS / RECOMMENDATION

What is clear from this analysis is that it is the emotional connection members have with the co-op (i.e. emotional value and affective commitment) that are the key drivers of loyalty (intention to remain a member). Managers need to be aware that, while functional value and value for money have some impact, these are not as important as the emotional constructs. This has some important implications as it suggests that member loyalty to the co-operative may be built on foundations that are stronger than a pure transaction cost relationship. The co-operative's (CBE) ability to deliver good economic benefits to its members is clearly important (Tennbakk 2004), particularly within agricultural supply chains (Giannakas and Fulton 2005). The co-operative plays a critical role in many markets by empowering the smaller producers and helping to "keep the market honest" (Drake and Llewellyn 2001), and enriching the overall "biodiversity" of the business environment (Haldane 2009). However,

the ability for the co-operative to engage the membership on a much more emotional and affective level, leading to enhanced identification with the organisation, seems to be of significance in determining whether they will maintain their loyalty. The importance of member identity and commitment to the co-operative has been recognised in the academic literature for some time (Fulton 1999; Cotterall 2001; Fulton and Giannakas 2001; 2007). Previous studies have also highlighted the importance of both cognitive and affective dimensions on the development of trust and commitment by members in their co-operative (Hansen, Morrow and Batista 2002). This study builds on this work and underlines the importance of co-op managers and boards in recognising that as member-owned businesses they have a potentially different relationship with their members than is the case for IOF. Members are not just customers or suppliers, nor are they investors. Their roles as patrons, investors, owners and members of a wider community are all very important, albeit complex, aspects of their intention to remain with the co-op. For managers and boards of co-operatives this study's findings imply the need to engage with members on a much wider and deeper level than simply seeking to offer good value for money and quality services. Members seem to also have emotional value and affective commitment drivers that enable them to identify with the co-op and retain their loyalty to it. However, our study has some limitations. It was only a pilot survey designed to test the scales and assess the general validity of our theory. Further research is needed before too many general conclusions can be drawn. The co-op that was surveyed was a multi-purpose co-operative and may have unique characteristics that will not transfer onto other types of enterprise. For example, retail co-ops, co-operative banks or financial mutual businesses may

have quite different dynamics. In those institutions the dependency of the member on the co-operative and their overall level of engagement with it may be reduced. Future research will aim to explore these issues through the collection of a larger sample with members drawn from a wider range of co-operatives of different kinds. However, if future research does suggest that emotional value and affective commitment have strong or equal importance to financial and functional value in determining member loyalty, it will have significant implications for how co-operatives are managed.

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BANK OF AGRICULTURE (BOA) PERSPECTIVES ON FINANCING AGRICULTURAL COOPERATIVES IN OGUN STATE

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ABSTRACT

This study focused on Bank of Agriculture (BOA) perspectives on financing Agricultural Cooperatives in Ogun State. The three zones of the bank operation were sampled using multistage sampling techniques. Primary and secondary data were utilized for the study and obtained with the use of a well structured questionnaire from 120 respondents only out of which One hundred and nine (109) were returned, and acceptable for data analysis.

The results obtained on the socio-economic characteristics of the beneficiaries revealed that majority of them were male (58.7%), aged less than 50 years (75.2) with an average age of 42.51 years per beneficiary, married (75.2%), had moderate household size of 5 (mean) per household, literate with vast majority (98.2%) possessing one form of formal education or the other, (71.6%), engaged in farming as main occupation had an average of 5 years of farming experience and (64.2%) practiced Christianity as religion.

An evaluation of the factors determining the amount of loan obtained revealed that age, education, farm size, amount repaid, past record and annual net income are the important factors determining the loan amount obtained from the Bank. The age of the respondents, negatively influenced the amount obtained while farm size and amount repaid positively influenced the loan amount obtained. Household size, education and loan size were found to have significant relationship with loan repayment rate. While household size had negative relationship with loan repayment, education and loan size have positive relationship with it. In terms of constraints to the BOA loan acquisition. High interest rate, bureaucracy and inability to provide a guarantor were adjudged as the major constraints to loan acquisition in the Bank of Agriculture in Ogun State.

Keywords: Agricultural Cooperatives, Loan Acquisition, Loan Repayment, Loan Evaluation.

Introduction

The Central Bank of Nigeria (CBN 2014) defined the Bank of Agriculture (BOA) as a type of bank that lends money to farmers for longer a periods of time and charges them less interest. Therefore, the Bank of Agriculture (BOA) is described as credit bank expressly established in accordance with the provision of law to assist

agricultural development across the globe, particularly by granting loans for longer periods than is usual with commercial banks. In his words, Adesina (2012), an Economist and Social commentator succinctly conceptualized Bank of Agriculture (BOA) as bank that lends money to individuals, basically farmers. Bank of Agriculture (BOA) is the nation's

foremost agricultural and rural development finance institution. It was incorporated in 1972 as Nigerian Agricultural Cooperative Bank Limited (NACB) to reflect the inclusion of cooperative financing into its broader mandate. In October, 2001, following the Federal Government effort to streamline the operations of its agencies, that were believed to be performing overlapping functions, three institutions, Nigerian Agricultural Cooperative Bank (NACB) Peoples Banks of Nigeria (PBN) and the risk assets of the Family Economic Advancement Programme (FEAP) were merged to form Nigerian Agricultural, Cooperative and Rural development Bank (NACRDB) in October 2010, following the rebranding of the bank to reflect its institutional transformation Programme, the Bank adopted the new name Bank of Agriculture (BOA) in the year 2013.

Co-operatives are autonomous associations of persons who unite voluntarily to meet their common economic and social needs through a jointly owned and democratically controlled enterprise (ICA, 1995). Co-operatives are established by like-minded persons to pursue mutually beneficial economic interest and they provide a unique tool for achieving one or more economic goals in an increasingly competitive global economy.

Agricultural cooperative also known as farmers' cooperatives is a cooperative where farmers pool their resources in certain area of activities thereby encouraged members to engage in joint cultivation of food and cash crops, purchase farm inputs at subsidized price and create better producers' price for their farm products (Poulton, *et al* 2006). In view of the low financial capacity and high level of under-development, an individual farmer cannot achieve the desires for large-scale production. It is therefore in the farmers' interest that resources are pulled

together so as to gain a tremendous collective advantage and thus widening the industrial base of the economy and the management techniques (Epetimehin, 2006). For instance, farmers' co-operative societies are formed to bring in more agricultural inputs and product marketing services to members, increase competition in the agricultural service sector and provide savings and loan to members, among many other functions. Small holder farmers stand a better chance with the formation of agricultural co-operatives.

Awoke (2004) reported that high rate of default arising from poor management procedures, loan diversion and unwillingness to repay loans has been threatening the sustainability of most public agricultural loan schemes in Nigeria; thus warranting an empirical probing and the need to critically assess factors affecting the rate of loan allocation to societies by bank of agriculture.

A detailed understanding of these factors may provide necessary information towards designing a more effective and sustainable loan system that can serve resource poor farmers better. Against this backdrop, this study is being undertaken to supplement existing literature and also serve as a bridge pillars between the bank of agriculture and farmers in ascertaining factors that influence their willingness or unwillingness to meet credit need of rural farmers.

Objectives of the study

- describe the socio-economic characteristics of the farmers in the study area
- examine the factors that determine the amount of loan obtained by the farmers
- identify the constraints to agricultural loan acquisition from BOA

Research Methodology

Study Area

The study was carried out in Ogun State, Nigeria, which was created in February 1976 with Abeokuta as the State capital. The State shares an international boundary with the Republic of Benin to the west and inter-state boundaries with Oyo State in the north, Lagos State in the South and Ondo State in the East. The State has a landmass of about 1.7 million hectares. It is currently made up 20 Local Government Areas (LGAs) spread across four main divisions – Egba, Ijebu, Remo and Yewa/Awori (NPC, 2006).

Sources and Methods of Data Collection

Both primary and secondary data were used for this study. They were obtained through well structured questionnaire which was administered by trained enumerators. The following information were collected from the respondents' socio-economic characteristics, amount of loan given to farmers, whether or not farmers were able to repay for their loans on time, interest charged on loans given to them, timeliness of disbursement of loans, farm size and other factors influencing loan repayment of beneficiaries of BOA in Ogun State.

Sampling Techniques

Multistage sampling technique was used in selecting the beneficiaries. The first stage was a purposive selection which indicates the three zones. This ensures that all the operative bases of the Bank were all covered. The second stage was a random selection of four Local Government Areas from each of the three zones that where BOA branches are located. The last stage was random selection of 10 beneficiaries from each of the 12 Local Government Areas LGAs, forty farmers from each zone which are Abeokuta zone, Ijebu zone, and Imeko Afon zone from the list of farmers that were made available. In all, a total of

one hundred and twenty (120) respondents were randomly sampled. However, after thorough field editing only one hundred and nine (109) were useful for the study.

Methods of Data Analysis

Descriptive statistics such as frequency distribution tables, percentages and measures of central tendency were used to describe socioeconomic characteristics of the respondents and identify reasons for loan default. While, multiple regressions was used to examine factors that determined the amount of loan obtained, repaid and defaulted by the farmers.

Ascertain the factors that determine the amount of loan obtained by the beneficiaries.

Amount Obtained:

The model is implicitly specified as follows;

$$Y = f(X_1, X_2, X_3, X_4, \dots, X_n + ei) \dots \dots \dots \text{Equation (i)}$$

The model is explicitly specified as follows;

Equation (ii)

- Where Q = Amount Obtained (₦)
- = Constant term of the regression
- = Coefficient of X input
- = Independent variables
- = Error Term.

The model is explicitly specified as follows:

$$Q = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_6 + b_7X_7 + U \dots \dots \dots \text{(iii)}$$

- Q = Relative amount obtained (₦)
- X₁ = Borrowers age (Years)
- X₂ = Loan beneficiaries educational level (years)
- X₃ = Farm size (hectares)
- X₄ = Loan Experience (years)
- X₅ = Household size (in number of person)
- X₆ = Amount repaid (N)
- X₇ = Annual Net income (₦)

b₁, b₂,.....b₇ are coefficient to be estimated.

Problems encountered by the BOA beneficiaries in the study area.

Descriptive statistics such as (frequency distribution tables, percentages and measures of central tendency) was used to achieve this objective.

Results and discussions

Socio-economic characteristics of the respondents

The socio-economic characteristics of the respondents are presented under this sub-heading. An assessment of the socio-economic characteristics of the respondents becomes important because of its tendency to influence their borrowing and repayment behaviours. As stated below, Sex of borrowers could have implications on loan repayment and by implication, default. It is important to understand how the respondents' sex would likely influence loan repayment. This could facilitate credible loan administration. The results revealed that the majority (58.7%) of the respondents were male. It is evident that majority (75.2%) of the respondents were younger than 50 years with mean age and standard deviation of 42.51 and ±11.03 years respectively. Result on marital status reveals that majority (75.2%) of the respondents were married. This is an indication that married people were the predominant beneficiaries of the BOA loan. The table also revealed that the vast majority (83.5%) of the respondents had at most 6 individuals in their households with an average of 5 individuals per household.

This household size is considerably moderate and may not have substantial effect on the use of borrowed fund for unintended household consumption expenditure. In other words, the level of the household size may not have significant effect of repayment. The results on education of respondents analyse that only minority (1.8%) of the respondents had no any form of formal education. This implies that the vast majority (98.2%) had one form of formal education or the other. Besides, substantial number (39.4%) of the respondents had HND/BSC certificates. Obtained results revealed that vast majority (71.6%) of the respondents were farmers. With the high level of education among the beneficiaries, there is the tendency that if they invest the loan in farming, reasonable profit could be generated that will enable repayment of the loan. Also an evaluation of the farming experience of the beneficiaries revealed that the majority had between 1-5 years of experience with an average of 5 years per beneficiary. This experience level is relatively low and might not be unconnected to the high level of education that might have accounted for substantial years in the beneficiaries' lifespan. Evidence on the table below shows that the majority (66.0%) of the respondents earned at most N100,000 per month. The mean farm income and standard deviation revealed high level of variation in income of the beneficiaries. The results on Religion revealed that the majority (64.2%) of the respondents were Christians. Notwithstanding, the number of Muslim beneficiaries were also substantial (35.8%).

Socio-economic Characteristics Distribution of Respondents

Characteristics	Frequency	Percentage	Cumulative Frequency
Sex			
Male	64	58.7	
Female	45	41.3	
Total	109	100.0	
Age (years)			
20-29	9	8.3	8.3
30-39	30	27.5	35.8
40-49	43	39.4	75.2
50-59	22	20.2	95.4
> 60	5	4.6	100.0
Total	109	100.0	
= 42.31, SD = ±11.03			
Marital Status			
Single	11	10.1	
Married	82	75.2	
Divorced	4	3.7	
Widowed	9	8.2	
Separated	3	2.8	
Total	109	100.0	
Household Size (Person)			
1-3	37	33.9	33.9
4 - 6	54	49.6	83.5
7 - 9	14	12.8	96.3
≥10	4	3.7	100.0
Total	109	100.0	

Mean () = 4.5, Standard Deviation (SD) = ±2.49			
Education			
No formal education	2	1.8	
Adult literacy	5	4.6	
Primary education	3	2.8	
Secondary education	23	21.1	
OND/NCE	33	31.3	
HND/BSC	43	39.4	
Total	109	100.0	
Occupation			
Banking	2	1.8	
Business	1	0.9	
Civil service	1	0.9	
Farming	78	71.6	
Sailor	2	1.8	
Tailoring	1	0.9	
Teaching	15	13.8	
Trading	9	8.3	
Total	109	100.0	
Farming Experience (year)			
1-5	82	75.2	75.2
6-10	20	18.4	93.6
>10	7	6.4	100.0
Total	109	100.0	
Mean () = 5, Standard Deviation (SD) = 4.9			
Income (₦)			
≤50,000	34	31.2	31.2
50,001-100,000	38	34.8	66.0
100,001-150,000	28	25.7	91.7
>200,000	9	8.3	100.0
Total	109	100.0	
= N147,404, SD = ±N220,818			
Religion			
Christianity	70	64.2	
Islam	39	35.8	
Total	109	100.0	

Source: Field Survey, 2017

Factors determining the amount of loan obtained by the beneficiaries

Multiple regression model was employed to analyse the determinants of BOA loan obtained by the respondents. Age of respondents (X_1), level of education (X_2), farm size (X_3), loan experience (X_4), household size (X_5), amount repaid (X_6) and annual net income (X_7) served as independent variables. The adjusted R^2 of 0.682 indicates that about 68% of the variation in loan obtained is captured by the variables included in the model. The remaining 32% is due to unexplained variation in the amount of loan obtained by the respondents. The significant F-value (at 1% level) also shows that the model is a good fit to the data.

The data in the table, revealed that the coefficients of age, education level, farm size and amount repaid (in the past) significantly influenced the amount of loan obtained by the respondents. The age of the respondents, negatively influenced the amount obtained while farm size and amount repaid positively influenced the loan amount obtained. The implication of these findings is that the youths have better access to higher amount of loan than the aged and those that had better repayment in the past, will receive relatively higher loan amount than those with relatively less repayment record. Besides, the more educated an aspiring beneficiary, the higher the likelihood of securing higher loan.

Multiple regression analysis of determinants of loan obtained by beneficiaries

Variable Code	Variables Name	Regression Coefficient	Standard Error	t-value
? 0	(Constant)	-410026	348672.3	-1.176
X_1	Age	-13718.4**	-0.136	-2.152
X_2	Education level	39916.48**	0.134	2.168
X_3	Farm size	107728.5***	0.328	4.700
X_4	Loan experience	-28102.5	-0.039	-0.660
X_5	Household size	21383.69	0.051	0.706
X_6	Amount repaid	0.737***	0.097	7.587
X_7	Net income	0.004	0.025	0.149
	F-value	34.016***		
	R-squared	0.702		
	Adjusted R-squared	0.682		

Source: Field Survey, 2017, * significant at 10 % level, **significant at 5% level, ***significant at 1% level

Constraints to Agricultural Loan Acquisition through BOA

Constraints refers to the problem faced towards achieving a particular goal. In this case, the usual goal of the beneficiaries is to continuously have access to the BOA loan. This also applies to prospective beneficiaries who may want to secure the loan for the first time. Understanding the constraints faced by the current beneficiaries will enable the prospective beneficiaries to be better prepared. This may ease the process of the loan procurement.

Besides, the BOA could also improve on its loan disbursement processes with the knowledge of the constraints faced by the current beneficiaries. An attempt to provide this knowledge informs the analysis of the constraints being faced by the current beneficiaries of the BOA loan.

It is evident from the findings that substantial percentage (26.6%) of the respondents considered high interest rate as the most important constraint to the use of the BOA loan while others, considered bureaucracy, inability to provide the required guarantor, harsh loan recovery methods being used and untimely disbursement of loan as the most important constraints to procurement and/or use of the BOA loan.

A follow up interview with the management of BOA in charge of loan revealed that the interest rate was relatively lower than what obtained in the mainstream financial sector like

commercial and microfinance banks (between 20-40%). According to the BOA official, the interest rate for small-holder and SME loan beneficiaries for agricultural purposes is 12% and 14% respectively for non-agricultural purposes, the interest rate was 18% across board (all non-agricultural loan).

Intending beneficiaries of Bank of Agriculture (BOA) are required to have 20% of the desire loan amount as savings before they are requested. The smallholders are not required to provide collateral. For instance, a beneficiary that intends to borrow ₦100,000 must have at least ₦20,000 savings in the Bank. This is not a necessary condition for the SMEs who are required to provide collateral before securing the loan. The SMEs can, however, have both savings and collateral.

Distribution of the Respondent by Constraints faced by the Beneficiaries of the BOA

Constraints To Loan Use	Frequency	Percentage
High Interest Rate	29	26.6
Difficulties and protocols involved in obtaining loan	17	15.6
Cost of obtaining loan is too much	3	2.8
Inability to provide guarantor	12	11.0
Loan is inadequate	8	7.3
Untimely disbursement of loan	6	5.5
Harsh loan recovery procedure	8	7.3
No response	26	23.9
Total	109	100.0

Field Survey 2017

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Summary of Major Findings

The results obtained on the socio-economic characteristics of the beneficiaries revealed that majority of them were male (58.7%), aged less than 50 years (75.2) with an average age of (42.51) years per beneficiary, married (75.2%), had moderate household size of 5 (mean) per household, literate with vast majority (98.2%) possessing one form of formal education or the other, (71.6%), engaged in farming as main occupation had an average of 5 years of farming experience and (64.2%) practiced Christianity as religion.

An evaluation of the factors determining the amount of loan obtained revealed that age, education, farm size, amount repaid, past record and annual net income are the important factors determining the loan amount obtained from the Bank. The age of the respondents, negatively influenced the amount obtained while farm size and amount repaid positively influenced the loan amount obtained. Household size, education and loan size were found to have significant relationship with loan repayment rate. While household size had negative relationship with loan repayment, education and loan size have positive relationship with it.

In terms of constraints to the BOA loan acquisition. High interest rate, bureaucracy and inability to provide a guarantor were adjudged as the major constraints to loan acquisition in the Bank of Agriculture in Ogun State.

5.2 Conclusions

The age of the respondents, negatively influenced the amount obtained while farm size and amount repaid positively influenced the loan amount obtained. The size of loan given

had positive relationship with the repayment rate. High interest rate, bureaucracy and inability to provide guarantor were adjudged as the major constraints to securing loan from the BOA. The age of the respondents, negatively influenced the amount obtained while farm size and amount repaid positively influenced the loan amount obtained. Household size, education and loan size were found to have significant relationship with loan repayment rate. While household size had negative relationship with loan repayment, education and loan size have positive relationship with it. In terms of constraints to the BOA loan acquisition. High interest rate, bureaucracy and inability to provide a guarantor were adjudged as the major constraints to loan acquisition in the Bank of Agriculture in Ogun State.

Successful management of agricultural loan programme for farmers depends to a large extent, on sound knowledge of socio-economic characteristics of the farmers and their production situation or background also the amount of loan obtain. Management therefore needs to put in place, practical measures to mitigate the risk in the BOA loan scheme so as to improve the quality of the overall loan portfolio of the bank. These factors, pose three major tasks for the loan administrator namely, how to: Ensure continuous patronage from farmers, guide against mis-use of loan, and ensure prompt and full repayment of loan.

Recommendations

Recommendations arising from the conclusions of the study are given below:

- BOA should consider reducing the interest rate to encourage more people to access the loan and ease

repayment.

- Loan administrators at the BOA should consider providing large sum to beneficiaries rather than series of small loans because it was found to increase propensity to repay.
- Bureaucracy should be tackled and loan disbursed on time to beneficiaries to avoid the issue of wrong timing of loan disbursement and use.
- The BOA loan administrator should review the guarantor policy with a view to easing it. Perhaps, they could employ group lending as opposed to individual lending with guarantor.
- There should be effective and proper monitoring, supervision and control of loans to the beneficiaries in order to ensure prompt and full repayment of loan.

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EFFECT OF COOPERATIVES SOCIETIES ON THE EXPANSION OF SMALL SCALE BUSINESS IN YEWA NORTH, OGUN STATE

JIMOH BASHIRU OLADAYO

ABSTRACT

Small scale enterprises have been identified as a means of building and holding the economies base of the country because they help to solve a lot of socio-political and economic problems. The focus of this study is to assess the effect of cooperative societies on the survival of small scale business in Yewa North Local Government Area of Ogun State.

The study was based on the use of primary data collected by the use of structured questionnaires administered to obtain information from 200 small scale entrepreneurs. The respondents were selected through multi stage sampling techniques. Descriptive and inferential statistics were used for analysis of the data.

Results of the analysis show that the mean age of the respondents was 41 years, which implied that they are still in their economical productive age, while 49% of the respondents had secondary education. The average monthly income of these entrepreneurs were ₦46,500.00 while their average monthly saving in the cooperative society was ₦2,088.00. The source of capital of these entrepreneurs were mainly personal savings and cooperative societies with 99% and 81% of respondents respectively. The Logit regression showed that cooperative fund obtained for business and member returns had positive significance on the assets acquisition of cooperative members. It is therefore recommended that small scale entrepreneurs should improve in their savings so that they can have more access to loan from cooperative societies.

Keywords: Cooperative Society, Small Scale Business, Logit model, Source of fund, Assets Acquisition

INTRODUCTION

Nigeria economy has a lot of potentials for growth and development. The abundant and natural resources of the country remain largely un-explored. These have to be harnessed to the fullest for the general well-being of Nigerian. Perhaps, one important way to the realization of this goal is through the encouragement of cooperative movement (Ayanwu *et al* 1996).

Cooperative society is defined as “an autonomous association of persons who unite voluntarily to meet their common

economic and social needs and aspiration through a jointly owned and democratically controlled enterprise (ICA, 1995). Cooperatives are established by likeminded persons to pursue mutually beneficial economic interest. Researchers are of the opinion that normal circumstance Cooperative play significant role in the provision of services that enhance agricultural development. Regular and optimal performance of these roles will accelerate the transformation of agriculture and rural economic development. Ijere (1988), further explains that, it is the cooperative that embraces all types of farmer and a well-organized and supportive Cooperative is a pillar of

strength for agriculture in Nigeria.

The growing need for credit facilities and access to the basic necessities of life and article of trade led to the formation of most of the co-operative societies. A co-operative society is formed when at least two persons who have common problems joined together to solve such problem collectively (Akanni, 1997).

Co-operative societies have been set up by private initiative, i.e. group of people seeking a common economic goal and hoping in the long run to improve their economic status.

These people-oriented cooperative societies have capital base in some cases running into millions of Naira which they use to execute multipurpose projects that are commercially viable for the benefit of members. Due also to the multipurpose nature of these societies, they are engaged in selling of shares: purchase of agro-allied products, estate and in addition to member's savings. For a co-operative society to operate in Nigeria, it is mandatory for the applicants to register with any Ministry cooperative is attached with both at the state and Federal government level before the law of the land can back them in their activities (Godwin, 2011).

Going by the experience of some countries that tried these co-operatives like Malaysia and Bangladesh in Asia, it will not be long before the economic indices of the country will begin to leap higher. In recognition of his developmental work translated in grassroots social and economic changes, the world has named Muhammed Yunus; fondly called the father of micro credit, and Grameen bank as the winners of 2006 Nobel Peace prize (Godwin, 2011).

With the proliferation of cooperative societies in Nigeria today and the concept of employment ground, youth should now be empowered and dependency is not doubt on the decline. Even banks and financial institutions are approaching these

cooperatives societies to attract lodgment of their savings with promises of attractive interest rates (Godwin, 2011).

Ever since people have come together to do business as a co-operative; they have been driven by political and ethical values. It is for this reasons that cooperatives are often described as values-led businesses (Godwin, 2011).

Co-operative enterprise has been described as people-oriented sustainable development. Underlying this idea are some basic philosophical concepts.

- Fundamental respect for human beings and a belief in their capacity to improve themselves through mutual self-help.
- That democratic procedures applied to economic activities are feasible, desirable, and efficient.
- That democratically controlled business makes a contribution to the common good (Owojuyigbe, 1998).

From the foregoing it can be seen clearly that, the concepts of co-operatives contain the following ingredients:

- A duly registered association of persons
- With a common bond interest
- Members voluntarily join together to achieve a lawful, common social and economic end.
- For a fair share of risks and benefit.
- In accordance with accepted co-operative principle. (Owojuyigbe, 1998).

Small scale enterprises have been identified as a means of building the economic base of the country because they help to solve a lot socio-political and economic problem like; problem of unemployment, under-employment and so on. Small scale enterprises employ 22% of the adult population in developing countries. Small scale enterprises can create employment in two major ways. Firstly, by self-employment of the owners of the enterprises and secondly, through

paid workers employed to work in small scale enterprises. The performance and effectiveness of cooperative societies as an instrument of economic growth and development in Nigeria has long been under scrutiny. This intense scrutiny has been against the backdrop of the low performance and inefficiency that characterized cooperative societies particularly in assisting members of improve their socio-economic status, generate employment and reduce poverty. Despite government institutional and policies support to enhancing the capacity of cooperative societies, they have fallen short of their expectation. Cooperative societies are formed as voluntary associations of persons who work together to promote their economic interest. It works on the principle of self-help as well as mutual help. The main objective is to provide support to the members. People came together to pull resources, utilize them in the best possible manner and derive some common benefits out of it. Furthermore, Ojo (2005) observed that the institutional lending system has failed to meet the objective for which they were set up. According to him only 15 percent of the trading bank credit to small scale business has been covered. The situation have attracted the attention of Nigeria government and this has led the Federal Government of Nigeria to the creation of specialized institutions such as the Nigeria Agricultural and Cooperative Bank (NACB) which later translated into the Nigeria Agricultural Cooperative and Rural Development Bank (NACRDB) to cater for the credit needs of the small scale entrepreneurs and in the agricultural sector. Despite government effort in recent years, majority of small scale entrepreneurs still do not have access to formal credit facilities (John 1990) and small scale entrepreneurs often lack the assets that commercial banks require as collateral security for the loans. This couple poor

infrastructure makes it difficult for small scale entrepreneurs to get bank loan.

Alufohai and Ahmadu (2005) in their study of queue management reported its ineffectiveness in credit delivery. In spite of the importance of loan in business, its acquisition is fraught with a number of problems. The cooperative has been identified to be a better channel of delivery and a pillar to business operation than the NGO's in term of its ability to sustain the loan delivery function (Alufohai, 2006). The level of performance of cooperative societies in the cooperation of small scale business is yet to be ascertained in many localities including Yewa Division of Ogun State. But the knowledge of this is required so as to direct the focus of efforts at fighting underdevelopment among the people. This study will therefore examine how cooperative can promote the growth and development of small scale business during depressed economy.

The justification of the study derives from the 'fact that investigating the effect of cooperatives on the international scale is not a new phenomenon. In Nigeria, the research has been made on the effect of cooperative societies on the expansion and survival of small scale business. A World Bank estimate on the level of poverty in Nigeria indicates that 70.2 percent of the country's population lives below the poverty line and that the scourge will continue to rise if nothing is done to arrest it (World Bank 2005). This bizarre picture requires as urgent intervention of which this proposed study will attend to it. The preponderance of the poor population in the activities of the informal sector of the Nigeria economy implies that any meaningful effort to reduce the incidence of poverty in the country must necessarily be focused on participants in cooperative societies

Consequently, this study will provide unique opportunity for scholars, researchers, as well as, other concerned

individuals and bodies to put direct search light on these cooperative institutions in order to formulate policy and obtain relevant data on intervention programme for poverty reduction in Nigeria. This study will justify importance of cooperative societies on small scale business and also provide basis for policy makers in developing appropriate policy mix which will ensure entrepreneurs the privilege of participating in running and managing the cooperative activities in Nigeria. There is also the need for mass enlightenment programme on the need for active participation of small scale entrepreneurs in cooperative irrespective of their educational status or gender.

The role of the small and Medium Enterprises (SME) as a catalyst for economic growth and development has been well documented in the economic literature and recognized in most countries (Sanusi, 2003). For example, in many of the newly industrialized nations, more than 98 percent of all industrial enterprises belong to the SMEs sector and account for the bulk of the labour force. It enjoys a competitive advantage over large enterprises in servicing dispersed local markets. Cognizant of this fact, programmes of assistance, especially, in the areas of finance, extension and advisory services, as well as provision of infrastructure have been designed by the Nigerian government at the Federal, State and Local Government levels for the development of the SMEs, Governments in Nigeria have in the last four decades shown much interest in ensuring adequate financing for Small and Medium Enterprises (SMEs), by establishing various schemes and specialised financial institutions to provide appropriate financing to this sub-sector of the economy. Two main source of finance to this very important sector of the economy are formal and informal source. The formal sources include banks, government loan agencies

such as the micro-credit schemes, Entrepreneurial Development Programmes (EDP). Poverty Alleviation Programmes and financial institutions, while the informal source of finance include business owners', savings, ploughed back profit, friends, families, "esusu", money lenders, clubs such as Cooperative, Thrift and Credit Societies (CTCS) among others. The informal rather than formal sector provides the bulk of financing, especially in the developing countries, for small enterprises in the rural areas (Anin, 2001). The continued importance of informal markets, despite the growth of the capital market and the financial sectors of these countries is due to restrictive and repressive financial policies, lack of innovative measures and instruments to integrate informal and formal market and often the lower transaction costs of certain informal market credit intermediaries. The peculiar characteristics of informal market is that they are far more loosely monitored and regulated than formal finance (Onyenwaku and Fabiyi, 2001). Capital in the form of money is crucial for entrepreneurial development. This is enunciated by Harper (2003), who contends that one way money affects entrepreneur's agency belief is through its impact on their perception of their problem situation. An entrepreneur's estimates of self-efficacy and degree of agency may include a cognitive appraisal of the situational context in which entrepreneurship occurs, including the nature of the goals to be achieved and the requirements of transaction to be carried out. The challenge is that economists have not analyzed the role of financial institutions such as Cooperative Thrift and Credit Society (CTCS) on agency belief, entrepreneurship and micro enterprise development. Small-scale business which require small startup capital are faced with problems of financing. In attempting to solve this problem, Government

established agencies to assist in the provision of fiancés to small-scale business entrepreneurs. While CTCS have played major role in the formation and growing of small scale businesses, the overall effect of the finances offered by CTCS on small-scale businesses is still relatively new, hence this study.

METHODOLOGY

The study area for this study was Yewa North Local Government of Ogun State.it was formerly Egbado North Local Government with it Headquarter in Ayetoro. It has land area of 2043 square hectares. The Local Government is bounded in the West by Republic of Benin, in the South by Yewa South Local Government and in the North by Oyo State. It was located on the latitude of 7^o, 15N and longitude of 3^o, 3E in the dedicious derived Savannah zone of the state.

Both primary and secondary data were used in this study and multi stage sampling method were used to select 400 cooperators who engaged in Small Scale Business in the study area. Descriptive statistics were used to describe the socio-economic characteristics of the small scale entrepreneurs and Logit model were used to examine the extent cooperative have benefited their members.

Implicitly,

$$P(Y=i(x)) = f(X_i\beta).....(1)$$

Explicitly,

$$P(Y = i(x)) = \beta_0 + \beta x_1 + \beta x_2 + + \beta x_n + ei(2)$$

Where:

- Y= asset acquisition (#)=1; otherwise 0
- X₁= cooperative fund obtained for business (#)
- X₂= Increase in the member investment (#)
- X₃= Increase in the member return (#)
- X₄= Easy access to credit (1 if granted within 3 months; 0 if otherwise)
- X₅= paying of school fees of member

- children (1 if loan issued part is used for school fee; 0 if otherwise)
- e= Error

RESULT AND DISCUSSION

Description of cooperator's socio economic characteristics

In Nigeria, socio economic characteristics are paramount in obtaining and using of credit. This section would discussed the cooperators socio economic characteristics. It is the summary of background information that provides the framework for the discussion of the results and recommendations emanating from the study. The variables considered includes; age, sex, marital status, level of education, household size, occupation, years of experience on occupation, monthly income, monthly subscription and savings in the cooperative society were showed in table 1.

The distribution by age showed that majority 85 percent of the respondents are within the age brackets 20-50years. The mean age is approximated to be 41years, shows that they are economically productive and can perform better at this age; this justified the findings of Rahman et al (2002) who opined that this age bracket is economically active age and as such will respond positively to any intervention aimed at improving their productivity. Also majority 61 percent of the respondents were male while the rest 39 percent were female and this might be linked to the domestic activities in the home, Spring A.(2002) reported similar findings in study in West Africa.

The marital status of the respondents helps to reduce cost especially when are married in which they supply labour from their household, this in turn increase the income and improve their standard of livings considerably. With this, the majority 85percent of the respondents were married and have family responsibilities. 18 percent were single while just 12 percent

were widow and divorced. According to Conquery-Vidrovitch (1997), spouse are known to support the business of their partners in different part of Africa by providing little finance and advice towards the growth of the business. Likewise, majority 57 percent were Muslims and rest 43percent were Christians The result also revealed that 59percent of the respondents have household size of 4-6 members and the mean household size is 5 members per household. A large family size may constitute a social and economically burden and their might be need to obtain loan facilities to smoothen the consumption. However, larger families

usually use their members to an advantage in their business enterprises, reducing their labour costs which give high returns and making their enterprise economically sustainable.

From the findings, it was shows that majority 49 percent of the respondents attended secondary education. Education plays a prominent roles in eradication of ignorance, help the entrepreneurs makes an efficient decision among the alternative and also it is an important factor that increase the entrepreneurs' ability to benefit from new innovations. Economic empowerment would be unachievable without an improvement in the level of

Table 1 Distribution of cooperators by socio economic characteristics

Characteristics	frequency	percentage	means
Age of Respondents			
Below 30	44	22	
31-40	53	26.5	
41-50	74	37	41
51 and above	29	14.5	
Total	200	100	
Sex			
Male	122	61	
Female	78	39	
Total	200	100	
Level of education			
Primary	20	10	
Secondary	98	49	
OND	50	25	
HND	2	1	
B.sc	30	15	
Total	200	100	

Marital status

Single	18	9
Married	170	85
Widow	6	3
Separate	6	3
Total	200	100

Religion

Islam	114	57
Christianity	86	43
Total	200	100

Household size

1-3	48	24	
4-6	118	59	5
7-9	30	15	

Other socio economics characteristics of the respondents

The distribution of respondent by occupation, shows that majority 39 percent of the respondents were self-employed, 27 percent were farmers/ agriculture related, while 23.5 and 10.5 percent were artisan and traders respectively. The mean year of experience is 11. Majority 39 percent have 6-10 years working experience on their occupations. Most of the respondents 77 percent earn less than ₦50000 while just 2 percent earn above ₦150000, likewise, 21 percent earns ₦50000 - ₦150000. The means monthly income is ₦46500.

The monthly subscription of the majority 65 percent of the respondents range between ₦1000- ₦3000 with the mean monthly subscription of ₦2090. This shows levels of commitment on part of the cooperators as the contribution is less than 10 percent of their monthly income to cooperative society.

Table 2 Other socio economics characteristics of the respondents

Characteristics	frequency	percentage	means	Occupation
Artisan		47	23.5	
Farmers/ Agricultural	54		27	
Self-employed	78		39	
Trading	21		10.5	
Total	200		100	

Years of experience

1-5	32	16	
6-10	78	39	
11-15	60	30	11
16-20	20	10	
21 and above	10	5	
Total	200	100	

Monthly Income

Below ₦ 5000	154	77
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₦50001- ₦100000	16	8	₦46500
₦100001- ₦150000	26	13	
₦150001 and above	4	2	
Total	200	100	
Monthly Saving			
₦1- ₦1000	44	22	
₦1001- ₦2000	86	43	
₦3001- ₦4000	22	11	₦2088
₦4001- ₦5000	4	2	
Total	200	100	

Source: Survey 2015

Distribution based on Source of funds for Business Organization

The size of fund available determine level of operation of any organization. Table 4.3, shows the result that majority 99 percent and 72 percent of the respondents get fund to start their business from personal saving and family and friend respectively. The 87 percent of the entrepreneurs in the study source fund from cooperative society, while 77 and 19 percent seeks for funds to start their business from Ajo and Grooming respectively. Very few 4 percent only source for funds from money lenders, the reason for this may be due to the problems some people complaint of about their experience during the time got loan from the money lenders. The results are similar to those found in Kenya by Kimuyu and Omiti (2000) that the most important sources of capital both initial and additional are from personal saving and relative's source. Other alternative source of funds are either too costly or out of reach for majority entrepreneurs.

Apart from personal saving and relatives, loans from cooperative societies are the most patronized source of finance among small scale entrepreneurs in Nigeria.

Table 3 Source of funds for Business Organization

Source of funds	frequency	percentage
Personal savings	198	99
Family and friends	144	72
Money Lender	8	4
Cooperative societies	174	87
Ajo	154	77
Grooming	38	19

Source: Survey 2015

The Extent to which Cooperative has benefitted their Members in terms of assets Acquisition.

The logit model was used to examine the factors that are responsible for asset acquisition among the cooperative member. The results shows that cooperative fund obtained, increase in member's investment and increase in members returns are the major determinants of cooperative members assets acquisition in the study area.

The co-efficient of cooperative fund obtained for business was positive and statistically significant at 1% which showed a direct relationship to asset acquisition among the cooperative members. This implies that asset acquisition among the respondents increase

with increase in the cooperative fund being obtained for their business in the study area. Also the co-efficient of cooperative increase in the members return was positive and statistically significant at 1% which showed a direct relationship to asset acquisition among the cooperative members. This implies that asset acquisition among the respondents increase with increase in the members return from their business in the study area.

However, the co-efficient of increase in members' investment was negative and statistically significant at 5% which showed an indirect relationship to asset acquisition among the cooperative members. This implies that asset acquisition among the respondents decreases with increase in the members' investment in the study area.

Table 4 Logit Regression Analysis of Determinants of Assets Acquisition among the Respondents.

Variables	Co-efficient	t-value	Marginal effect
Constant	0.523	1.109	0.103
Cooperative fund obtained for business	0.705***	2.714	0.139
Increase in the member investment	-0.273**	-2.219	-0.540
Increase in the member returns	0.189***	2.855	0.374
Easy access to credit	0.393	0.910	0.776
Paying of school fees of member children	0.294	0.875	0.581

Log likelihood function -115.7414

Restricted log likelihood -117.6338

*** co efficient significant at 1%

** co efficient significant at 5%

* co efficient significant at 10%

Source: Field survey, 2015

CONCLUSION AND RECOMMENDATION

The role of small scale business as a bed rock of economic development, Although small scale business have great potentials and it has been postulated that the key index of real economic development in a given country is the quantum of enterprises taking place within such country's boundary. It is however, well known that these enterprises operates under various disadvantage such as lack of capital, high cost raw materials, poor

accounting records among other challenges. Cooperative societies from their antecedents have not only contributed to the development of small scale business but are in themselves small scale business. Cooperatives have always promoted small scale business through entrepreneurial development, funding, provision of entrepreneurship, promoting of small scale holder agriculture, etc. Having considered the role of cooperative societies in the growth and development of small scale business and

their potential in overall economic growth and development, the following recommendations are made:

- Government and cooperative organization should embarked on mass cooperative education on the small scale entrepreneurs, so that they would be aware of the need to pull their resources together in cooperative societies and the benefits they stand to enjoyed.
- Small Scale Entrepreneurs in the study area should be mobilized to form formidable cooperative societies to derive maximum benefit of collective investment of group savings.
- Small Scale Entrepreneurs should improve in their saving so that they have more access to loan from cooperative societies.

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IMPACT OF FRAUDULENT PRACTICES ON THE PERFORMANCE OF COOPERATIVE ENTREPRENEURSHIP IN KWARA STATE NIGERIA

BY

ADEDAYO SUNDAY JOSEPH
ABU ZEKERI

ABSTRACT

Cooperative entrepreneurship has permitted all economic systems thereby positively affecting mankind. Dogarawa (2015) opines that since the inauguration of the first cooperative society in 1844, the sector has exerted control on the livelihood of commoners which hitherto was in the hands of the faceless capitalist. The major objective of this study is to access the effect of fraudulence practices on cooperative performance by determining how it affects cooperative entrepreneurship and how the supervisory organ can prevent the occurrence of fraud. The study employed qualitative and quantitative methods of data collection and using descriptive and inferential statistical tools to analyze the data. The study showed that more than fifty percent of cooperative study home experienced fraud in their society at one time or the other. Sit tight syndrome was equally seen as a great factor leading to perpetuation of fraud. The cooperative act was found to be tool loose, thereby allowing perpetuation of fraud. The study recommends among others adequate education proper record keeping and efficient marketing societies of fraudulent practices.

Key Words: Cooperative entrepreneurship, fraud members, cooperative act, primary societies management committees.

INTRODUCTION

Cooperative entrepreneurship is a business outfit that is gaining ground in international arena; the sub-sector has permeated almost all the nooks and crannies of socioeconomic activities thereby affecting mankind in the positive ways such as income generation employment opportunities, poverty reduction and host of other socio-economic activities.

According to Dogarawa, (2005) he opines that since 1844 when the first

cooperative society was formally inaugurated in Rockdale, Britain many individual have seen it as a way of exerting control over their livelihood which hitherto was in the hand of faceless capitalists.

Scholars (Karubi, 2006) have identified cooperative as a leading platform for effective and efficient credit delivery to small and medium enterprises then other sector of financial institution in terms of credit flexibility accessibility and its management.

As soon as when people started to come together to engage in joint business of cooperative there were improvement in members socioeconomic activities thus cooperative being christened values driven business (Godwin, 2011; Kareem et al,

2012) and People's oriented for sustainable development.

In Nigeria, cooperative activities permeate all economic sectors to about 5 million family members and covering 20 million household while total number of registered cooperative societies was put at about 150,000 (Berko, 2008; Kareem, 2012).

Cooperative entrepreneurship in Nigeria thus midwives many types of cooperative societies in Nigeria such as cooperative thrift and credit societies, multipurpose, agricultural, consumers, group farming production and artisans cooperative societies; the effect were physically seen in public service, private establishments, social and religious organizations thereby contributing positively to the members standard of living in particular and the society at large.

In spite of the vibrant activities of cooperative entrepreneurship many societies were seeing to folding up or dying not sooner, they were established due to the nefarious activities of the operators ranging from perpetration of fraud in cooperative societies and management ineptitude or sit tight syndrome. In Kwara state of Nigeria for instance, the Ministry of Commerce and Cooperatives that was saddled with the responsibilities of supervising cooperative in the state registered fifteen thousand cooperative societies till date since 1967 when the state was created (MCC, 2016) but it is sad to note that only three thousand were considered viable and functioning while the remaining ones are either passive not functioning, moribund or outright dead. It is in the realization of the above scenario that led the researchers to venture into this study.

Objectives of the Study

The main objective of this study is to access the effect of fraudulent practices on cooperative performance, the specific objectives include:

- To determine how fraudulent practices have affected cooperative entrepreneurship
- To determine the impact of supervisory committee in reducing fraud within cooperative set up.
- To access the role of government as supervising agency in tackling fraudulent practices and sit-tight syndrome.

Research Questions

This study examines the effect of fraudulent practice in cooperative entrepreneurship, the following research questions were postulated for the purpose of this study.

- How has embezzlement affect cooperative entrepreneurs productivity?
- How does misappropriation of funds of cooperative affects cooperative members satisfaction

Hypotheses of the Study

The following hypotheses were discerned and tested for this study.

- H₁:** Embezzlement of cooperative fund does not affect cooperative entrepreneurship's productivity
- H₂:** Misappropriation/misapplication of cooperative funds has no effect on cooperative memberships' satisfaction

Significance of the Study

This study would be of immense benefit to the various cooperative stakeholders in exhuming the impact of fraudulent practices on cooperative activities. Members would through this study realize how fraudulent practices can make or mar their cooperative organizations.

The management committee and government will through this study know the weight of fraud in cooperative

organization and its attendant impact on cooperative performance, finally this study will sensitize the general public on the adverse effect of cooperative fraud and it will equally serve as reference point for academia and scholarly research work on this field of study.

Operationalization

The basic constructs of this study are fraudulent practices and cooperative entrepreneurship performance

X= fraudulent practices

Y= cooperative entrepreneurship's performance

$Y = f(x_1 + x_2 + x_3 + x_4 + \mu)$

X₁= embezzlement

X₂= misapplication/misapplication

Y₁=productivity

Y₂= service delivery

Y₃= membership satisfaction

LITERATURE REVIEW

Fraud has been defined by different scholars but they all focused on criminality based on injury to another parties. Ordinarily, the genealogy of fraud emanated from mistake committed which were not detected which later became part and parcel of the fraudster's activities. According Adewale (1990), he traced the origin of fraud to minor mistake committed unnoticed which were later capitalized upon with intention to defraud.

Udok (2004) sees fraud as the activities of those perpetrating it as seeking to divert fund meant for others to this own private pocket fraud activities

Classification of fraud
Adeniyi, (2004) classifies fraud preparation into several ways

- Manipulation of account falsification of account and alteration of records or documents such as receipts, payments vouchers, cashbook ledger, and bank documents
- Misapplication of assets which

could be tangible, fixed or current in nature fraudulent activities refer to a situation when adequate records have not been kept or when some internal control are ineffective thus the auditors both internal and external find it difficult to rely on such records (2009)

- The Company and Allied Matter Act (1990) opines that prevalence of fraud in financial statement has the capability of jeopardizing the financial statement from showing true and fair view and comply with the rules and regulations CAMA (1990)
- Suppression and omission of the effect of transaction by violating disclosure principle and hiding facts in the document
- Misappropriate of the accommodating policy there are various policies that have to do with accounting norms and values any attempt to misapply the policy to suit one personal goal is tantamount to fraud.
- Types of fraud in cooperative entrepreneurship cooperative are business organizations just like other business concerns dealing with public funds in trust of members or selected committee members who carry out the day to day activities of cooperative organization
- Berko (2014) identifies the following types of frauds peculiar to cooperative outfit.
 - Embezzlement of funds, when money are kept in the custody of the executive members but could not be produce as at when needed or when one is asked to pay money directly to bank account but failed to comply and use the money for his personal needs.
 - Falsification of record – in an attempt to cover up for money used illegally the people in charge of records may decide to falsify record to suit their

own purpose.

- Forging of document: Document may be fudged to look like real in an attempt to cover up. Fudging bank teller to cover up for lodgment to bank
- Connivance: the trustees of the cooperative society may connive to enrich themselves with the public fund based on the fact they are the signatories to the account
- Fictitious loan: when loans are disbursed to nonexistent members all for the purpose of defrauding the cooperative society
- Loan above maximum credit limit: the cooperative law and regulations and cooperative societies attendance by laws stipulates credit limit of a members but any of such facilities above the credit limit amount s to fraudulent practices.

Purchases inclined fraud

Cooperative entrepreneur need inputs in their farms as Group Farmers, or consumers' goods in a Consumer Society, building of houses in Housing Societies etc. inflating of the purchasing prices to the detriment of the society is equally referred to as fraud. Sangolola (1994)

Causes of cooperative fraud

Fraudulent practices are committed by statutory/standing ad-hoc committee and ordinary members of cooperative society (Piotr *et al*, 2016) believe that frauds are perpetuated as a result of lack of integrity and conscience. (Nwankwo and Ewuim , 2012) distinguishes blind confidence on the part of the committee members and general house, lack of check and balances, inadequate record keeping poor attendance of meeting and inadequate supervision from the government (Parent Ministry).

Implication of Fraud

Falola (2015) and Adedayo (2014) sees fraud as a cankerworm that has eaten deep into the fabric of Nigeria in all sphere of activities, he expatiated that fraud causes economic down turn in a nation, death of cooperative society, depleting of shareholders fund, erode blind confidence panic withdrawal of share from shareholder and host of other negative activities.

Theoretical Framework

The major popular theories to expand the theoretical far in cooperative are theories of democracy which is subdivided into classical and modern theories, entrepreneurship theory, system theory, and ICA principles.

The researcher align with the above four theories as applicable to cooperatives.

Conceptual frame work

The major popular theories on cooperatives are the theory of democracy which was later subdivided into two, theory of entrepreneurship and system theory:

- Classical theory
- Modern theory
- Entrepreneurship theory
- System theory

Theory of Democracy

To make cooperatives easy and profitable organization The principle of democratic control and open membership dearly explain this.

Classical theory:

It is the representation in decision making through management committee.

Modern Theory:

Supported by Schumpeter as institutional arrangement for arriving at political decision in which individual has the power to decide e.g. on man, one vote. Cook (1995).

EMPIRICAL FRAMEWORK

ILO (2014), in the United Nation Conference on sustainable development acknowledged the role of cooperatives to social inclusion and poverty reduction in developing countries with increase in membership strength, employment opportunities and cooperative growth.

In the same vein, Dogarawa (2005) sees cooperative entrepreneurship as significant tool for decent job and income generation.

Ravensburg (2019) identifies cooperative enterprise as a means of achieving economies of scale to the advantage of cooperatives members.

RESEARCHERS' MODEL

Source: Researchers Model, 2017

METHODOLOGY

Research Approach and Method of Data Collection

Research Population

This study employed both quantitative and qualitative methods and usage of primary and secondary data in the gathering of data for this study, Kwara State has 15,000 cooperative as at

December 2016 out of which only 3000 societies were viable (CODA, 2017). However, the study was centered on Ilorin East Local Government of Kwara State of which there are 1000 cooperative societies within the local governments under reference.

Sample Size

The cooperative Act 2004 stipulates minimum of ten members per society invariably a minimum of 10,000 cooperative members were available in Ilorin East Local Government. Using Morgan and Krediche (1991) 371 questionnaires were administered on members drawn from Ilorin East Local government Area of Kwara State.

Sampling Techniques

This paper employed descriptive statistics and logit regression methods of analysis to interpret respondents' questionnaires.

DATA ANALYSIS AND INTERPRETATION

A number of 371 well structure questionnaires were distributed, but only 350 questionnaires were returned.

Table 1

Questionnaires	No of Questionnaires returned	Percentage (%)	Total No of Unreturned Questionnaires	Percentage (%)
371	350	92	29	8

Source: Field Survey (2017)

Table 2: Age of Respondents

Options	Response	Percentage (%)
Below 18 years	0	0
Above 18 years	350	100
Total	350	100

Source: Field Survey (2017)

Table 3: Period of joining cooperative society

Options	Response	Percentage (%)
Before 2000	200	57
2001-2005	80	23
2006-2010	70	20
2011-2015	0	0
Total	350	100

Source: Field Survey (2017)

Table 4: Has there been any form of embezzlement in your society?

Options	Response	Percentage (%)
Yes	150	43
No	200	57
Total	350	100

Source: Field Survey (2017)

Table 5: Do you think embezzlement/fraud can affect cooperative productivity?

Options	Response	Percentage (%)
Agree	200	57
Strongly Agree	120	34
Disagree	20	6
Strongly Disagree	10	3
Total	350	100

Source: Field Survey (2017)

Table 6: How many years do your committee members spend in office?

Options	Response	Percentage (%)
1 years per term	100	29
2 years per term	160	46
Many years	40	11
Permanent	50	14
Total	350	100

Source: Field Survey (2017)

Table 7: How many times can an officer of society be re-elected on the same position?

Options	Response	Percentage (%)
1 term only	50	14
2 terms only	200	57
Continuously	100	29
Total	350	100

Source: Field Survey (2017)

Table 8: Do you agree that officers occupying position for many years would affect proper service delivery to cooperative members?

Options	Response	Percentage (%)
Agree	180	51
Strongly Agree	80	23
Disagree	45	13
Strongly Disagree	45	13
Total	350	100

Source: Field Survey (2017)

Table 9: Do you think misappropriation can affect members satisfaction?

Options	Response	Percentage (%)
Agree	280	80
Strongly Agree	50	14
Disagree	10	03
Strongly Disagree	10	03
Total	350	100

Source: Field Survey (2017)

Table 10: Do you think fraud can lead to demise of cooperative society?

Options	Response	Percentage (%)
Yes	350	100
No	-	-
Total	350	100

Source: Field Survey (2017)

Table 11: What other reason can you adduce to death of cooperative societies?

Options	Response	Percentage (%)
Depleting of shareholders' funds	20	06
Mismanagement	70	20
Panicky Withdrawal	40	10
Over Investment	70	20
Illiteracy	10	03
Fraud	100	29
Business Failure	10	03
Loan Default	30	09
Total	350	100

Source: Field Survey (2017)

Table 12: Do you think the current cooperative Act and Regulations of 2004 are adequate for prevention of fraud and sit tight syndrome?

Options	Response	Percentage (%)
Yes	25	8
No	325	92
Total	350	100

Source: Field Survey (2017)

Table 13: Do you think the Ministry of Commerce and Cooperatives in charge of cooperative actives in Nigeria can reduce the menace of fraudulent practices and sit tight syndrome?

Options	Response	Percentage (%)
Agree	150	42
Strongly Agree	170	4
Disagree	20	06
Strongly Disagree	10	03
Total	350	100

Source: Field Survey (2017)

All the 350 respondents were above eighteen years, this shows that they are all adults and can transact business. Section 22 of the Nigeria Cooperative Act 2004 stipulates a minimum age of sixteen for a member of cooperative society.

Eighty percent of respondents (280 respondents) have being in their cooperative societies before 2005, this shows that they have transacted business with their society for more than twelve years.

Only 150 of the respondents which account 43% confirmed to any form of fraud or embezzlement taken place in their cooperative societies. This is in shape disagreement with Anitunde 2016 that many of the Moribond Societies in Kwara State were due to fraud.

Three hundred and twenty respondents accounting for 92% were in agreement that fraud or embezzlement can affect overall productivity of a given cooperative society while only negligible eight percent (30 respondents) were not in agreement.

The result from the enumerators shows that 100 members confirmed to their committee members spending just one term of one year only in office, while 46% (160 respondents) occupy the management position for a two year term. The remaining 25% were occupying the position for many years and into perceptivity. Although this is contrary to the Kwara State cooperative

Law and Regulation 2010 which stipulate that officers can only occupy position for maximum of two terms after which such officer is no eligible for re-contest on the same position. However 29% believes that re-election supposed to be continuous, this indicates that some members cooperative law or their bye-laws run contrary to the state cooperative law.

Two hundred and sixty respondents (74%) were of the opinion that occupying position would affect proffer service delivery to cooperative members, only 26% were not favourably disposed to the assertion. In the same vein all respondents believed that misappropriation would affect members' satisfaction in a negative form.

All respondents interviewed confirmed on how fraud can lead to the demise of a cooperative however. Responses from the catalogue of the enumeration showed that fraud, mismanagement and over-investment topping the list of factors causing the demise of cooperative societies to the turn of 70%, other lesser causes included pamvicky withdrawal, depleting of shareholders fund loan default, business failure and illiteracy respectively.

Majority of respondents believed that the Cooperative Act was not appropriate for prevention of fraud and sit tight syndrome. Section 35 of the Cooperative Act 2004.

More than 90% of respondents were of the opinion that the Ministry of Commerce and Cooperatives can reduce the menace of fraud and sit tight syndrome through their over sight functional.

Test of Hypotheses

H₁: Embezzlement of cooperatives

Options	Response	Percentage (%)
Agree	200	57
Strongly Agree	120	34
Disagree	20	6
Strongly Disagree	10	3
Total	350	100

Test statistics

Where; X^2 = Chi-Square
 O = Observed Frequency
 e = Expected Frequency
 = Summation

Level of significance is 0.05 (.5%)

Degree of freedom is

$$(r-1).(c-1)$$

$$(4-1).(2-1)$$

$$3.1 = 3$$

Critical value with 3 degree of freedom at 0.05 level of significance, form chi-square table 7.81.

Expected frequency $200 + 120 + 20 + 70$

Contingency Table

O	E	O-E	(O-E) ²	
200	87.5	112.5	12,535.25	144.642
120	87.5	32.5	1,056.28	12.071
20	87.5	-67.5	4,556.25	52.071
10	87.5	-77.5	6,006.25	68.64
				X²=276

Decision rule

Reject H₀ if the computed value of X² is greater than the critical value and accept H₁.

In this circumstance the computed X² is 276 and far greater than critical value which is 7.81 hence, we reject the H₀ and accept H₁ which states that embezzlement of cooperative funds affect cooperative entrepreneurship's productivity.

H₂: Continuous stay in office has no effect on cooperative membership satisfaction.

Using question 8, the table that states

Do you agree that officers occupying position for many years would affect proper service delivery to cooperative members?

Options	Response	Percentage (%)
Agree	180	51
Strongly Agree	80	23
Disagree	45	13
Strongly Disagree	45	13
Total	350	100

Contingency Table

O	E	O-E	(O-E) ²	
180	87.5	92.5	8,464	96.7
80	87.5	-7.5	56.25	.64
45	87.5	-42.5	1,806.25	20.6
45	87.5	-42.5	1,806.25	20.6
				X²=138.54

Decision rule

Reject H₀ if the computed value of X² is greater than the critical value and accept H₁.

In this circumstance the computed X² is 138.54 and far greater than critical value which is 7.81 hence, we reject the H₀ and accept H₁ which states that officers occupying position for many years would affect proper service delivery to cooperative members.

H₃: Misappropriation of cooperative funds has no effect on members satisfactions.

Using question 9, the table that states

Do you think misappropriation can affect members' satisfaction?

Options	Response	Percentage (%)
Agree	280	80
Strongly Agree	50	14
Disagree	10	03
Strongly Disagree	10	03
Total	350	100

Contingency Table

O	E	O-E	(O-E) ²	
280	87.5	192.5	37,056	423
50	87.5	-37.5	1,406	16
10	87.5	-77.5	6,006	68
10	87.5	-77.5	6,006	68
				X²=575

Decision rule

Reject H₀ if the computed value of X² is greater than the critical value and accept H₁.

In this circumstance the computed X² is 575 and far greater than critical value which is 7.81 hence, we reject the H₀ and accept H₁ which states that misappropriation can affect members' satisfaction.

H₄: Superintendent Ministry cannot reduce menace of fraudulent activities and sit tight syndrome.

Using question 13, the table that states

Do you think the Ministry of Commerce and Cooperatives in charge of

cooperative actives in Nigeria can reduce the menace of fraudulent practices and sit tight syndrome?

Options	Response	Percentage (%)
Agree	150	42
Strongly Agree	170	4
Disagree	20	06
Strongly Disagree	10	03
Total	350	100

Contingency Table

O	E	O-E	(O-E) ²	
150	87.5	62.5	3,906	44
170	87.5	82.5	6,806	77
20	87.5	-67.5	45.56	52
10	87.5	-77.5	6006	68
				X²=241.64

Decision rule

Reject H₀ if the computed value of X² is greater than the critical value and accept H₁.

In this circumstance the computed X² is 241.64 and far greater than critical value which is 7.81 hence, we reject the H₀ and accept H₁ which states that the Ministry of Commerce and Cooperatives in charge of cooperative actives in Nigeria can reduce the menace of fraudulent practices and sit tight syndrome.

SUMMARY CONCLUSION AND RECOMMENDATION

Summary of Findings

The study showed that all respondents were above the age of eighteen years; this is inconformity with the Nigeria cooperative act and regulation 2004 which stipulates sixteen years age limit as condition for membership.

More than 80 percent of people interviewed have being member of their societies at least twelve years ago which means that they must have been conversant

with their society's activities.

The study equally confirmed that more than 50% of their cooperative societies have not experience fraud or malpractice of any sort. This may be probably due to the fact that most of the moribund societies were not captured by this study, but respondents concurred that fraud has the capacity to affect productivity of cooperative organization.

In spite of the fact that cooperative members did not support over stay in cooperative positions the study shows that many society are still practicing sit tight syndrome

This study revealed that apart from fraud and sit- tight syndrome, mismanagement, over investment illiteracy as other reasons that can paralyse cooperative activities.

It was discovered that the cooperative act 2004 was not too robust to later for the issue of fraud and sit-tight syndrome as enunciated in section 35 of the Nigerian cooperative act.

In spite of the fact that the ministry

of commerce and cooperative that has the cabinet responsibility for supervision and auditing inspection regulation and arbitration activities it was discovered that the ministry was not doing its best to discharge those responsibilities effectively as it affect fraudulent practices and sit-tight syndrome because the cooperative act see dispute arisen from cooperative as business issue of civil procedure and not criminal case as the case may be.

The hypothesis tested revealed that embezzlement in cooperative organization has the propensity to affect cooperative productivity. The essence of any cooperative entrepreneurship is to promote economic interest of members out of which any traces of fraud can mar cooperative members.

The study carried out also indicated that sit-tight syndrome has significant effect on cooperative member's satisfaction.

Satisfaction can be in diverse ways such as financial and non-financial satisfaction but perpetration in office and the like.

The ministry of commerce and cooperative that is saddled with supervisory responsibility can checkmate the menace of fraud and sit-tight syndrome.

Conclusion

Based on this study, it can be concluded that fraudulent practices which can take many from is a canker worm that can destroy the fabric of any cooperative entrepreneurship if not checked or nip by the bud.

- Adequate record needs to be put in place in order to forestall falsification of account.
- The supervisory committee needs more power as scrutinizer that serves as check and balance to the management committee.
- No clear cut clarification in the Nigeria cooperative act, 2004 and

its attendant regulations pertaining to specific tenure of executive committee.

- The superintendent ministry that is saddled with the cabinet responsibility of cooperative matter has not been so sharp in the discharge of its responsibilities.
- Other factors that can cause problems in cooperative business include mismanagement over investment, inflation of purchase, diversion of loanable fund to term investment and member loan default.

Recommendation

This study recommends the following

- Education is very essential in business activities hence constant training of cooperative members and executive will aid productivity
- In the same vein, adequate records must be kept to check fraudulent practices.
- Constant monitoring of offices and records by the internal auditors of cooperative society will go a long way to reduce cooperative fraud.
- Sit-tight syndrome should be discouraged in all sense of modesty and specific tenure of two years term and maximum of two terms for a serving officer should be entrenched in the bye laws of cooperative.
- There is the need to amend the Nigeria cooperative act 2004 to accommodate the issue of fraud, punishment and treatment as a criminal offence.
- Superintendent ministry should make it compulsory assess the annual account and financial statement years and failure to submit same inform of annual

return should attract penalty stakeholders of cooperative entrepreneurship should be mindful of other vices like mismanagement, illiteracy, over investment, loan default that can hinder smooth operation of cooperative activities.

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CORPORATE GOVERNANCE AND GROWTH OF COOPERATIVE SOCIETIES IN IJEBU NORTH LOCAL GOVERNMENT AREA

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ABSTRACT

The study investigates the impact of corporate governance on the growth of cooperative societies in Nigeria using Ijebu North Local Government Area as the focus study. The study made use of a survey research design and a simple random sampling as the sampling technique. The data was obtained through the use of a questionnaire and analyzed using the simple percentage and correlation coefficient. The hypothesis was tested and the findings showed that a high positive relationship exist between corporate governance and organizational growth among the cooperative societies. The study concluded that the cooperative management board should ensure monitoring their strategy implementation; effectively inquiries into major performance deficiencies; address the interest of different stakeholders, as well as anticipates possible threats to company survival. The study therefore recommends that cooperative societies should develop a good, efficient and reliable internal control system that would curb and control fraudulent practices.

Keywords: Corporate Governance; Organizational Growth; Cooperative Societies; Governance; Management; Business Environment

1.0 Introduction

Recent financial scandals associated with accounting and other frauds have been allegedly blamed to top company managers of which cooperative societies may not be also exempted. Cooperative societies are managed in the best interests of shareholders and other firm stakeholders such as workers, creditors and the general. A point that has been made frequently is that top managers of cooperative societies may possess too much power inside their firm and that a general lack of accountability and control of their activities may be prevalent.

According to Omolade and Tony (2014), the concept of corporate governance attracts so much attention from scholars, corporate

watchers and stakeholders because it is concerned with the economic health of an organization, in general, and in this case cooperative societies in particular. Therefore, the concept of corporate governance has been viewed from various perspectives and different authors have come up with different definitions that reflect their various perspectives.

Corporate governance is majorly concerned with holding the balance between economic and social goals and between individual and communal goals. The corporate governance framework is there to encourage the efficient use of resources and equally to ensure accountability for stewardship of those resources. The aim is to align, as nearly as possible, the interest of individuals in the cooperative societies.

According to Imeokparia (2013), corporate governance is an important concept, which has attracted a fairly good deal of public

interest because of its great importance for the financial and economic health of corporations. More than ever, the subject of ethics has crept stealthily yet forcefully into the discussions of all aspects of human existence, such as, religion, corporate governance, marketing, university administration, and public service, advertising and banking (Adewunmi, 1998). Corporate governance is a very key aspect of management that one should not take with levity. It covers several area of management including accounting, particularly aimed at ensuring a near perfect organization control. However, the problems bedeviling the effective implementation of corporate governance among cooperative societies in Nigeria revolves around the fact that some managers are ignorant of the impact of corporate governance on growth in their organization. Those who faintly practice the concept have not done so at a significant level of transparency and have failed in meeting the expectation of stakeholders in the organization. Some organizations are not even aware of the impact of corporate governance in the cooperative societies and on the economy at large. Base on the problems, this study meticulously delve into this research work and the issues above would form part of the central point of this study.

The objective of the study is to investigate corporate governance among cooperative societies in Ijebu north Local Government Area of Ogun State. And in relation with this objective, this research study intends to answer the research question which is: what is the impact of corporate governance on organizational growth among cooperative societies? The research hypothesis was to be validated in line with the stated objective and research question stated above is:

H₀₁: There is no significant relationship between corporate governance and organizational growth among cooperative societies.

This study was conducted among selected cooperative societies in Ijebu North Local

Government Area, Ogun due to constraints of time. The study will helps to illuminate the impact of corporate governance on the overall performance and growth of cooperative societies in Nigeria. By extension, it would show the consequences of failing to pay attention to the control of management activities of an organization among the cooperative societies in this context. It hope of this study that its findings and recommendations would produce greater awareness on the implementation of corporate and that this research work would serve as a framework and reference point for other researchers, and would be a formidable handbook for managers. The study is arranged in four sections to include introduction, literature review, methodology, and discussion.

2.0 Literature Review

2.1.1 Concept and Definition of Corporate Governance

According to Ngwube (2013), the meaning of corporate governance both from a dictionary definitions as well as definitions by various authors are reviewed here. The Oxford English dictionary defines corporate governance as the system by which companies are directed and controlled. It deals largely with the relationship between the constituent parts of a company-the directors, the board (and its subcommittees) and the shareholders. Other writers like Cochran and Warwick (1988) define corporate governance as “an umbrella term that includes specific issues arising from interactions among senior management, shareholders, board of directors and other corporate stakeholders”. John Pound in his article “The promise of the Governed Corporation” states that at its core, corporate governance is not about power but about ensuring that decisions are made effectively”. It is about reconnecting two critical parts of the corporate governance equation shareholders and board members to the decision-making process. In another publication, Corporate Governance in Africa, corporate governance is defined as

“the set of mechanisms through which outside investors are protected from expropriation by insiders (including management, family interests and/or governments)”. Gregory Pritchard defines corporate governance as all about ensuring effectiveness and efficiency of operations; reliability of financial reporting; compliance with laws and regulations; and safeguarding of assets. Corporate governance refers to the private and public institutions, including laws, regulations and accepted business practices, which in market economy, govern the relationship between corporate managers and entrepreneurs (corporate insiders) on one hand, and those who invest resources in corporations, on the other (Oman, 2001). According to Changezi and Saeed (2013), the social and economic lives are developed and governed by the specific institutions of governance. Corporate governance is regarded as the key foundation of organizations to be more productive, governed and controlled. In addition, the level of collapse of institutions and failure of firms across the world has also emphasized the researchers to study the ways by which organizations are governed and controlled. Lee (2008) defined corporate governance as follows: "Corporate governance is the system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as the board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs.

2.1.2 Objectives of Corporate Governance

Good governance is integral to the very existence of a company. It inspires and strengthens investor's confidence by ensuring company's commitment to higher growth and profits. It seeks to achieve following objectives:

- A properly structured Board capable of taking independent and objective

decisions is in place at the helm of affairs

- The Board is balanced as regards the representation of adequate number of non-executive and independent directors who will take care of the interests and well-being of all the stakeholders
- The Board adopts transparent procedures and practices and arrives at decisions on the strength of adequate information
- The Board has an effective machinery to sub-serve the concerns of stakeholders
- The Board keeps the shareholders informed of relevant developments impacting the company
- The Board effectively and regularly monitors the functioning of the management team
- The Board remains in effective control of the affairs of the company at all times.

The overall endeavor of the Board should be to take the organization forward, maximize long-term values and shareholders' wealth.

2.1.3 Basic Principles of Corporate Governance

For a good and successful practice of corporate governance the world over, its basic and commonly accepted principles must be adhered to. These principles include:

- **Rights and Equitable Treatment of Shareholders:** This implies that there are certain fundamental rights of the shareholders which organizations must respect and strictly uphold. Shareholders should equally be allowed to exercise their rights without fear or favour. Organizations are duty bound to give clear interpretation of these rights for better understanding by the shareholders as well as ensuring shareholders' participation in the affairs of the corporation through general meetings.

- **Interest of Stakeholders:** Corporations are obliged to recognize, in their policies and other aspect of operations, their legitimate stakeholders as having legal and other obligations which should be fulfilled at all time.
- **Role and Responsibility of the Board of Directors:** As a matter of fact, board members should be constituted by people and expertise with the required knowledge. Put differently, technocrats of excellent skills and comprehensive understanding should form the board to be able to deal with various business issues in order to review and challenge management performance. The size of the board should be sufficient enough with appropriate level of commitment to fulfill its responsibilities and duties.
- **Integrity and Ethical Behaviour:** This is quite central to the practice of good governance. It involves ethical and responsible decisions making which is necessary in managing risk and avoiding lawsuits. Corporate organizations should evolve a clear cut code of conduct to guide the conduct of their directors and executives. This enhances their sense of duty and consciousness of the interest of all stakeholders.
- **Disclosure and Transparency:** Corporate governance requires high level of accountability; hence organizations should make concerted efforts to publicize the roles and responsibilities of board and management in order to make them accountable to the shareholders. Also, there should be set of procedures to ensure independent verification of the company's financial reporting to safeguard the integrity of the organization. All investors should equally have access to timely and balanced disclosure of materials and factual information

concerning the organization.

2.1.4 Corporate Governance Measures in Nigeria

According to Omolade and Tony (2014), over the years, Nigeria as a nation has suffered a lot of decadence in various aspect of her national life, especially during the prolonged period of military dictatorship under various heads. The political and business climate had become so fouled that most developed countries and any serious foreign investors would not want to do business with us. The new democratic government of President Obasanjo in 1999 inherited a pariah state, majorly because of the high level of corruption in the environment. Corporate governance institutions must put in place strong internal control mechanisms to provide checks and balance against the oversight responsibility of the boards. Almost all reported cases of corporate failures indicate some level failure on the part of directors to properly discharge their oversight functions and ensure that receive all relevant information and demonstrate good faith (Ahmed, 2007). The internalization of effective mechanisms in the running of organizations among cooperative societies would encourage accountability and transparency and also discourage concealment of financial statements. Such internal mechanisms would help establish the concept of insider whistles in form of honest staff of the companies to speak out on questionable practices without repercussions.

2.1.5 Organizational Growth

Organizational growth is, in fact, used as one indicator of effectiveness for small and large businesses and is a fundamental concern of many practicing managers. Ultimately, success and growth will be gauged by how well a firm does relative to the goals it has set for itself. HR is a key driver of organizational growth, Since it has to emerge as a strategic business partner helping the top management build an organization that is good not just for today, but for tomorrow and beyond. It is now working with the top management to

propel the organization forward. HR should be reviewed and we stopped looking at what is happening in other strategies and start looking at best HR practices in large corporate (Crosby, 1999).

Caplow (2009) points out that such growth can be particularly disorienting for employee and owner alike: "often the people involved may not realize that anything significant has occurred until they discover by experience that their familiar procedures no longer work and that their familiar routines have been bizarrely transformed. Business owners, then, face a dizzying array of organizational elements that have to be revised in accordance with changing realities. Maintaining effective methods of communications with and between employees and departments, for example, become ever more important as the firm grows. Similarly, good strategic planning practices have to be implemented and maintained. Establishing and improving standard practices is often a key element of organizational growth as well. Indeed, a large business that undergoes a significant burst of growth will find its operations transformed in any number of ways. And often, it will be the owner's advance planning and management skills that will determine whether that growth is sustained, or whether internal constraints rein in that growth prematurely.

The model of organizational growth is given by Peters and Waterman (1982) in their manuscript "In search of excellence". For the period of the last 20 years mutually explanation and maintain ability of growth have undergone dull changes (Hermel & Pujol, 2003). According to Hillman, (1994), growth is the process of evaluating an organization alongside a copy for nonstop maturity in sort to underline what has been achieved and what needs enlightening. Mutually big and petite, manufacture and service, and communal and personal companies have made pledge to value initiatives like total quality management (TQM) by making it essential for their growth (Oakland, 2004). Improving goods

value results in elevated profits for the reason that costs are decreased and efficiency and market share are enhanced (Ryan, Deane & Ellington, 2001; Gupta, 2004). The role of quality in moving organizational growth or presentation mainly inside the framework of petite businesses requires research awareness (Tatoglu and Zaim, 2006).

2.2 Theoretical Framework

2.2.1 Agency Theory

Chechet, Yancy and Akanet (2013), agency theory suggested that the independence of a non-executive director is a crucial quality that contributes to the effectiveness of audit committee monitoring function (Fama & Jensen, 1983). Some studies suggested that independent audit committees are less likely to be associated with financial statement fraud (Abbott, Parker, Peters & Raghunandan, 2003; Abbott, Parker & Peters, 2004) and more likely to be associated with lower earnings management (Bedard, Chtourou & Courteau, 2004; Davidson, Xie & Xu, 2004; Klein, 2002; Xie, Davidson & DaDalt, 2003) and a lower incidence of earning restatement (Agrawal & Chadha, 2005). This is because independent audit committee is able to provide unbiased assessment and judgment and able to monitor management effectively. Furthermore, Carcello and Neal (2000) suggested that the firms with a higher percentage of independent audit committees are less likely to receive a going-concern audit opinion from the auditors. Additionally, Carcello and Neal (2003) pointed out that independent audit committees are more effective in protecting auditors from dismissal following the going-concern audit report issuance. Abbott and Parker (2000) and Chen, Moroney, & Houghton, (2005), suggested that having a higher proportion of independent non-executive directors in audit committees increases the tendency to assign industry-specialist auditors. In summary, all of these studies suggested that independent audit committees are associated with lower earnings management because they can be regarded as effective monitors

3.0 Methodology

The study employed a survey research design. The survey design is used for the purpose of collecting data from respondents that enable the researcher test hypothesis or answer researcher through the various stages of the research. The population of this research work covers the entire population in Ijebu North Local Government Area, Ogun State of all area. The researcher intends to use the primary data for this research work. The population of this study is the top management board employees of cooperative societies in Ijebu North Local Government Area, Ogun State. The sample size consists of two hundred and sixty (260) working employee of cooperative societies. The sampling procedure to be used for the study is the simple sampling technique. The

questionnaire is the major instrument for gathering the requisite data needed for the study. It would be complemented with the use of informal interview. The questionnaire would be divided into two sections. Section A comprises the personal details of the respondents, while section B is made up of the research questions. Likert Scale would be used when designing section B of the questionnaire. The instrument would be validated by the researcher's supervisor through face and content validation. The instrument was reliable at a chombach of 0.81 using a test-retest method. After collecting and sorting appropriately completed questionnaires, the collected data would be analyzed using frequency count and simple percentage for each reason advanced by respondents. The descriptive statistics of the data is shown below

Area	Ijebu Ode	Ago-Iwoye	Oru	Ijebu Igbo
	50.0%	21.0%	5.0%	24%
Gender	<i>Male</i>	<i>Female</i>		
	59.0%	41.0%		
Education	<i>WAEC/SSCE</i>	<i>OND</i>	<i>BSC/HND</i>	<i>MSC/MBA</i>
	12.0.0%	43.0%	32.0%	13.0%
Age of Respondents	<i>20-29 years</i>	<i>30-39 years</i>	<i>40-49 years</i>	<i>50 years & Above</i>
	33.0%	22.0%	42.0%	3.0%
Marital Status	<i>Single</i>	<i>Married</i>		
	54.0%	46.0%		

Source: Researcher's Field Survey, 2018

3.1 Hypothesis Testing

H_{01} : There is no significant relationship between corporate governance and organizational growth among cooperative societies.

Table 3.1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.770 ^a	.592	.354	.42588

a. Predictors: (Constant), Corporate Governance.

Table 3.2: Anova^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	4.059	2	2.340	6.609	.001 ^b
	Residual	26.552	57	.239		
	Total	30.611	59			

a. Dependent Variable: Organizational Growth.

b. Predictors: (Constant), Corporate Governance.

Source: Researcher's Field Survey, 2018

Table 3.3: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.685	.488		5.499	.000
	Corporate Governance	-.224	.076	-.320	-2.973	.004
		.077	.073	.113	1.046	.298

a. Dependent Variable: Organizational Growth.

Source: Researcher's Field Survey, 2018

Regression analysis was used to examine the relationship between corporate governance and organizational growth among the cooperative societies in Nigeria. Preliminary analyses were conducted to ensure no violation of the assumptions of normality, linearity, multi-co linearity and homoscedasticity. After entry of the Operational capability and innovation success, the total variance explained by the model as a whole was 59.0%, $f=6.609$, $p<.05$.

Having analyzed the data, this study fails to accept the null hypothesis H_0 which states that there is no significant relationship between corporate governance and organizational growth among the cooperative societies in Nigeria. The study fails to accept the null hypothesis since there is significant relationship between corporate governance and organizational growth among the cooperative societies in Nigeria as seen from the table above.

Findings from the above shows that a positive relationship exist between corporate governance and organizational growth among the cooperative societies in Nigeria, however the relationship was significant which means greater emphasis on effective corporate governance may lead to organizational growth among the cooperative societies in Nigeria.

4.0 Discussion and Implications for management

The study shows that the management board should ensure monitoring strategy implementation, effectively inquiries into major performance deficiencies, interest of different stakeholders, as well as anticipates possible threats to company survival. The study concluded that policies and procedures are periodically reviewed by the board to

ensure that appropriate internal controls have been established, and that there is a monitoring system in the organization to determine compliance with internal controls. Furthermore, the study concluded that the board receives sufficient information about the organization's internal risk assessment process, reviews the qualifications and the independence of the organization's internal auditors, while the organization's internal auditors periodically assess the adequacy of the organization's internal control systems. The management has the requisite skill to run the organization, and decisions made by the organization have always improved the performance of the organization. Strategic policies of the organization are frequently reviewed in line with the dynamics of the business environment, while the plans of the organization as regards strategic objectives have always been achieved. Findings of the study showed that management ensures that services meet the prescribed standard always, forbids bribe taking and giving, cases of corruption are vigorously prosecuted by management.

The following specific recommendations are deemed appropriate. First and foremost organizations or cooperative societies should develop a good, efficient and reliable internal control system that would curb and control fraudulent practices. Also, in order to curb and control fraud when suspected and detected, the organizations should engage in the following like; Sacking of employees involved, installation of computer devices to carry out most of the organizations operation and most importantly invite the external auditors to investigate the internal control system and books of account of the organizations and preferably change the internal auditors or even the management. Furthermore, since good corporate

governance structure encourages the creation of values, the board of directors should provide accountability and control systems commensurate with the risks involved. Moreover, it is also necessary for all shareholders to have equal access to information. According to the understanding of the importance of the existence of effective corporate governance mechanism in monitoring organizations values, much progress and actions have to take place in Nigeria organizations especially in enhancing the protection of organizations' shareholders and stakeholders' interests. Lastly, the adoption of manager remuneration mechanisms would induce closer alignment with the shareholders' interests is recommended.

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CONTRIBUTIONS OF NATIONAL DIRECTORATE OF EMPLOYMENT IN CREATING EMPLOYMENT IN OJI RIVER FOR YOUTHS IN ENUGU STATE, NIGERIA.

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ABSTRACT

The purpose of this study was to investigate the contribution of the National Directorate of Employment in Creating Employment and Wealth for Youths in Enugu State. Emphasis was placed on the role of government agencies like the National Directorate of Employment and related policies in curbing the menace of unemployment in the economy other objectives include to; assess the extent of awareness of the existence and mandate of National Directorate of Employment by youths in Enugu State; identify the contributions of National Directorate of Employment in creation of employment and wealth for the youths in Enugu State and examine the extent to which the contributions of National Directorate of Employment have led to employment and wealth creation for youth in Enugu State. Secondary and primary data were used for this study. The primary data were questionnaires administered and oral interview conducted on the target population. The data collected were tabulated and analyzed using chi-square statistical tools. The findings of this research show that, the activities of National Directorate of Employment contribute to the reduction of unemployment rate in the economy, Government agencies and policies in Nigeria provide a reasonable solution, to an extent in tackling the unemployment problem, The existence of NDE in no mean measure, boast employment and wealth creation among the youths in Enugu State. There should be re-appraisal of the government aid to the programme of small-scale enterprises. Government should also ensure a continued maintenance of those agencies it has created to aid the small business enterprises in reducing unemployment and boasting employment through its established agencies. The researcher concluded that; government should intensify its effort in its policy making as it affects the generation of employment.

INTRODUCTION

Background Of The Study

Employment and wealth creation has been viewed as a key mechanism for economic growth as well as poverty reduction both directly and indirectly by providing, incomes while also stimulating demand at both the macro and micro levels (Baridam, 2012). According to Ayozie and Asolo (2011), there is a strong empirical evidence that employment and wealth creation generally increases incomes and reduces poverty in low-income countries at both micro and

macro levels. The relationship between unemployment and poverty is very complex in Nigeria. While the unemployment rate has remained very high due to the rising rate of poverty, the poverty rate has equally remained high due to the high level of unemployment.

The Nigeria Economic Report released by the World Bank in 2011 stated that unemployment rate worsened from “12% of the working population in 2006 to 24% in 2011”. Available records clearly show that in the last two decades of the independence of

Nigeria as a sovereign nation (1960s and 1970s), unemployment and its attendant consequence: poverty, were not of national concern as they are today.

The origin of youth unemployment in Nigeria can be traced back to the oil boom era of 1970s. During this period, Nigerian government and individuals abandoned skills acquisition and utilization through diversified entrepreneurship practices that have the capability to boost both individual and the country's economic ego. Emphasis shifted from entrepreneurial practices to paper qualification which has resulted in increased unemployment in the country. To tackle poverty therefore the menace of unemployment must be checked through a very effective employment policy. According to Okafor (2010), youth unemployment in any country is an indication of far more complex problems. More than half of the Nigerian population is under the age of 30 (Essien, 2010). Hence, it can be asserted that the economy of Nigeria is a youth economy (Okey, 2015).

The Nigerian government, in response to the clarion calls has continued to strive to contain the contagious effect of youth unemployment by providing youth development and empowerment programmes, to develop and empower the Nigerian youths to enable them contribute to the development of the nation and take over the leadership of the country. However, the results have remained terribly unimpressive. Despite the various efforts of government, stakeholders and economic players, by establishing a number of programmes such as the National Directorate of Employment (NDE), the National open Apprenticeship Scheme (NOAS), the National Poverty Eradication Programme (NAPEP), the Better Life, Family Support and the Family Economic Advancement Programme (FEAP) during the life span of various administrations to address the hurdles of poverty and unemployment. According to Olufela (2010), millions of Nigerian youths who graduated from the Universities,

Polytechnics and other tertiary institutions cannot find jobs and appropriate avenues to positively utilize their youthful energies, let alone the unskilled, uneducated youths in the rural areas, which are at the height of their physical and mental powers. Naturally, this segment should form the productive foundation of the nation, but in Nigeria they roam the streets in search of livelihood and employment opportunities.

Consequently, in frantic efforts to seek a way out of the problem the Federal Government constituted a committee in 1986 to consider appropriate strategies for dealing with mass unemployment problem in the country under the Ministry of Employment Labour and Productivity and the work of the committee, among others gave birth to the National Directorate of Employment (NDE). It is against the foregoing that this study is carried out to investigate the contributions of the National Directorate of Employment (NDE) in creating employment and wealth for youths in Enugu state.

Statement Of The Problem

Unemployment is one of the development problems that face every developing economy in the 21st century like Nigeria. International statistics shows that industrial and service workers living in developing region accounts for about two third of the unemployed population. National Directorate of Employment (NDE) and other governmental agencies in Nigeria are expected to play vital role towards the reduction of unemployment rate, among the roles include:

1. Reducing unemployment among the teeming unemployed graduates
2. Wealth creation
3. Promoting the development and establishment of Small Scale Business to boast employment generation.
4. Supporting the activities of the agencies established by the government for employment generation like the National directorate of employment.

In the bid to achieve these social objectives,

National Directorate of Employment (NDE) has their fair share of hindrance and problems.

These problems are either internal or external. The internal problems are hinged on the incompetence and inadequacies of those at the helm of affairs; poor policy implementation with corrupt attitudes and practices among the practitioners while external problems are mainly based on environmental factors. Moreover, other problems include managerial problems, poor organizational skills, absence of proper control mechanisms, poor functional management and lack of good planning.

In view of the above mentioned and identified weaknesses, there is a need to research into the contributing factors that have led to the inefficiencies and ineffectiveness of these policies, and implementation, which by extension have not allowed efficiency to thrive in National Directorate of Employment (NDE).

Objectives Of The Study

The general aim of this study is to investigate the contributions of National Directorate of Employment (NDE) in creating employment and wealth for youths in Enugu State.

However, the specific objectives are to:

1. Assess the extent of awareness of the existence and mandate of National Directorate of Employment by youths in Enugu State.
2. Identify the contributions of National Directorate of Employment in creation of employment and wealth for the youths in Enugu State.
3. Examine the extent to which the contributions of National Directorate of Employment have led to employment and wealth creation for youth in Enugu State.
4. Suggest alternative strategies that will improve the activities of National Directorate of Employment in employment and wealth creation for youths in Enugu State.

Research Questions

Based on the stated objectives, the following

research questions were formulated to guide the study

1. Are the youths aware of the existence of and mandate of National Directorate of Employment in Enugu State?
2. What are the contributions of National Directorate of Employment in creation of employment and wealth for the youths in Enugu State?
3. What extent are the contributions of National Directorate of Employment have led to employment and wealth creation for youth in Enugu State?
4. What are the alternative strategies that will improve the activities of National Directorate of Employment in employment and wealth creation for youths in Enugu State?

Research Hypotheses

Based on the objectives of the study, the following hypotheses will guide this study:

H₁: There is high level of awareness of the existence and mandate of National Directorate of Employment among Youths in Enugu State.

H₀: There is low level of awareness of the existence and mandate of National Directorate of Employment among Youths in Enugu State.

H₂: The contributions of the National Directorate of Employment do create employment and wealth for the youths in Enugu State.

H₀: The contributions of the National Directorate of Employment do not create employment and wealth for the youths in Enugu State.

Significance Of The Study

The significance of the study cannot be overemphasized. This research work will be an invaluable source of literature for researchers, students, marketing practitioners, management professionals, companies and other individuals intending to study.

Findings from this research will help researchers suggest alternative strategies that can aid in eradicating unemployment in

Enugu State.

Scope Of The Study

The scope of the study is concentrated on contributions of National Directorate of Employment in creating employment and wealth for youths in Enugu State.

CONCEPT OF UNEMPLOYMENT

Unemployment is a situation in which some people who are qualified, ready, willing and able to work do not find work to do. It is also a situation where some people who fall within the ages of the working population, capable and willing to work are unable to secure befitting jobs to do. Since unemployment constitutes one of the problems facing many nations, especially the developing nations like Nigeria, governments tend to focus much attention on programmes and methods of combating it (Uwazie, 2010).

The Federal Government of Nigeria (FGN) launched the NDE programme in 1986 as a bold strategy for dealing with mass unemployment. The programme has four core components including: National Youth Employment and Vocational Skills Development Programme, Small Scale Industries and Graduate Employment Programme, Agricultural Sector Employment Programme and Special Public Works Programme. These were created to take care of the majority of Nigerian Youths who have no productive and marketable skills. Since Nigeria is supposedly an agrarian based economy, the agricultural sector employment programme of NDE is designed for graduates of agricultural discipline who are interested in self-employment in agriculture. The programme is executed in collaboration with state governments.

Youth unemployment challenge is a universal societal malaise, which has periodically drawn the attention of governments and non-governmental organizations across the globe. This is because joblessness among this critical group, a large portion of who are educated,

trained and has potentials for the labour market, represents a waste of human resources. They are also a source of explosive uprising capable of destabilizing society. Every nation and multilateral institutions has a Youth Policy as well as a Youth Action Plan For instance, the Nigerian National Youth Policy, African Youth Charter, Commonwealth Youth Charter, United Nations World Programme of Action for Youth, etc. It can be recalled that President Obasanjo in 2006 established the Ministry for Youth Development. Generally, the youth described as the greatest asset in any nation are the greatest investment for a country's development (National Youth Policy of Nigeria, 2001).

Empowering the youths has always been used as a propaganda during political campaigns, yet, no action has been put in place to mainstream the youths into all sectors of the economy. The societal cost of a large army of unemployed people, particularly young entrants into the labour market is unsettling. While mass demonstrations are not unusual in Nigeria, perhaps a much more threatening response has been the resort to all forms of deviant and fraudulent behaviour, armed robbery and threats to lives and properties regularly witnessed across the country. Since youth unemployment is very severe in Nigeria, causing a huge challenge to national development, all available resources must be effectively mobilized to solve the problem.

Concept Of Employment

Employment has always been regarded as one of the important social issues. The fundamental reason that makes it so important is that it does not only affect the economic development of society, but also the stability of the society. Employment determines how a society is like, how it is going to develop. It also affects how individuals define themselves. Imagine if enormous numbers of people are jobless, the consequences must be drastically catastrophic.

Although this might sound like “groundless” fear, it might eventually become reality if we do not address it in time. As a matter of fact, most of the countries are suffering from the slower-than-projected economic recovery and rise in unemployment. With reference to the Global Employment Trends 2014 prepared by the International Labour Organization (ILO), there are about 202 million people who were unemployed in 2013 around the world after the 2008 global financial crisis. Among the unemployed, about 73 million young people were unemployed. To prevent the “groundless” fear becoming the reality, as delegates from global community, we must find a viable strategy to strengthen the global economy and alleviate the problem.

Employment is a relationship between two parties, usually based on a contract where work is paid for, where one party, which may be a corporation, for profit, not-for-profit organization, co-operative or other entity is the employer and the other is the employee. Employees work in return for payment, which may be in the form of an hourly wage, by piecework or an annual salary, depending on the type of work an employee does or which sector she or he is working in. Employees in some fields or sectors may receive gratuities, bonus payment or stock options. In some types of employment, employees may receive benefits in addition to payment. Benefits can include health insurance, housing, disability insurance or use of a gym. Employment is typically governed by employment laws, regulations or legal contracts.

The National Directorate Of Employment (NDE)

The National Directorate of Employment is one of the Federal Government's effort towards encouraging the survival and development of small-scale businesses. The programme is especially charged with provision of skills and loans to enable young graduates establish their own businesses. The programme sparked off the highest

number of small-scale businesses throughout the country. Under the programme, the small business owners enjoy low taxes, free technical advice and other support services provided by the Federal Government to enhance employment generation. (Okenwa, 2011).

According to Adebisi and Oni (2012), the philosophy of the NDE is self enterprise, which emphasizes self-employment and self-reliance in preference to wage employment. This philosophy is pursued through policy planning and well articulated programmes of Rural Employment Promotion (REP), Vocational Skills Development Programme (USD), Special Public Work Programme (SPWP), and Small Scale Enterprise Programme (SSE). These programmes are set up across the nation in an effort to alleviate unemployment problems in the nation. The NDE does not leave the disabled out of its programmes. The disabled work scheme is designed to enable the disabled acquire skills, produce marketable products that will keep them gainfully employed.

Categories of NDE Intervention Programmes

The four major vehicles of the NDE programme are (a) National Youth Employment and Vocational Skills Development Programme (b) Small Scale Industries and Graduate Employment Programme, (c) Agricultural Sector Employment Programme and (d) Special Public Works Programme.

a) National Youth Employment and Vocational Skills Development Programme. This programme takes care of the majority of Nigerian Youths who have no productive and marketable skills. The programme is run through the national open apprenticeship scheme, waste to wealth scheme, schools on wheels scheme and disabled work scheme. Under the programme the participants are required to register with the Federal Ministry of Employment, Labour and Productivity's local labour exchanges before being accepted as trainees when they have

completed their period of apprenticeship thereby acquiring the necessary skills, they become potential candidates for employer's consideration and absorption. Alternatively, those who can go into self-employment are encouraged to do so.

b) Small Scale Industries and Graduate Employment Programme

The SSIGEP is designed by NDE to assist the unemployed people set-up their own businesses. This is done after it has conducted courses in entrepreneurship and its job creation loan scheme. The participant is required to submit a feasibility study of the intended venture, which is studied by a bank. The loan for the venture where given by a bank is collateralized by the applicants' degree certificates and guaranteed by NDE. Such loan is repayable within a period of 5years at an interest rate determined by the Central Bank of Nigeria. The NDE is disposed to such small businesses as candle making, soap and detergent making, restaurants, agricultural production. Refuse collection, printing and publishing, fashion designing, textiles and garment making, among others.

c) Agricultural Sector Employment Programme

This programme is designed to provide self-employment in the agricultural sector. The ASEP is run in collaboration with state governments who provide the land. Applicants registered for this programme is allocated 5 hectares of cleared farmland to take off and with an agreed amount of loan. This is an important component of the NDE programme. According to Olayinka (2014), NDE says it will establish one agricultural park each in the Northern and Southern parts of the country to generate employment in the agricultural sector. According to NDE, it has empowered a total of number of 177,168 participants in the last two years. The timeframe, which covers the entire 2013 up to September, 2014 shows that 48,558 persons benefitted from the training in vocational skills development while public works and community/technical skills

development attracted 460 persons 2,900 benefitted from the agricultural skills and rural development, and 26102 benefitted from the entrepreneurial/business skill development, graduate transient job creation attracted 6,880 persons while 271 enrolled for the enterprises created by graduates and artisans. 14800 participants took part in its micro enterprises enhancement scheme while women and vulnerable empowerment scheme attracted 1105 and employment counselling and job linkages recorded 76,092 participants. In furtherance of its efforts towards tackling unemployment, addressing issues of poverty and vulnerability and promoting inclusive finance at the grassroots levels the NDE has a new Scheme called Special Micro Empowerment Scheme (SMES) which is aimed at promoting social inclusion and job creation. Basically, the new scheme seeks to assist the poor and vulnerable persons (petty traders, artisans, women, widows, orphans, internally displaced persons, physically challenged persons, etc.) and establish/manage or boost their own micro enterprises. The micro enterprises being promoted includes: shoemaking, vegetable oil extraction, water/beverage sales, potatoes/plantain frying, among others. The NDE lists low funding level as a major stumbling block as it affects the capacity building for personnel, curtail programme expansion for full capacity utilization, restrain capacity building for skills acquisition training centres through facility upgrading to meet international standards.

d) Special Public Works Programme
This programme seeks to give temporary employment to a pool of the unemployed in maintaining public work. The state governments in collaboration with the NDE identify projects to which participants are deployed. These include: construction and maintenance of roads, buildings and other infrastructure, tree planting, environmental sanitation, land clearing and other farm support services.

GOVERNMENT POLICIES TO CREATE EMPLOYMENT AND WEALTH

A national employment policy and action plan was launched by the government to deal with youth unemployment in the country. The plan is to ensure employment creation in the programmes of all ministries, departments and agencies. The government's policy on employment is to create and promote productive employment opportunities in all sectors of the economy, with the goal of enabling all persons who are available and willing to work, secure a sustainable livelihood through full productive and freely chosen employment. Government policies to reduce unemployment must be based upon the types and causes of unemployment that are prevalent. General policies such as cuts in direct taxes should be effective across any kind of unemployment, as it increases the appeal of any job to any potential employee.

Real wage unemployment: This is unemployment as a result of a kind of market failure, a failure of the labour market to respond to changes in demand. If demand for work rises, it is logical that they will demand greater real wages similarly, if demand falls workers should expect to suffer lower real wages for the same work. Real wage unemployment is usually caused by a combination of strong trade unions giving employee greater power over deciding wage conditions with the threat of industrial action (strikes etc) with strong unions, firms will not be able to reduce wages when demand is low, leading to bankruptcy (unemployment) or layoffs of workers (unemployment).

Wage stickiness: Employees on long term contracts will have a fixed wage over a long period of time. If a downturn in demand occurs, wages cannot fall immediately in response they are sticky.

Minimum wage: This is a characteristic of most modern economies, guaranteeing every worker a minimum standard of living. This is undoubtedly wonderful, if the minimum wage is set too high, the labour market will be

inflexible.

Government policies to tackle this form of unemployment are invariably unpopular for workers as their wage levels are threatened to the benefit of firms and businesses. However, it is highly appreciated that, for example, every strong trade union reform (reducing their powers); increasing firms' ability to change wages and encouraging shorter term contracts and ensuring that the minimum wage level does not adversely affect the economy.

Cyclical Unemployment: Over the economic cycle demand changes and regardless of how flexible wages are, unemployment will rise or fall. There are clear links between the rate of economic growth and the level of unemployment. It is clear that in a depression, unemployment will rise, as demand for goods and services falls. This could result in a negative multiplier effect, without government intervention. Policies to reduce this type of unemployment include:

Increase government spending: this includes reduction in taxes. Increased government expenditure or money supply will cause an outward shift in AD and may create a multiplier effect. However, targeted policies to increase the quality of infrastructure or levels of investment will be more effective. Also reductions in direct taxes will encourage more people into work, and also increase the level of disposable income, hopefully leading to a positive multiplier effect.

Reduction of interest rate: Remember that a fall in interest rates can also stimulate AD. A fall in interest rate encourages consumption and investment. Reflecting Aggregate Demand by using macro-economic policies to increase the level of aggregate demand. It might also encourage foreign investment into the economy from foreign multinational companies. In the diagram above we see an increase aggregate demand leading to an expansion of aggregate supply. Because of the increase in demand for output, the demand for labour at each

wage rate will grow leading to an increase in total employment.

The Contributions Of National Directorate Of Employment (Nde) In Creating Employment And Wealth For Youths In Enugu State

The National Directorate of Employment was set up by the Federal government in November 1986, to work out strategies for dealing with the mass unemployment in the country especially among school leavers, University and polytechnic and college graduates. It has articulated a number of programmes to give effect to government objectives of generating employment such as:

- i. Small scale industries and graduate employment program.
- ii. National youth employment and vocational skill development programme
- iii. Special public work
- iv. Agricultural programme

The main objective of the NDE's programme is to assist applicants in setting up their own businesses in agriculture, small scale industries etc and also to enable them employ additional hand in their establishments, thus helping to reduce the level of unemployment.

Mission and Vision of NDE

The NDE charter is to ensure that NDE is committed to employment generation, poverty reduction wealth creation and altitudinal chance to enhance Nigerian Youths to be self-employed and contribute to the economic growth and development of the Nation its mission and vision be as follows.

Mission

- (i) To design and implement programmes to combat mass unemployment.
- (ii) To articulate policies aimed at developing work programmes with labour intensive potentials.
- (iii) To obtain and maintain a data bank on unemployment and vacancies in the country with view to acting as a clearing house to link job seeker with vacancies in collaboration with other government agencies, and to implement any other

(iv) policies as may be laid down from time to time by the board established under sections of its enabling act.

Vision

Jobs for all. To create pool of artisans and entrepreneurs among the unemployed through skill acquisition of youths who will promote economic development of the nation.

NDE Customers

- (i) School leavers
- (ii) School drop outs
- (iii) Youths with little or no education
- (iv) Artisans
- (v) Graduates of tertiary institutions
- (vi) Retired public/private workers
- (vii) Women Group/cooperatives

Service Delivery

The NDE customers would be well equipped with marketable skills that would enable them to be self employed (i.e.) to establish their own business or get wage employment if need be. This will involve:

- i. Recruitment
- ii. Selection
- iii. Posting/attachment
- iv. Counseling
- v. Training
- vi. Assistance to prepare feasibility studies
- vii. Graduation
- viii. Linkage to financial institutions

Recommended Policy Measures To Leverage On Entrepreneurship And Means For Wealth And Job Creation

1. Create an enabling environment for innovation and entrepreneurship. The very nature of innovation means that entrepreneurs will either take advantage of existing gaps or forge into new territories. Either way, creating an enabling environment that lowers the barriers to market entry will certainly spur entrepreneurship. To achieve this objective, entrepreneurship should be integrated into the country's economic development efforts by: Making entrepreneurship part of the explicit mission of the country's economic development efforts;

Creating support mechanisms for

entrepreneurs through the establishment of economic development programs that target entrepreneurs, and using entrepreneurial capital, and research networks to deliver services for entrepreneurs is paramount. By integrating entrepreneurship into the country's development efforts, government lends credibility and draws attention to the role of entrepreneurs allowing them to gather the momentum required to enable them actively participate in the transformation of the economy.

2. Offer incentives that foster entrepreneurship. Numerous examples indicate that access to reliable and steady sources of funding is essential to entrepreneurial growth and sustainability. By establishing a framework that encourages the funding of new ventures, government can help ensure that solutions that work will sustain and grow their impact. To achieve this objective, government needs not only to invest in diverse sources of risk capital to fund entrepreneurs, but also to provide the fiscal incentives for investors to provide funding by: Developing a rich base of early-stage capital options to fund entrepreneurs; supporting and incentivizing angel investors; ensuring that risk capital is available to the wider society to broaden and enhance entrepreneurial capacity.

3. Take successful approaches to scale. Expanding the reach of a proven solution is often critical if the solution is to become truly transformative. Given the difficulties with recognizing, supporting the dissemination, or funding to scale, of successful initiatives, government can play a crucial role in expanding the reach of solutions that work by ensuring that knowledge is produced with clear standards and with easily accessible data, building entrepreneurial readiness through offering entrepreneurship education in the curriculum and supporting faculty entrepreneurship in the higher education system.

4. Narrow the information asymmetry between SMEs and financial institutions: Access to up to date and reliable information

is a key precursor to lending. Developing the information disclosure regime by adopting clear and simple accounting standards and establishing credit bureaus would go a long way to encouraging lending to SMEs.

THEORETICAL FRAMEWORK

Keynesian Theory Of Employment

As per Keynes theory of employment, effective demand signifies the money spent on the consumption of goods and services and on investment.

The total expenditure is equal to the national income, which is equivalent to the national output.

Therefore, effective demand is equal to total expenditure as well as national income and national output.

The theory of Keynes was against the belief of classical economists that the market forces in capitalist economy adjust themselves to attain equilibrium. He has criticized classical theory of employment in his book. *General Theory of Employment, Interest and Money*. Keynes not only criticized classical economists, but also advocated his own theory of employment.

His theory was followed by several modern economists. Keynes book was published post-Great Depression period. The Great Depression had proved that market forces cannot attain equilibrium themselves; they need an external support for achieving it. This became a major reason for accepting the Keynes view of employment.

The Keynes theory of employment was based on the view of the short run. In the short run, he assumed that the factors of production, such as capital goods, supply of labor, technology, and efficiency of labor, remain unchanged while determining the level of employment. Therefore, according to Keynes, level of employment is dependent on national income and output.

In addition, Keynes advocated that if there is an increase in national income, there would be an increase in level of employment and vice versa. Therefore, Keynes theory of employment is also known as theory of

employment determination and theory of income determination.

Principles Of Effective Demand

The main point related to starting point of Keynes theory of employment is the principle of effective demand. Keynes propounded that the level of employment in the short run is dependent on the aggregate effective demand of products and services.

According to him, an increase in the aggregate effective demand would increase the level of employment and vice-versa. Total employment of a country can be determined with the help of total demand of the country. A decline in total effective demand would lead to unemployment.

As per Keynes theory of employment, effective demand signifies the money spent on the consumption of goods and services and on investment. The total expenditure is equal to the national income, which is equivalent to the national output. Therefore, effective demand is equal to total expenditure as well as national income and national output.

The effective demand can be expressed as follows:

Effective demand = National Income = National Output

Therefore effective demand affects employment level of a country, national income, and national output. It declines due to the mismatch of income and consumption and this decline lead to unemployment.

With the increase in the national income the consumption rate also increases, but the increase in consumption rate is relatively low as compared to the increase in national income. Low consumption rate leads to a decline in effective demand.

Therefore, the gap between the income and consumption rate should be reduced by increasing the number of investment opportunities. Consequently, effective demand also increases, which further helps in reducing unemployment and bringing full employment condition.

Moreover, effective demand refers to the

total expenditure of an economy at a particular employment level. The total equal to the total supply price of economy (cost of production of products and services) at a certain level of employment. Therefore, effective demand refers to the demand of consumption and investment of an economy.

Determination of Effective Demand:

Keynes has used two key terms, namely, aggregate demand price and aggregate supply price, for determining effective demand. Aggregate demand price and aggregate supply price together contribute to determine effective demand, which further helps in estimating the level of employment of an economy at a particular period of time.

In an economy, the employment level depends on the number of workers that are employed, so that maximum profit can be drawn. Therefore, the employment level of an economy is dependent on the decisions of organizations related to hiring of employee and placing them.

The level of employment can be determined with the help of aggregate supply price and aggregate demand price. Let us study these two concepts in detail.

Aggregate Supply Price:

Aggregate supply price refers to the total amount of money that all organizations in an economy should receive from the sale of output produced by employing a specific number of workers. In simpler words, aggregate supply price is the cost of production of products and services at a particular level of employment.

It is the total amount of money paid by organizations to the different factors of production involved in the production of output. Therefore, organizations would not employ the factors of production until they can recover the cost of production incurred for employing them.

A certain minimum amount of price is required for inducing employers to offer a specific amount of employment. According to Dillard, "This minimum price or proceeds, which will just induce employment on a

given scale, is called the aggregate supply price of that amount of employment.”

If an organization does not get an adequate price so that cost of production is covered, then it employs less number of workers. Therefore the aggregate supply price varies according to different number of workers employed. So, aggregate supply price schedule Id Tut can be prepared as per the total number of workers employed.

Aggregate supply price schedule is a schedule of minimum price required to induce the different quantities of employment. Thus, higher the price required to induce the different quantities of employment, greater the level of employment would be. Therefore, the slope of the aggregate supply curve is upward to the right.

Aggregate Demand Price:

Aggregate demand price is different from demand for products of individual organizations and industries. The demand for individual organizations or industries refers to a schedule of quantity purchased at different levels of price of a single product.

On the hand, aggregate demand price is the total amount of money that an organization expects to receive from the sale of output produced by a specific number of workers. In other words, the aggregate demand price signifies the expected sale receipts received by the organization by employing a specific number of workers.

Aggregate demand price schedule refers to the schedule of expected earnings by selling the product at different level of employment. Mo higher the level of employment, greater the level of output would be.

Consequently, the increase in the employment level would increase the aggregate demand price. Thus, the slope of aggregate demand curve would be upward to the right. However, the individual demand curve slopes downward.

The basic difference between the aggregate supply price and aggregate demand price should be analyzed carefully as both of them

seem to be same. In aggregate supply price, organizations should receive money from the sale of output produced by employing a specific number of workers.

However, in aggregate demand price, organizations expect to receive from the sale of output produced by a specific number of workers. Therefore, in aggregate supply price, the amount of money is the necessary amount that should be received by the organization, while in aggregate demand price the amount of money may or may not be received.

Determination of Equilibrium Level of Employment:

The aggregate demand price and aggregate supply price help in determining the equilibrium level of employment.

The aggregate demand price exceeds the aggregate supply price or vice versa at some levels of employment. For example, at ON_1 employment level, the aggregate demand price (OH) is greater than the aggregate supply price (OC). However, at certain level of employment, the aggregate demand price and aggregate supply price become equal.

At this point, aggregate demand and aggregate supply curve intersect each other. This point of intersection is termed as the equilibrium level of employment. In Figure-3, point E represents the equilibrium level of employment because at this point, the aggregate demand curve and aggregate supply curve intersect each other.

In Figure-3, initially, there is a slow movement in the AS curve, but after a certain point of time it shows a sharp rise. This implies that when a number of workers increases initially, the cost incurred for production also increases but at a slow rate. However, when the amount of sales receipt increases, the organization starts employing more and more workers. In Figure-3, the ON_1 numbers of workers are employed, when OT amount of sales receipts are received by the organization.

On the other hand, the AD curve shows a rapid increase initially, but after some time it

gets flattened. This means that the expected sales receipts increase with an increase in the number of workers. As a result, the expectations¹ of the organization to earn more profit increases. As a result, the organizations start employing more workers. However, after a certain level, the increase in employment level would not show an increase in the amount of sales receipts.

In Figure-3, before reaching the employment level of ON_2 , the employment level keeps on increasing as the organizations want to higher more and more workers to get the maximum profit. However, when the employment level crosses the ON_{21} level, the AD curve is below the AS curve, which shows that the aggregate supply price exceeds the aggregate demand price. As a result, the organization would start incurring losses; therefore would reduce the employment rate.

Thus, the economy would be in equilibrium when the aggregate supply price and aggregate demand price become equal. In other words, equilibrium can be achieved when the amount of sales receipt necessary and the amount of sales receipt expected to be received by the organization at a specified level of employment are equal.

EMPIRICAL REVIEW

Using the descriptive research method, Ubon (2003) employed both primary and secondary data to determine the extent to which small business firms have developed Benue State of Nigeria, and found that 86.3 percent of the small business firms pay their taxes regularly. These taxes increase the revenue base of the state which is used for development purposes.

Olagunju, (2009) assessed the specific financing options available to SMEs in Nigeria and their contribution to economic growth performance. The Spearman's Rho correlation was employed to determine the relationship between SMEs financing and investment level. At 10 percent level of significance, the Rho value of 0.643 indicated a significant and positive

relationship between SMEs financing and economic growth in Nigeria.

Kayode, (2010), employed primary data instruments, questionnaire and interviews to study the impact of small and medium scale enterprises on employment generation in Lagos state, Nigeria. The results of simple percentages and chi-Square (X^2) tests conducted show that small and medium scale enterprises and sustainable development of Nigerian economy are positively related, just as promotion of SMEs and improvements in employment generation are positively related and significant. Availability of finance has been widely viewed as a constraint to the growth of SMEs. Jimodu, (2008), in an empirical evaluation of the performance of small and medium scale Enterprises, Equity Investment Scheme (SMEEIS) in Nigeria used Benue and Nassarawa states as case studies. Using total credit to SMEs as a percentage of Banks' total credit for the period 1993 to 2008, the T-test conducted to determine the extent of relationship between bank loans before and after the introduction of SMEEIS indicated no significant difference between loans disbursed by banks to SMEs. This result, according to him, was due to the fact that the conditions for accessing SMEEIS funds were beyond the reach of the targeted SMEs. Fayemi (2010) studied Youth Empowerment and Poverty Alleviation: The Experience in Nigeria (Ogun State). His objectives were; to access and evaluate the effectiveness of policy of poverty alleviation in Ogun State, to access and evaluate the responsiveness of the people to the policy, either positively or negatively, to access and evaluate the achievement and flaws of the policy since its inception in Ogun State. Survey method of research was employed ingathering relevant data for this study. The result of the analysis showed that youth empowerment policy is the best policy for poverty alleviation in Ogun State. The null hypothesis which states that youth empowerment is not the best policy for poverty alleviation is rejected. This implies that youth empowerment policy

is the best policy for poverty alleviation among the youths in Ogun State.

He concluded by stating that youth should be the first to be reckoned with in any nation aspiring to be great. There is need to empower the youths by giving them functional educational, training and motivation. There is no gain saying that the road to meaningful empowerment is rough, energy sapping and tedious but that notwithstanding, an exemplary youths of today is tomorrow's future leaders. He therefore recommends that creation of resources for the people of Ogun State that will provide investment and infrastructure for better quality of life. Providing vocational skills for array of unemployed, school leavers and graduate of tertiary institutions. Institutionalizing suitable credit delivery system. Providing counseling and extension service on 'start your business' for the youth. There should be collaboration and empowerment among three tiers of government on youth empowerment.

Idris (2013) Studied Youth Empowerment and Development Drive – An Invaluable Step to Secure Nigeria's Future Prosperity. His objectives include the following: to discuss the concept of youth empowerment, discuss the various youth empowerment programmes in Nigeria as presented in State Economic Empowerment and Development Strategy (SEEDS) and analyze youth empowerment policies in Nigeria. He used sample survey for this study and found out that the Youth Empowerment Scheme (Project YES) has succeeded in empowering its beneficiaries in terms of skill acquisition for self-employment. He therefore recommended that governments at all levels should encourage individuals, philanthropists and philanthropic organizations to set up poverty alleviation related NGOs to supplement their efforts in fighting the scourge of poverty in Nigeria. Governments' contribution can be in the form of provision of training centers/workshops and linkages to international donor organizations like the

USAID, UNDP, UNESCO, and UNICEF.

SUMMARY OF THE LITERATURE REVIEWED

Fayemi (2010) studied Youth Empowerment and Poverty Alleviation: The Experience in Nigeria (Ogun State). He did not discuss the strategies by the state government for youth empowerment. This study is meant to address such issues.

Idris (2013) Studied Youth Empowerment and Development Drive – An Invaluable Step to Secure Nigeria's Future Prosperity. He failed to highlight some of the challenges encountered by the government in youth empowerment and this study is been designed to highlight these challenges as well as recommend appropriate solutions to circumvent these challenges.

Research Design

It is a fact that the research design requires the specification of procedures. This procedure involves decision on information to generate the data collection method, the measurement approach, the object to be measured and model in which the data are to be analyzed. Odo (2004), It is important to note that before a good research work can be carried out, the need to state in clear terms the methods and procedures adopted in conducting the study. And in the course of this study, the researcher used descriptive research (survey) design in building up this project work. The statistical tools to be used for analyzing the collected data are also described in the same vein. The researcher therefore, sourced out data from two major sources: Primary source and Secondary sources.

Area of Study Enugu, which literarily means “Hill Top”, is a colonial city that owes its origin to the discovery of coal deposits in 1909. It lies approximately between longitude 070 261E and 070 371E, and between latitude 060 211N and 060 301N (Okeke, 1984) on altitude of about 228.9 meters above mean sea level and about 208 kilometers in land from the Atlantic Ocean . Built on land acquired by the British through

agreements with chiefs of Eke, Ngwo, Abor, Nsude, Akagbe and Nike (Hair, 1975), Enugu covers an area of approximately 72.525 square kilometers. The city is located in the Igbo speaking area, and is presently the administrative headquarters of Enugu State and South-East geopolitical zone in Nigeria. The coal industry established by the colonial government in Enugu and construction of rail between the Enugu and Port Harcourt in 1915 as well as the strategic role of the city as the capital of former Eastern Region, defunct Republic of Biafra, East Central State, and old Anambra State were particularly responsible for to the rapid growth of the city (Ibem, 2001). This is seen in the population of the city which grew from about 10,000 in 1921, 138,457 in 1963, 405,023 in 1985 ; 465,072 in 1991 to about 722,664 in 2006 (National Population Commission, 1991; Federal Republic of Nigeria, 2007). Current estimates suggest that the population of Enugu consisting of three Local Government Areas: Enugu East, Enugu North and Enugu South may have increased to between 800,000 and 1,000,000 (Rakodi, 2007). The state is known for its hospitality and home for Igbo sons and daughters and non Igbo as well. Palm wine from Nsukka and Udi is the local drink of the state. Abacha made from cassava, yam etc, are some of the local foods in the state. New yam festival, odo masquerades etc are some the state cultural and traditional practices

Population Of The Study

According to Olakunle (2010), population in research statistics can be described as the entire number of people, objective, events and things that all have one or more characteristics of interest of a study. It is the target of the study for collection of data.

The population of the study consists of the National Directorate of Employment, self employed graduates, new employed graduates and unemployed graduates within Enugu metropolis. However, a total population of one eighty (80) was used for the study.

Methods Of Data Presentation And Analysis

The data collected will be presented both in tables and in simple percentage analysis. A brief discussion of the observations from the data will also be included. The simple percentage method of data analysis is used to analyze the questionnaire; the formula for it is;

$$A\% = \frac{a}{n} \times 100$$

When n = Total number of response to a question.

a = Number of respondents ticking a particular answer option to the question.

A% = “a” expressed as a percentage of N.

Also, for the testing of the hypothesis the statistical tool is the Chi-Square formular.

The motives for establishing small scale business enterprise
Motives for establishing Small Scale Business.

Motives	No of Respondents	Percentage of Response
To become a boss	28	21.4
For recognition and prestige	20	15.3
Desire to become rich	58	44.3
To showcase talent and ability	8	6.1
Desire to do something one likes doing.	10	8.6
Discovery of ignored and overlooked opportunities	7	5.3
Total	131	100

From the table above, it was discovered that, the main objectives or motives behind the establishment of small scale enterprises differs among people. 28 respondents representing 21.4% have their own reason as “being their own boss”, while 20 respondents representing 15.3% has their as “for recognition and prestige. 58 respondents representing 44.3% has theirs as the desire to

become rich, 8 respondents representing 6.1% has theirs as “showcasing of talent and abilities”. 10 respondents representing 8.6% has theirs as “doing what they like doing” while 7 respondents representing 5.3% has theirs as “Discovering Overlooked or ignored opportunities.

The sources of finance for small scale enterprises

Source of finance for small scale enterprises

Sources of finance	No of Respondents	Percentage %
Bank loan/loan from other financial institutions	6	4.6
Loan from the thrift and credit society	15	11.4
Loan from friends and relations	26	19.8
Aid from government	9	6.9
Personal savings	36	27.5
Help from friends and relations	28	21.4
Credit purchase	11	8.4
Total	131	100

Source: Field Survey, 2018

The above table shows that 6 respondents representing 4.6% of the total indicates that their businesses are financed through loans from banks and other financial institution. 15 respondents, representing 11.4% of the total indicates that their businesses are financed through loan from the thrift and credit society. 26 respondents representing 19.8% agree that their businesses are financed through loans from friends and relations. 9 respondents representing 6.9% indicates that their businesses are financed through personal savings. 36 respondents, representing 27.5%. indicates that their businesses are financed through personal savings. 28 respondents, representing 21.4% of the total indicates that their businesses are financed through the help of friends and relatives. 11 respondents representing 8.4% of the total indicates that theirs is through credit purchase.

The National Directorate of Employment Contribute to the reduction of unemployment in the economy

Contribution of Small National Directorate of employment towards the reduction of unemployment in the economy.

Responses	No of Respondents	% of Respondents
Yes	111	84.7
No	20	15.3
Total	131	100

Source: Field survey 2018

From the above table, 111 respondents representing 84.7% are of the view that the National Directorate of Employment Contributes positively to the reduction of unemployment in the economy while 20 respondents, representing 15.3% said that National Directorate of Employment contributes negatively towards the reduction of unemployment in the economy.

Government policies are sufficient in tackling the problem of unemployment
Contributions of government policies in tackling the problems of unemployment in the economy.

Responses	No of Respondents	% of Respondents
Agreed	92	70
Disagreed	39	30
Total	131	100

Source: Field survey 2018

The table above shows that 92 representing 70% of the total population are of the view that government policies are sufficient in tackling the problem of unemployment while 39 respondent, representing 20% had a contrary opinion.

DISCUSSION, CONCLUSION AND RECOMMENDATION

Summary Of Research Findings

The study examined the Contributions of National Directorate of Employment in Creating Wealth and Employment for Youths, the following findings were made after analyzing and testing the research questions and hypothesis.

- National Directorate of Employment in Creating Wealth and Employment for Youths contributes positively towards the reduction of unemployment in the economy.
 - It also reveals that government through its agencies like National Directorate of Employment has contributed positively towards the reduction of unemployment rate in the economy.
 - In addition, the study also proves that government polices to a reasonable extent contributes in tackling unemployment problem in the economy.
4. The activities of National Directorate of Employment have contributed towards the reduction of unemployment in Nigeria.
- That Small Scale Enterprises has contributed positively towards the improvement in the standard of living by reducing the rate of unemployment.

Conclusion

Having critically examined the research questions and tested the four hypotheses, the following conclusion was made based on the information gathered. The findings of this study led to the following conclusions.

The emergency of National Directorate of Employment has contributed positively towards the development of indigenous manpower by producing training grounds for those that were not accommodated in the salaried or white collar job. And also sufficient government policies are required in tackling the problems of unemployment.

Recommendations

Based on the research findings, the following recommendations were made.

- There should be re-appraisal of the government aid to the programme of small-scale enterprises. Government should also ensure a continued maintenance of those agencies it has created to aid the small business enterprises in reducing unemployment and boosting employment through its established agencies.
- Government should intensify its effort in its policy making as it affects the generation of employment
- More incentives are required from government to assist the National Directorate of Employment in boosting employment generation in the economy
- through the activities of small scale enterprises scheme for the unemployed.
- There should be proper

assessment and evaluation of government incentives towards the reduction of unemployment through its various established agencies.

- There should be motivation and incentives to small scale enterprises which will invariably make them to develop an inner compulsion to succeed. This will necessitate energy, aggressive initiatives, ambition and even an unashamed desire to fight with real intensity of purpose in order to keep his business alive and growing.

Suggestions For Further Research

To guide those that might want to carry out further research on this topic of discourse is the Contributions of National Directorate of Employment In Creating Wealth and Employment for Youths; the researcher makes the following suggestions.

- There should be further research on the areas of assistance by foreign and local entrepreneurs towards the development of small scale enterprises scale enterprises by National Directorate of Employment
- There should be thorough research on the reasons that contributes to poor performance of some established small scale enterprises through the National Directorate of Employment
- Measures to increase the operational efficiency of the small scale enterprises should be carried out and studied effectively.
- Government incentives and efforts towards the reduction of unemployment through SME.
- Indebt look on the activities of the National Directorate of employment.

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MULTIPURPOSE COOPERATIVE SOCIETY AND MEMBERS' WELFARE IN SELECTED TERTIARY INSTITUTIONS IN LAGOS STATE

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ABSTRACT

This study examined the effect of multipurpose cooperative societies on members' welfare in selected tertiary institutions in Lagos state. The studied schools are Lagos State Polytechnic and Yaba College of Technology. A sample of 100 cooperators with 50 each from the institutions was chosen. Descriptive statistics was used for the analysis. Chi square analysis was used to test the association between staff welfare and cooperative society. The test statistics was found to be greater than the critical value calculated (9.69) indicating that staff welfare is associated with membership of cooperative society in terms of sustainable enterprise establishment, educational advancement and building project construction. The analyzed data shows that high interest rate and low membership were the most significant challenges in both institutions. Reduction of interest rate and encouraging bulk purchase were suggestions in reducing the problems faced by members in the cooperative.

Keywords: Members' Welfare, Multipurpose Cooperative, Lagos State

INTRODUCTION

The magnitude and expansion of poverty in Nigeria continue to worsen since the late 1990s despite its plentiful resources. In the year 2000, the incidence of poverty in Nigeria stands at 69.2% of the population (Central Bank of Nigeria, 2001). Globally, in 2005, it was reported that 1 out of 5 in the world's population lived in extreme poverty (Department for International Development, 2005). In 2006, Nigeria was considered one of the poorest countries in the world with over 70% of the population as poor and 35% living in absolute poverty (International Fund for Agricultural Development, 2006). Widespread poverty in Nigeria is especially severe among farmers who dwell in rural areas (IFAD, 2006), where agriculture engages over 60% of the labour force responsible for producing 90% of the total

food consumed in the country.

Cooperative as defined by the International Cooperative Alliance (ICA, 1994) is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise. Cooperatives are based on the values of self-help, self-responsibility, democracy, equality and solidarity (Nwankwo, 2007). Cooperatives are important in the socio-economic development of the rural economy. Basically, poverty entails low income, low or no access to production inputs, low productivity, illiteracy and lack of access to information and basic necessities of life. It describes a condition of low income that leads to low savings, resulting in low investments and as a consequence of that, productivity remains

low (Adegeye and Dittoh, 1985). To break out of this poverty especially for workers in salaried jobs with low income, a strong multipurpose institution like cooperative societies is needed.

Nigerian economy has a lot of potential for growth and development. The abundant natural resources of the country remain largely unexplored. These have to be harnessed to the fullest for the general well-being of Nigeria in the world's economy and one important way to the realization of this goal is through the encouragement of cooperative movement for staff (Ayanwu et al, 1996). The growing need for credit and access to the basic necessities of life and articles of trade led to the formation of most of the cooperative societies in the country. A cooperative society is formed when at least two persons who have common problems join together to solve such problem collectively (Akanni, 1986).

In an effort to raise awareness on the contribution of cooperatives to basic amenities and property alleviation, there has been an increase in the number of registration of cooperatives. The extent to which LASPOTECH and YABATECH Staff membership of these cooperatives has translated into increased income for improved standard of living of the staff's household is yet to be evaluated. Therefore, this study investigated the effect of cooperative societies on members' welfare using the cooperative societies in Lagos State Polytechnic, Ikorodu and Yaba College of technology, Yaba as case study.

METHODOLOGY

This study was conducted in Lagos State Polytechnic Ikorodu and Yaba College of Technology in Lagos State. The study was based on the two dominant Staff Cooperative societies and its effects on staff welfare. The study area for this research is located within the Ikorodu and Lagos Divisions of Lagos State. This study was based on survey design. The sample for this study comprised of proportionate members of the LASPOTECH

Multipurpose cooperative society and the YABATECH Multipurpose cooperative society based in the Ikorodu campus of the Lagos State Polytechnic and in the Yaba campus of the Yaba College of Technology. Therefore, random sampling technique was easily and conveniently suitable for this research. Lagos state polytechnic have a total number of 874 cooperators while Yaba College of technology has a total number of 1665 cooperators. This number comprises of both the senior and junior staffs of the institution. A total number of 100 respondents were used for this study, 50 respondents from Lagos State Polytechnic and 50 respondents from Yaba College of Technology.

Primary and secondary data were used to achieve the objective of this study. The primary data include information obtained from a well-structured questionnaire administered to the respondents. The questionnaire is a list of research questions designed by the researcher to collect information on available data. 100 questionnaires were designed for this study. Whereas secondary data were obtained from textbooks, journals, internet search, website published and unpublished materials relevant to the study. Descriptive statistics such as frequency distribution, percentage, mode, mean and standard deviation were deployed for objectives 1 and 3 while Chi-square technique was for objective 2.

RESULTS AND DISCUSSION

Demographic descriptive of respondents

The table 1 below shows the gender distribution of respondent. 58.0% of the respondents are male and 21 (42.0%) are female represents cooperators in LASPOTECH while 66.0% of the correspondence are male and 17 (34.0%) are female represents cooperators in YABATECH. This shows that a higher percentage of respondents involved in the cooperative society are male. Also, in the Table 1 indicates that a higher number of respondents are between the age ranges of 35-45 in both cooperative. Table 1 also

indicates that there were no SSCE holder for LASPOTECH while 12 (24.0%) respondents

Gender, Age, and Education of respondents

Variable	Category	LASPOTECH	YABATECH
		Percent	Percent
Gender			
	Male	58.0	66.0
	Female	42.0	34.0
Total		100.0	100.0
Age (years)			
	25-35	24.0	22.0
	35-45	46.0	32.0
	45-55	18.0	30.0
	55 and above	12.0	16.0
Total		100.0	100.0
Educational level			
	SSCE		24.0
	ND	12.0	18.0
	HND	26.0	12.0
	BSC	32.0	16.0
	MSc	24.0	30.0
	PHD	6.0	
Total		100.0	100.0

Table 2 indicates the salary of respondents varies. For instance, a higher percentage of staff earns between 100,000-200,000 in both LASPOTECH (56.0%) and YABATECH (28.0%). also indicates the marital status of respondents where: 18.0% of LASPOTECH and 20.0% of YABATECH are single respectively 82.0% of LASPOTECH and 80.0% of YABATECH are married respectively. Table 2 indicates the religion of respondent where: 34(68.0%) of LASPOTECH and 68.0% of YABATECH are Christians respectively 32.0% of LASPOTECH and 32.0% of YABATECH are Muslims respectively.

Salary grade, marital status and religion of respondents

Variable	Category	LASPOTECH	YABATECH
		Percent	Percent
Salary range			
	Below 50,000	2.0	28.0
	50-100,000	20.0	24.0
	101-200,000	56.0	28.0
	Above 200,000	22.0	20.0
Total		100.0	100.0
Marital status			
	Single	18.0	20.0
	Married	82.0	80.0
Total		100.0	100.0
Religion			
	Christian	68.0	68.0
	Muslim	32.0	32.0
Total		100.0	100.0

Distribution of respondents by household size, duration of staff loan and % interest

Household size	LASPOTECH	YABATECH
	Percent	Percent
1-3	32.0	28.0
4-6	58.0	64.0
Above 6	10.0	8.0
Total	100.0	100.0
Duration to get loan		
Below 1 week	8.0	90.0
1week-1month	4.0	6.0
1-2months	10.0	4.0
2-3months	78.0	
Total	100.0	100.0
% of interest		
6.00	6	6.0
8.00		20.0
8.50		4.0
10.00	94.0	10.0
Above 11		60.0
Total	100.0	100.0

Table 3 indicates the household of respondents in LASPOTECH and YABATECH, the result shows that 16.0% of the respondents falls between the ranges of 1-3, 58.0% falls between the ranges of 4-6 and 10% falls in the range of 6 and above in LASPOTECH, while 28.0% of the respondents falls between the ranges of 1-3, 64.0% falls between 4-6 and 8.0% falls in the ranges of 6 and above in YABATECH, this signifies that most of the respondents are families and may need to collect loans from the cooperative to meet up their needs. Table 3 also indicates the duration it takes for members to get loans from both cooperatives, the results shows that it takes 8% below 1 week to get loan from the cooperatives, 4.0% 1week-1month to get loan, 10.0, 1-2months and 76.0%, 2-3months in LASPOTECH, while 90.0% below 1week, 6.0% 1week-1month, 4.0% 1-2months and none for 2-3months in YABATECH. Table 3 also indicates different interest rates given to different types of loan collected by members in

LASPOTECH and YABATECH.

Association between Cooperative society membership and staff welfare

Chi-square analysis was carried out to test the association between staff welfare and cooperative societies by both for Lagos State Polytechnic and Yaba College of Technology. **With the critical value as checked from the chi-square table with the calculated values as indicated in Table 4,** and since the test statistic is greater than the critical value then the null hypothesis is rejected, indicating that membership for cooperative societies has impacted positively on staff welfares using the parameters mentioned in the test. One can therefore refer that staff welfare is dependent on membership of the cooperative society in terms of sustainable enterprise establishment, educational advancement and building project construction

Comparative analysis of hypothesis tested

	YABATECH	Remarks	LASPOTECH	Remarks
Hypothesis (X^2 stat)				
Building	17.8	Significant at 5%	25.6	Significant at 5%
Education	17.7	Significant at 5%	31.4	Significant at 5%
Enterprise	15.7	Significant at 5%	57.2	Significant at 5%

Analysis of constraints and suggested solutions

The result of the findings in relation to the constraints faced by the members of cooperative societies and the solutions suggested are as presented in Table 5. The table shows that high interest rate (46%; 50%) and membership (24%; 24%) were the most significant challenges for LASPOTECH and YABATECH respectively. Others include: lack of guarantor, unavailability of products, documentation problem, filling of form, lack of training among members etc.

Challenges and suggested solutions to the challenges identified

Challenges	LASPOTECH		YABATECH	
	Frequency	Percent	Frequency	Percent
Lack of guarantor	5	10.0	4	8.0
Unavailability of products	6	12.0	8	16.0
High population of members	12	24.0	12	24.0
High interest rate	23	46.0	25	50.0
Documentation problem			1	2.0
Filling of form	2	4.0		
Lack of training among members	2	4.0		
Total	50	100.0	50	100.0

CONCLUSION AND RECOMMENDATIONS

From the study conducted above, most of the staffs involved in LASPOTECH and YABATECH cooperatives are married and have greater responsibilities to take care of which makes cooperative necessary for the welfare of their household. From the study above, cooperative societies should be encouraged and strengthened by governments so as to improve the welfare of staffs in the institutions. Regular meetings should be held to educate both staffs and members on how to improve their level of membership in the cooperative. Interest rates should be reduced as this would encourage more staffs to participate in cooperative. Products and services should be made

available so that members would not be discouraged in requesting for them.

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INTERNAL CAPITAL AND COOPERATIVE FINANCIAL PERFORMANCE IN ENUGU STATE. A STUDY OF COOPERATIVE THRIFT AND LOAN SOCIETIES IN ENUGU STATE.

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Abstract

Cooperative societies are an association of persons who have voluntarily joined together to achieve a common end through the formation of a democratically controlled organization making equitable contributions to the capital required and accepting a fair share of the risks and benefit of the undertaking in which the members actively participate. To achieve its goals, cooperative societies encounter several obstacles; chief among them is the issue of internal capital, its availability, usage and maintenance. This study seeks to investigate retained earnings and membership contribution/savings as internal capital affecting cooperative financial performance among cooperative thrift and loan societies in Enugu State. The descriptive survey design was adopted for the study, while the population of the study consists of all the registered institutional-based cooperative thrift and loan societies (CTLs) in Enugu State. The sample size of 74 was determined by the researcher by adopting the total population sampling which is a type of the purposive sampling technique due to the relative small size of the population. Data obtained were analyzed using inferential descriptive and inferential statistical tools like Cronbach's alpha, mean, frequency distribution, percentages and tables, multiple regression. Findings show that internal capital significantly influenced financial performance of CTLs in Enugu State. It is, therefore, recommended that cooperatives increase internal capital, as well as monitor the sources so as to sustain financial performance.

Keywords: Internal Capital, Cooperative Financial Performance.

Introduction

International Labour Organization (ILO) has defined a cooperative as: an association of persons who have voluntarily joined together to achieve a common end through the formation of a democratically controlled organization making equitable contributions to the capital required and accepting a fair share of the risks and benefit of the undertaking in which the members actively participate.

Other scholars have described cooperative as a voluntary association with unrestricted

membership and collectively owned funds organized on democratic principles of equality by persons of moderate means and income who come together to supply their needs and wants through mutual action in which motive of production is serve rather than profit.

Lawal, & Oludmu, (2012) describes cooperatives as a voluntary association of individual human beings with common socio-economic felt needs and with the conviction that such needs can be best attained by pooling resources and efforts in a

controlling and ensuring business organization, sharing the recursion investment equitably.

Cooperative thrift and loan societies should be able to attend to the general needs of its members, efficiently; providing the platform for mandatory and voluntary savings for investment opportunities and providing accessible credit with subsequent high percentage of loan recovery in other to survive in the long run, as well as being effective and efficient daily. Also, its ability to invest members' funds in mutually beneficial ventures like housing, farming, transportation business, production ventures, manufacturing and so on, should be apt. However, this is not always the case as some of the perceived problems encountered by some cooperative thrift and loan societies are; inadequate management skills, lack of technology or inappropriate technology to achieve organizational goals, inappropriate methods of loan application, issues of duration of loan approval and disbursement, poor loan repayments, issues of interest rates, lack of capital, as well as inadequate working skills among employees.

In the light of the above challenges, this study seeks to examine internal capital and cooperative financial performance among cooperative thrift and loan societies in Enugu State. In specifics the study seeks the following objective;

- To evaluate retained earnings and membership contribution/savings as affecting Cooperative Financial Performance among Cooperative thrift and loan societies in Enugu State.

Hypotheses

H₀₁: Retained earnings and membership contribution/savings have no significant effect on cooperative financial performance among cooperative thrift and loan societies in Enugu State.

Review

Conceptual Review

According to Okonkwo (2017) Cooperative societies are simply formalized and legal associations of persons with commonly felt needs associating together to solve their problems through a jointly-owned enterprise. The form of cooperative that specifically deals with workers in an organisation is referred to as workers cooperative society. Cooperative thrift and loan societies are basically registered to solve workers' problems, which includes; financial mobilization for its members in the form of savings and given to members in the form of loans. Non-financial issues are also sorted too. Workers cooperatives are registered with different names like Multipurpose Cooperative Society (MCS), Cooperative Thrift and Loan Society (CTL), Cooperative Thrift and Credit Society (CTCS) and Savings and Credit Cooperative Society (SACCO). They all perform essentially the same functions for their members; to improve their financial ability and combat poverty generally.

Internal capital form part of internal factor which according to Elida (2011), are those factors which have an internal impact on the organization, inside the organization, and the organization can influence them mostly.

Internal Capital

Internal capital as it relates to cooperatives comprises of capital or finances which are generated or gotten from within the cooperative society. Ogbodo (2012) describes internal capital as internally-sourced funds raised by members of cooperatives by themselves within the cooperative complex. Cooperative complex refers to the members of cooperative and the cooperative business enterprise. These funds are not sourced from external bodies. They have minimal cost or interests because they bear both risks and cost. It is also known as risk or equity or owned capital.

Internal capital could be generated through;

- **Share capital:** Member share capital forms a part of internal capital and it represents individual member commitment to the cooperative form

of business. It also identifies the individual member's financial stake. It is withdrawn only when the member leaves the cooperative. Some other forms of member contributions, usually related to patronage, are more variable but once given cannot be withdrawn and hence are a particularly useful form of cooperative capital (Retrieved December, 2016 from FAO website).

- **Reserves:** Reserves are part of internal capital. They are monies set aside from the cooperative society's net surpluses for any contingencies that may arise.
- **Entrance fees:** This can be described as a one-time or annual membership fees paid by cooperative members as an entrance fee. It is part of cooperative internal capital.
- **Fines and penalties:** Fines, as well as penalties, form a part of cooperative society's internal capital, they are paid by members whenever there is a violation of any rule as stated by the societies' byelaw.
- **Deposits:** This can be described as individual member deposits with the cooperative which may be used for business. These deposits are voluntary and can be withdrawn by members at will, haven given appropriate notice to the society.
- **Savings:** Cooperative societies have mandatory savings and compulsory savings. They are key parts of internal capital.
- **Loans from members:** Loans from members can form a huge part of the societies' internal capital. They are actually a cheap source too.
- **Retained earnings/surpluses:** Funds created through the retention of cooperative business surpluses that are not directly allocated to members are another important source of cooperative capital. This is a long term source of funds since most cooperatives' rules allow these funds

to be distributed only when a cooperative is liquidated. Unlike loans, or individual member deposits, the cooperative does not have to pay interest to use these funds. Of course, retaining such funds by the cooperative also represents a cost to the individual members who otherwise would have had that portion of the surplus allocated to them. Members willingly accept this cost when the benefits it creates for them are clear and worthwhile. (Retrieved December 2016 from FAO website).

In the same light, Pischke & Rouse (2004) in an FAO (Food and Agricultural Organisation) document states that Cooperatives have three main categories or sources of finance. The most important source is members as users and investors. Without this base, it is difficult to attract funds from others. The second source is retained surpluses, especially "unallocated" funds that are not assigned for distribution to members. These are known as institutional capital, which belongs to the cooperative and can be liquidated only if the cooperative incurs losses or dissolves. Finally, external funding can also be readily obtained from commercial sources (though usually at a higher cost) in a number of forms that include: loans, equipment financing and even equity capital. In contrast, external funding from donor or government sources is shrinking. In summary, Pischke and Rouse (2004) states that internal capital is important and required to protect and enlarge a cooperative.

For this study, internal capital is regarded as any money contributed by cooperative members, that is, retained earnings and membership contribution/savings.

Financial Performance of Cooperative Societies

According to Investopedia (2008), financial performance could be defined as a measure of how well a firm has used assets from its primary mode of business to generate profits.

This term is also used as a general measure of a firm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. In other words, financial performance can also be described as a measure of the efficiency with which the cooperative uses various funds to generate a return to providers of the funds. On the other hand, in explaining practically financial performance, World Council of Credit Unions report (2005) states that credit unions sought to generate profits in order to directly benefit the owners as they (members) serve as both the owners of the credit union and the recipients of the credit union services. Thus when credit unions maximize their surpluses, it results in the form of lower interest rates on loans, lower service fees and higher dividends for the members.

Various scholars have postulated cooperative financial performance measurement indicators suitable for various types of cooperative.

Nwankwo, Ogbodo and Ewuim (2016), state that financial profitability and performance as measuring business success is more complicated than for an investor-owned business. For the latter, the objective is to maximize profit or rate of return on equity. For cooperatives, the objective simply may be to give members a better price or service. They further highlighted three measures used to determine profitability and performance thus:

- Gross sales or other measure of the size of the business, e.g. gross revenues, such as billings, loans, premiums;
- Gross expenses (the difference between sales and expenses is calculated as a measure of profit); and
- Total administrative/operating cost (calculated as a percent of sales and as change over time.) For each of these measures, the data are collected for the past 10 years or the life of the cooperative, whichever is longer, in order to examine change over time.

Inflation must also be taken into consideration. Accounting for inflation leaves an approximation of real change over time.

These data measure the size of the business. The resulting figure can be stated per member to see if the business is significant to the member. The data collected over time helps determine whether the cooperative is growing.

This study estimates cooperative financial performance through aggregate loan defaults, gross income, loans issued and returns/dividends.

Theoretical Review **Social Action Theory**

The social action theory was founded by Max Weber. There are two main types of sociological theories; the first is the structural or macro theory while the other is social action, interpretive or micro perspectives. At the two ends of the argument as to which is a better theory are Durkheim, the founding father of functionalism, and Weber, the mastermind behind social action theory. (Retrieved from <http://www.historylearningsite.co.uk/sociology/theories-in-sociology/social-action-theory/> October, 2016)

As the 'micro' name suggests, social action perspectives examine smaller groups within society. Unlike structuralism, they are also concerned with the subjective states of individuals. Very much unlike a structuralist perspective, social action theorists see society as a product of human activity.

Structuralism is a top-down, deterministic perspective that examines the way in which society as a whole fits together. Functionalism and Marxism are both structuralist perspectives: as such, they both perceive human activity as the result of social structure.

In social action theory, Weber believes that bureaucratic organisations are the dominant institutions in society. Weber believes that **bureaucracies** (institutions) consist of individuals carrying out **rational social actions** designed to achieve the goals of

bureaucracies. Weber views the whole development of modern societies in terms of a move towards rational social action. Thus, modern societies are undergoing the process of **rationalization**.

In summary, Weber believes that there are four ideal types of social actions. Ideal types are used as a tool to look at real cases and compare them to the ideal types to see where they fall. No social action is purely just one of the four types.

- Traditional Social Action: actions controlled by traditions, "the way it has always been done"
- Affective Social Action: actions determined by one's specific affections and emotional state, you do not think about the consequences
- Value Rational Social Action: actions that are determined by a conscious belief in the inherent value of a type of behaviour (ex: religion)
- Instrumental-Rational Social Action: actions that are carried out to achieve a certain goal. You do something because it leads to a result.

Relevance

The instrumental rational social action which according to Weber says that action that are carried out to achieve a certain goal, meaning individuals take certain actions because it leads to a preconceived results. This type of social action is relevant to the cooperative society, in that for a cooperative to exist, it must conceive its business concerns and possible results of its actions.

Of the possible business objectives, is members' welfare and to make a surplus. In order to achieve this, a constant examination of its action vis-a-vis its objective must be done so as to determine its level of performance, is necessary.

Empirical Review

Some related empirical literatures were reviewed in this section with the aim of identifying the missing gap in the works of previous researchers that necessitated this study. For example, Pritchett and Hine (2007) appraised the financial performance

of local cooperatives over a 10-year period in USA. Cooperatives were ranked and categorized by profitability, and the differences between categories were discussed. They found out that source of differences between the highest rated cooperatives and the lowest most often comes from efficient use of assets and control of costs rather than size of the business or access to less expensive financing.

Progress Hove and Chikungwa Tarisai (2013) studied internal factors affecting the successful growth and survival of small and micro agri-business firms in Alice Communal Area. This paper employed the quantitative method in data collection and analysis in order to ensure reliability and generalization of the results. According to the findings, the most significant internal factors that impact on the growth and survival of small and micro agribusiness firms in Alice communal area are: business plan, marketing strategy, mission/vision, SWOT analysis and finance. As such, capital is seen to be impactful in the cooperative business enterprise.

Nkuru (2015) investigated factors affecting growth of SACCOS within the agricultural sector in Kenya: A case of Meru Farmers SACCOS with sample size composed of 210 SACCOS members. Both quantitative and qualitative approaches were used in data analysis. Descriptive statistics used included frequencies, measures of central tendencies and dispersion and also inferential statistics that include regression. Analysis of variances was used to determine level of significant of the variables. Income levels, competition from other financial institution, management skills of SACCOS' official were the most significant factors that predicted growth of SACCOS.

Methodology

The descriptive survey design was adopted for the study, which sought to collect data on the opinions of participants with a view to examining Internal Capital and Cooperative Financial Performance among Cooperative thrift and loan societies (CTLS) in Enugu

State.

Population of Study

The population of the study consists of all the registered institutional- based cooperative thrift and loan societies (CTLS) in Enugu State. The primary and secondary sources of data were employed. The population of this study is 74 viable societies.

Sample size

In order to test the hypothesis and/or to ascertain the effect of internal capital on Cooperative Financial Performance among Cooperative thrift and loan societies as captured by weighted average of Loan defaults, gross income, loans issued, and aggregate returns/dividends, regression models was estimated. The implicit specification of the multiple regression models is shown below:

$$FP = f (RTEN, MEMCON)$$

(1)

Where FP=(Financial Performance in 2015)
RTEN = Retained Earnings for 2015 in Naira

$$MEMCON = \text{Members Contributions for 2015 in Naira}$$

Using SPSS package, regression analysis was run at significance level of 0.05 with the degree of freedom (df) = (n-1), to determine the order of importance of the explanatory variables in explaining the variations observed in the dependent variables. The null hypothesis will be accepted if the p-value is less than or equal to the 0.05 significant level. Otherwise, the null hypothesis will be rejected and alternate hypothesis accepted.

Analysis

Estimation of Internal Capital

Table 1.1 Estimation of Internal Capital of CTLS in Study Area (2016)

	N	Sum	Mean
Total retained Earnings	74	18,345,650	247,914.1892
Total Membership Contributions	74	42,480,000	574,054.0541

Source: Cooperative societies record book.

Results from Table 1.1 shows that in 2016, sum total of retained earnings and membership contributions of CTLS in the study area was 18,345,650 and 42,480,000 respectively. Mean total retained earnings and membership contributions are 247,914.19 and 574,054.05 respectively.

Estimation of Cooperative financial performance of CTLS in Study Area (2016)

Table 1.2 Profitability Analysis of Financial Performance

	Sum	Mean
Total Revenue (₦)	162,704,060.40	2198703.519
Fixed Cost	19,524,487.25	263844.4223
Gross Income (₦)	139,997,317.60	1891855.643
Gross Margin (%)	4,727.00	63.87837838
Net Income (₦)	159,521,804.85	2155700.066

Source: Researchers computation, 2015 (N = 74)

The net income represents the amount of money remaining after all operating expenses, interest, taxes and dividends have been deducted from a company's total revenue. Net income is also referred to as the bottom line, net profit or net earnings. The formula for net income is as follows: Net Income = Total Revenue – Total expenses. The gross margin ratio is an indicator of a firm's financial health. It tells investors how much gross profit every Naira of revenue a firm is earning. However, a higher gross margin indicates that an organization can make a reasonable profit on sales, as long as it keeps overhead costs in control.

From the profitability analysis above, the gross profit margin is 63.87. A gross margin of approximately 64% indicates that the business of the cooperatives in the study area was healthy.

Test of Hypotheses

The test is used to know the statistical significance of the individual parameters.

Hypothesis One

Ho: Retained earnings and membership contribution/savings have no significant effect on cooperative financial performance among cooperative thrift and loan societies in Enugu State.

Ha: Retained earnings and membership contribution/savings have significant effect on cooperative financial performance among cooperative thrift and loan societies in Enugu State.

Table 1.3: Regression Estimates of Internal capital on financial performance of CTLS in Study Area (2016).

Model	Coefficient Estimates	T - Value	Significance
(CONSTANT)	2.284	9.395	0.000
Retained earnings	-1.429	-1.906	*0.061
Members contribution	1.057	0.579	0.565
R ²	0.050		
Adj R ²	0.022		
F	1.823(Sig.@0.005)		

Dependent Variable: Gross Margin

Note * means significant of 5% level.

Source: Researchers computation, 2016

Interpretation

From the regression analysis (Table 1.3), the coefficient to multiple determination R² = 0.050, describes the extent to which the dependent variable (net income) is being explained by independent variables. This implied that 05% of variations in financial performance are caused by the variables analyzed above. Also, the adjusted R² was 0.022; showing 02% of variation in financial performance was explained by changes in the variables analyzed above. Only variable with p-value less than 0.05 is statistically significant, looking at Table 1.3, Retained Earning is significant while

Member's Contribution is not significant. The regression coefficient for retained earnings p-value is 0.061 which is below 0.005. The other variable is member's contribution and it's statistically insignificant because its p-value (0.565) is above 0.005. Also, it must be noted that the coefficients for retained earnings and members' contribution is positive which indicates that as the society's retained earnings and members' contribution increases, the financial performance of the cooperative thrift and loan society increases.

Decision

Haven established statistically that internal capital influences cooperative thrift and credit society's financial performance in Enugu State significantly, the null hypothesis will be rejected and the alternate accepted. Therefore, retained earnings and membership contribution/savings have significant effect on cooperative financial performance among cooperative thrift and loan societies in Enugu State.

Conclusion

The study established that internal capital (Retained earnings and Members contribution) significantly influenced financial performance of cooperative thrift and loan society in Enugu State. Retained earnings and Members contribution had positive p values of 0.061 and 0.565 respectively, meaning that increasing them would lead to an increase in financial performance of the cooperative thrift and loan society.

Recommendations

Management of cooperative thrift and loan societies in Enugu State should work hard to sustain or rather increase internal capital by monitoring their sources so as to increase financial performance of the society.

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AGRICULTURAL MECHANIZATION, A POSITIVE DRIVER TOWARDS AGRICULTURAL COOPERATIVE GROWTH IN NIGERIA.

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ABSTRACT

The inadequate presence of agricultural mechanization in the agricultural co-operative sector has contributed to the low level of agricultural production in Nigeria compared with the population of the country. This work critically examined the relevance and contribution of agricultural mechanization in the development of the agricultural sector of the economy. The study equally examined the benefits of credit for agricultural mechanization, the roles of co-operatives in agricultural mechanization as well viable recommendations were suggested. In conclusion, the context of trade liberalization and glob.

INTRODUCTION

The Nigeria domestic economy is partly determined by agriculture which has experienced rapid growth in the past 8 years. Agriculture has remained the fastest growing sector in the non-oil sector. Agriculture has recorded the growth rate well above 5% in recent years compared with the less than 2% growth of early 80's. In 2005, agriculture contributed 6.8% out of the 8.2% growth rate recorded by the entire non-oil sector. The same year, the sector also employed about 65 million persons and contributed about 41% of the gross domestic product (GDP). The agricultural GDP is contributed by crops (85%), livestock (10%) and fostering economic development in Nigeria.

Nigeria with a population of about 190 million people and a growing rate of 3.2% per annum, if not checked, the population of Nigeria would double in less than 25 years. This alarming growth rate is a challenge in a country where more than 90% of the agricultural output is accounted for by small-scale farmers with less than two hectares under cropping. About 75% (68 million hectare) of estimated total Nigeria land has potential for agricultural activities but only about 33 million hectare is under cultivation. Similarly of the

estimated 3.14 million hectare irrigable land area only about 220,000 hectares (7%) is utilized.

In addition, more than 90% of Nigeria agricultural output is accounted for by households with less than 2 hectares under cropping with typical farm sizes ranging from 0.5 hectares in the south to 4 hectares in the north. Supply of agricultural inputs has also been generally sub-optimal, fertilizer consumption of 7kg is one of the lowest in sub-Saharan Africa, less than 10% of irrigable land is under irrigation, farmers have limited access to credit and the existing extension services are grossly inadequate. There is currently one extension worker for 500-1000. Mechanized assistance is also grossly inadequate. There are only about 30,000 tractors for all 14 million farming groups/families in Nigeria. Also it is estimated that over 86% of Nigerian farmers and over 90% of farm operations, including bush clearing, land preparation, planning, weeding, pest control, harvesting and primary processing are still carried out using hand tools. It is further estimated that in the north about 85% of total area cultivated per year employed hand tools, about 6% employed animal power while about 8% are cultivated with the use of motorized

tractors and about 30-40% of agricultural produce is lost owing to poor post-harvested handling, storage and processing methods. Therefore, the forging underscores the importance of agricultural mechanization as a policy instrument in the growth and development of Nigeria's agriculture and need to explore the constraints to agro-mechanization. This study further attempt to review these issues and the roles cooperatives and credit could play in agricultural mechanization of Nigeria.

Agriculture mechanization: The traditional technology employed in agriculture holds the investments of land, labour and capital below a profitable margin which can promote full utilization of resource in Nigeria. This therefore calls for mechanized agriculture. In order to make agriculture profitable and productive, priorities and strategies should be shifted to the use of modern mechanization technologies suitable for both the small and medium scale farmers.

Agricultural mechanization therefore means the application of agricultural engineering principles and technology by the use of mechanical systems in the process of food, feed, fibre, fuel production, protection, processing, handling and storage. It also refers to the replacement of manual labour and simple hand tools with human, animal, electrical and internal consisting engine powered machinery. RIJK and FAO summarized the purpose and aims of agricultural mechanization as follows:

Increase the power inputs to farming activities, hence putting more land into land production.

Reduce drudgery in farming activities, thereby enhancing lifestyles.

Improve the timeliness and efficiency of farm operations.

Accomplish tasks that are difficult to perform without mechanical aids.

Improve the quality and value of work,

produce and processed products.

Provide employment (entrepreneurship) and sustainable rural live hoods.

Provide agricultural-led industrialization and markets for rural economic growth. Credit for agricultural mechanization: Agricultural production generally is capital intensive and in developing countries like Nigeria, small scale farmers need to inject capital into agriculture to increase production. The critical role of credit in economic development has never been in doubt either directly or indirectly in building the capacity of the small-holder farmers in increased agricultural mechanization for household food security and poverty alleviation. With adequate supply of credit to farmers, the retarded agricultural credit can stimulate the growth of agriculture, enhanced productivity and promotes standard of living by breaking vicious cycle of poverty os small scale farmers. It also enables farmer to meet their needs, expand their farms, increase output and aids small scale farmers to engage in commercial agriculture, Adebayo and Adeola.

Regrettably, the availability of credit to the agricultural sector has over the years remained inadequate and even more so for the agricultural mechanization sub-sector. The analysis below gave an insight of the cumulative trend of loans granted to agriculture under Agriculture Credit and Guarantee Scheme Fund (ACGSF) 1996-2005.

It can be concluded from the above that formal financial lender do not favor investment in agricultural mechanization probably due to economic and risk considerations as well as due to limited funds.

Role of cooperatives in agricultural mechanization: Cooperative organizations play very important role in the socio-economic life of the nation. Cooperative can be identified as an autonomous,

association of persons united voluntarily to meet their common, economic, social and cultural need and aspirants through jointly owned and democratically controlled enterprise. In Nigeria, majority of the agricultural cooperatives at different levels are multipurpose in their function. Not only do they operate banking business, but they also deal with other support series such as input supply, marketing and purchasing which is critical to agricultural mechanization.

Table 1: TREND OF LOANS GRANTED AGRICULTURE UNDER CREDIT AND GURANTEE SCHEME FUND (ACGSF) 1996-2005

Year	No. of Beneficiaries	Total amount granted's # 0 0 0	Average amount/beneficiaries #000
1996	19,439	25,466.3	1.3100
1997	17,839	27,577.5	1.5459
1998	6,428	17,480.6	2.7194
1999	12,657	19,444.0	1.5362
2000	244,495	29,566.0	0.1209
2001	20,298	46,861.8	2.3087
2002	23,681	31,428.7	1.3272
2003	24,304	13,951.0	0.5740
2004	35,035	2,065,738.1	58.9483
2005	37,733	3,046,738.1	80.7447

Source: CBN Statistical Bulletin 2006

The agricultural cooperative handles all kinds of credit including short, medium and long-term credit. It has mobilized a large amount of funds both from rural and urban areas and supplied an increasing amount of credit to farmers. Cooperative organizations have help to reduce some of the problems frequently faced by small scale farmers in obtaining loan such as: high interest rate, collaterals, lack of repayment moratorium and undue bureaucratic bottlenecks. Therefore, the roles expected of cooperatives organizations for the effective realization of agricultural mechanization aims objectives are as follows:

Cooperative organizations are expected to provide the appropriate avenue for the

demonstration of the modern technologies to meet farmers needs in agricultural and processing.

Cooperative organizations are also to serve as effective intermediaries in the delivery of credit to beneficiary farmers.

Cooperative organizations are expected to serve as avenue for a more accurate identification of input needs of farmers.

Training and adoption of agricultural technologies is made easier through cooperative organizations.

Dissemination of ideas and Information on availability of credit facilities is faster and enhanced.

Accessing credit facilities is easier and faster through coop Cooperative organizations also enhance farmer's standard of living, reduce poverty alleviation and increase farm productivity.

Conclusion

Nigeria's agricultural cooperative with multipurpose function, has played a substantial role in breaking vicious cycle of poverty by supply of agricultural cooperative credit. In the context of trade liberalization and globalization. The cooperative approach is one of the best means of self-protection for small farmers mainly due to its self-help concept and member's participation. It is therefore vital for government to strengthen cooperative credit and improves the efficiency of agricultural credit supply.

To further exploit the benefit of credit facilities through cooperatives organization to boost agricultural mechanization in the country the following are suggested:

Farmers in the country should be advised and encouraged to join cooperative; Credit facilities through agricultural cooperative should attract lower interest rate of at least 2-3%.

Financial institutions should endeavor to provide friendly customer service such as reducing bureaucratic bottlenecks and

transaction costs.

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DISTRIBUTION OF NET RESULTS IN COOPERATIVES: A CHALLENGE TO COOPERATIVE PROFESSIONALISM IN NIGERIA

By

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Abstract:

Cooperatives, with their many types, are unique forms of business organisations with practices that differ significantly from other forms of business organisations. A critical area of difference is in the distribution of net results especially surpluses. Many cooperative managers distribute their net surpluses using methodologies that are not in tandem with the spirit and letters of cooperation, citing members' decision, ignorance and convenience as reasons. This paper details how cooperatives ought to distribute their net surpluses with the legal provisions that mandate it and encourages cooperative professionals to insist on the right practices while challenging the Directors of cooperatives to unleash the sanctions the law has stipulated against defaulters.

Key words: cooperatives, net results, net surpluses, net losses, patronage refund, cooperative professionals, legal provisions

• Introduction:

A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise (ICA, 1995). Unlike private companies, a cooperative is not an association of capital but of persons who are both owners as well as patrons and exists primarily for self-help (or mutual-help) purposes. The dual nature of a cooperative, being an association of persons as well as a business enterprise makes it a unique form of business organization with practices that differ considerably from those of other business organisations, namely the sole proprietorship, the partnership, the joint stock company and the public corporation (Okoreaffia, 2016).

To see clearly the unique features of co-operatives, one should be able to

differentiate co-operative businesses from other forms of business organizations. The comparison that can clearly identify the major differences between the co-operative business enterprise and the others will be based on their membership, objects, size of membership, financing, voting, management, disposal of surplus, liability, relationship with the government, social and moral responsibility, etc (Uchendu, 1998; Okoreaffia, 2016)

Distribution of net results is one of the core practices that distinguishes cooperative businesses from other forms of business organisations and may even differ from cooperative to cooperative. That is why it is important that cooperative professionals are involved at this stage, and indeed at all stages, to explain the incongruity from other types of business organisations and from one type of cooperative to the other. The Director or indeed any cooperative professional, being someone trained to plan, promote, organize, operate, manage,

facilitate and regulate cooperatives ought to be challenged by that professional bias in them to ensure that the right cooperative practices are applied at all reasonable times.

• Types of Cooperatives

There are different types of cooperatives operating in different sectors of the Nigerian economy today and in practice, these differences are evident in their variations of operation and name. Thus, we have the following types:

- Farmers Multipurpose Cooperative Society (FMCS)
- Multi-Purpose Cooperative Society (MCS)
- Cooperative Thrift and Loan Society (CTLS)
- Cooperative Thrift and Credit Society (CTCS)
- Consumer Cooperative Society (co-shop)
- Transport Cooperative Society
- Insurance Cooperative Society
- Banking Cooperative Society
- Artisans Cooperative Society
- Housing Cooperative Society
- Building Cooperatives
- Cooperative Produce Marketing Society (CPMS)
- Pools Cooperative Society
- Industrial Cooperative Society
- Schools Cooperative Society.
- Funeral Cooperative Society
- Business and Employment Cooperatives
- Retirement Cooperative Society
- Service Cooperatives,
- Production - Promotion Cooperatives, etc.

The organizational-based cooperatives are today the most successful types of cooperatives especially among the educated and working class/salary earners. This is because most of the members are already engaged in full time work and only

need to raise capital for building, family investment, motor vehicle or to start a business either through savings/thrift or through credit/loan. What we generally refer to as organizational-based cooperatives are those cooperatives that are established among workers of the same organization, and majority of them are Cooperative Thrift and Credit Societies (CTCS), Cooperative Thrift and Loan Societies (CTLS) and Multi-purpose Cooperative Societies (MCS). Although most of their members are educated and considerably exposed, they still, unfortunately, insist on practices that are not in line with the spirit and letters of cooperation (Berko, 2017). This will later be seen as either out of convenience or out of ignorance or both. Part of the major area of disagreement today is in the distribution of surpluses in such cooperatives.

• The Concept of Surpluses in Cooperatives

The real meaning of surplus in cooperatives cannot be fully appreciated unless we go back to their sources and indeed the history of cooperatives. According to Okechukwu (2011), Andrews (2015) and Okoreaffia (2016), early cooperatives were set up to fight the exploitation of the greedy middlemen who procured goods from manufacturers and producers at cheap prices and sold same to consumers at exorbitant prices. They bought in large quantities, had transport and warehouse facilities and therefore enjoyed haulage and storage advantages and generally relished the advantages of economies of scale. They had lower unit costs and yet sold at very high prices and reaped humongous profits. It was impossible to compete with them as individual consumers or smallholder buyers.

Consumers were encouraged to form cooperatives to be able to survive the era and so they pooled their tiny capital and other resources together into a large cooperative with the same advantages of

large scale production including lower unit costs. They also decided to sell at the cost price (referred to as the ideal or cooperative price) since the customers were primarily the owners of the cooperative business and there was no way the business can target to make profit from its owners, questionably for whom? However, this angered these middlemen who decided to engage these cooperatives in a price war, selling even below the cost price. Naturally, customers, including members of the cooperatives moved over to patronize the middlemen again leading to a situation where the exploitation by the middlemen seemed to have seized and the cooperative becoming unnecessary. Hence, the cooperatives closed down and soon after, the middlemen jacked up their prices even higher than what it was before with the intention of recovering what it lost during the price war.

This led to the emergence of another generation of cooperatives as well as another price war. This cycle occurred a number of times until the cooperators sat down and decided that they would sell their goods at the prevailing market prices in order not to trigger off another price war. This was the birth of the 6th Rochdalean principle of cash sales at prevailing market prices. However, members agreed that at the end of the trading year, when profits would have been declared, the excess payment made by members (the difference between the prevailing market (middlemen's) price at which the products were sold and the cost price) would be returned to the members who created them. This can only be achieved through proportionate distribution of such excess, such that those who bought more will receive more returns and vice versa. This was the birth of the 3rd Rochdalean principle of dividend on purchases (patronage rebate/refund). That is why such difference between income and expenditure in cooperative businesses is referred to as surplus (surplus or excess payment) waiting to be returned, and not

profit.

It was also agreed that there will be continuous cooperative education so that new members (and indeed those who do not yet understand) will be taught the reasoning behind selling at the prevailing market prices and refund of the surplus payment at the end as patronage rebate. This was also part of the reason for the birth of the 8th Rochdalean principle of promotion of education. Chukwu (1990), Amahalu (2007) and Okonkwo and Nwokerobia (2013) also observe that there are other important reasons which support the sale of cooperative products above the cost price. They include;

- To be able to pay dividend on shares: Share capital is the major fund which the cooperative uses in funding its business. Although such financial investment is not the major focus of the cooperative, the contributors of share capital need to be rewarded through the payment of dividend (see Cooperative Regulations 12(1) and 12(10)). More so, they have an option and can withdraw their shares especially that bit above the statutory minimum and invest in alternative businesses which will yield higher dividend for them. So, in order to ensure that the contribution of adequate share capital is encouraged in cooperatives, competitive dividend on shares must be provided.
- To be able to pay interest on savings and deposits: Cooperatives provide savings facilities for both members and non-members. Such savings are meant to inculcate the habit of thrift in members as well as provide for the proverbial rainy day. In turn, the cooperative deploys such funds in its businesses and is therefore expected to pay interest on such savings and deposits as an encouragement to such savers and depositors (see Cooperative Regulations 12(9) and 53). This cannot be achieved if

the cooperative continues to sell at cost price.

- Creation of reserves: Reserves are to organisations what savings are to individuals. It is important for every business organization to have some reserves because it helps them at times of need and yet provides a cost-free, stable and long-term source of capital for the cooperative. The cooperative law also makes this compulsory (see Section 34(2) and CRs 49 and 50). This cannot be achieved unless they sell at a price higher than cost.

- Provision for accrued expenses: There are expenses which are accrued during the year but the actual cost is not known until later and it is not paid for immediately. The cooperative law also provides for this through Cooperative Regulation 12(2). Unless there is provision made for such accruals, when the bill eventually comes, it will be difficult to settle.

- Provision for future expenses, depreciation and incidentals: There may also be need to set some money aside for important investment and expenditures in the future that will add value to the business. Also, there may be need to provide for bad and doubtful debts, depreciate assets, provide for other business risks, etc. (see CR 12(9)). This can only be achieved if the cooperative adds a margin above the cost. At the end of the trading year, cooperative professionals rather look forward to the appropriation of net results which is the distribution or allocation of surplus earned by the co-operative during the financial year, to various accounts/items, such as statutory reserve fund, dividend on shares, patronage refund, bonuses, honorarium to committee members, etc in accordance with the relevant laws regulating co-operative societies. The net surplus of a co-operative society is

usually determined after charging all expenses of the society to the income and expenditure accounts and after providing for interests at predetermined rate on savings and deposits of members. Provisions/allowances are also made for the depreciation of fixed assets or for writing off of losses or bad debts or for creation or maintenance of reserves against bad debts, depreciation of stocks as the case may be. Such financial accounts must be duly audited by an approved auditor to confirm the availability of surplus or otherwise before appropriation.

4. Legal provisions on the distribution of net surpluses in co-operatives

The Nigerian Cooperative Societies' Act No 90 of 2004 and the Regulations made thereunder clearly provide for the distribution of net results in cooperatives and specifically states that a registered co-operative society shall not distribute any part of its net surplus except as provided under the Cooperative Act and until the proposed distribution has been approved by the committee of the society (see section 34(1) of the Act). When any question arises concerning what constitutes the net surplus, the decision of the Director after audit, shall be final (see Cooperative Regulation 12(3)). The legal provisions in summary stipulate that co-operative societies should distribute their net surpluses as follows:

- At least 25% of the net surplus shall be paid into a fund to be called the Reserve Fund (See Section 34(2) of the Act). Each cooperative shall create this reserve fund which shall be indivisible and used for the business of the society or invested as the Director may direct (see Section 49 of the Act)
- After one fourth of the net surplus in any year has been paid into a Reserve Fund, an amount not exceeding 10% of the remainder of the surplus shall be contributed to an Education Fund for the

co-operative education of members and officers (see Section 34(3) of the Act).

- For co-operative societies with unlimited liability, distribution of the net surplus shall not be made without the approval of the Minister or Commissioner, as the case may be (see Section 34(5) of the Act).

- Every registered society shall set aside at least twenty percent (20%) of the net surplus to a Members' Welfare Fund, which shall be utilized for the social needs of members as may be determined by the general meeting.

- No registered society shall pay dividend on shares at a rate in excess of twenty percent per annum (see Cooperative Regulation 12(1)). Such dividend shall be provided and paid proportionately on all paid up shares at the end of the financial year and all dividends due to a member shall be paid to him in cash or where the committee so recommends, and approved by the general meeting, as bonus shares to every member in proportion to current shareholding (see Cooperative Regulation 12(10)). A dividend is that part or portion of a cooperative's net surplus, which the committee distributes to ordinary shareholders at the end of the financial year. Generally, dividends can only arise when there is a surplus and are distributed on the basis of share-holding as contributed by the members individually and not on human participation or patronage.

- A society may set aside part of its net surplus for provision for expenditure in the forth-coming year or for payment of honoraria to officers and committee or staff bonuses or for the payment of interest on members' savings or deposit or for donations to charitable and welfare purposes (see Cooperative Regulation 12(9)). While a bonus is a share of the net surplus allocated or paid to staff of a co-operative society in appreciation of their contributions towards the realization of the

society's objectives, an honorarium is a share of the net surplus of a registered co-operative society allocated or paid to members of the management committee as compensation for their selfless contributions and sacrifices made in the effective and efficient management of the co-operative business. Such provisions made for expenditure in the forth-coming year are also some form of reserves. These are part of the net surplus set aside for future needs. They can be statutory in which case the law dictates how they are created or voluntary where the cooperatives do so on their own.

- A bonus based on wages or on the value of the product of a member in a society of which its members produce some goods or a bonus or a rebate on patronage calculated in proportion to the amount of businesses done by each member with the registered society may be distributed periodically to the members from the surplus (see Cooperative Regulation 12(4)). Any such bonus shall be calculated on the basis of the total business done with both members and non-members (see Cooperative Regulation 12(5)).

- A part of the net surplus may be set aside for the payment of interest or additional interest on members' savings or deposits subject to a total maximum of fifteen percent per annum (15%). This is the reward for savings and deposits made in the cooperative at the end of the business year. There is a compulsory 2½% interest charged to the profit and loss account in favour of all savings and deposits held by the cooperative both for members and non-members. There is also additional deposit interest paid to such savings and deposits at the end of the year from the net surplus subject to a maximum of 12½%. All these are distributed on the basis of savings/deposit balances contributed by both members and non-members. Where the cooperative makes a loss, no additional interest would be declared or paid to

depositors (see Cooperative Regulation 53).

- Part of the net surplus shall be appropriated into creating or increasing reserves or bad debt, or for depreciation of stocks or for investments (see Cooperative Regulation 12(8)).

- No part of the net surplus deriving from special or non-recurrent income such as fines, entrance fees, levies, donations and penal interest shall be distributed to members but shall be allocated to the reserve fund (see Cooperative Regulation 12(11)).

- Undistributed part of the net surplus at the end of distribution is paid into the general reserve fund which some refer to as undistributed surplus. The general reserve may be utilized with the approval of the general meeting for minor special and non-recurrent expenditure or by both the general meeting and the Director for the equalization of distributable dividends or bonuses (see Cooperative Regulation 50).

In summary, the purposes for which the net surplus is appropriated include both statutory and voluntary reasons as follows:

- For the creation of reserves (reserve fund, general reserve, voluntary reserve, provisions, etc)

- For the education of members

- In order to reward capital (dividend on share capital)

- In order to provide for members' welfare needs since cooperative societies are socio-economic organisations.

- In order to reward savers and depositors (interest on savings and deposits)

- In order to provide for social responsibility in line with the cooperative principle of concern for community.

- In order to pay patronage refunds/rebates which is to refund the excess payment: - the main trust on which surplus is created.

• **Payment of Patronage Refund**

Patronage rebates or refunds are part or some portion of the net surplus which are to be returned to members, in proportion to the volume of business transactions the member made with the society or the use a member made of the co-operative's goods and services. A patronage refund is not a return of profits in the ordinary sense of the word. It is nothing more than an adjustment made in charges for service so that the price paid will be the true cost of service in line with the spirit of the cooperative pricing policy.

There are three different methods observed in practice which committee members have been using in paying patronage rebate. They include:

- Differentiated/Split - up Rates on Individual Turn-over Method:

This is the most ideal method and the most difficult. A credit co-operative may have different types of loans and other financial products and each product usually contributes differently to the net surplus from where the patronage rebate is paid. In order to ensure equity, patronage rebate is paid in strict terms of who contributed, and to what percentage, to the net surplus. In this case, one has to determine what each product line contributed to the net surplus and who their patrons are. It shows the contributions of each line side by side to overall contribution. This method has the advantage of absolute equity and fairness. However, it is very complicated and expensive to operate. Needless to emphasize that you need a computerized system to be able to deploy this method.

- Flat Rate on Members' Turn-over Method:

This is the most reasonable and widely used in the world of true cooperatives. This method allows every member who took a loan during the year to receive part of the amount set aside for the payment of patronage refunds. It involves working out each member's turnover (loans during the year) as a percentage of the total turnover (loans to members during the year) of the

cooperative society for the trading period. This is considered equitable as it gives more money to those who contributed more to the surplus and less to those who contributed less to it. However, it needs accurate records to be achieved and well trained manpower to be able to calculate it.

- **Simple Average Method:**

In using this simple average method which has become popular among non-professionals, all that is required is a division of the total amount of surplus set aside for distribution as patronage refunds by the total number of members. It has the advantage of simplicity and is inexpensive to calculate. However, it is not only inequitable but also insensitive as those who did not patronize the cooperative partake in the refund thereby working against the principle of cooperation, particularly that of patronage refund. It also discourages patronage and may lead to the collapse of the co-operative because active members may become disenchanted. This method is largely unapproved among cooperative professionals and is therefore not recommended.

- **Appropriation of net losses**

While surpluses are prayed for and worked towards, losses also do arise. A loss, simply put, is the excess of expenditure over income in a cooperative business over a stated period of time. It is the converse of profit or surplus. Many stakeholders argue that losses should not occur in cooperative businesses because the cooperative is sure of its market (members) and price before embarking on any business and should be able to predict the outcome. However, in practice, inefficient management, natural disaster, small and unviable membership size, lack of members' loyalty and patronage, change in government policy, corruption, etc can combine to lead the cooperative business to a loss. When such losses arise unfortunately, they have to be appropriated too and members have to decide how. There are 4 options available

in this regard namely;

- Writing it off using the reserve/s. This will require a prior revaluation of all the assets and liabilities of the cooperative and the Director of Cooperative's approval as stated in the law (see Cooperative Regulation 49(3)).

- Writing it off using the risk capital (share capital). This may also require the Director of Cooperative's approval who will ensure that the minimum shareholding as stipulated in the society's byelaw and liability clause agreed with creditors and non-member depositors before loans were granted the society and deposits made therein are not violated (see Cooperative Regulation 11).

- Distributing it in accordance to patronage where members are required to make even the loss through proportionate contributions where those who patronized more and believed to have contributed more to the loss will be required to return more money to the cooperative to make even the difference and vice versa.

- Carrying the net loss forward to subsequent years as deficit until enough profit is made in future with which to write it off.

- **Problems encountered during the distribution of surpluses in cooperatives**

The major problems inhibiting the proper distribution of net surpluses in cooperatives include:

- Ignorance of the committee: The cooperative law vests the powers of appropriation of net surpluses on the management committee yet many of them are unaware of the logic behind, and the legal provisions on the, distribution of net results in cooperatives. Hence they appropriate it any how they understand or like or as demanded by members even if it is against the spirit of cooperation. If they get to know, many of them will insist that the right thing should be done.

- Lack of technical competence on the part of the committee: Even where the

committee is aware that there is a unique way of distributing surpluses in cooperatives, they may not have the technical knowledge (of how) to calculate it. Also, many may not have computers deployed in their operations as the efficient distribution of surpluses in a multi-activity cooperative requires the use of information technology.

- Ignorance of members: Many members are also unaware of the legal provisions on the distribution of net results in cooperatives, hence they take anything the management committee tells them. If they also get to know, many of them will insist that the right thing should be done.

- Lack of funds/smallness: Because of the generally small nature of many cooperatives, they do not have enough funds to acquire the needed hardware and manpower to update the data needed for appropriate calculation. Worse still, the primary cooperatives are not so properly integrated to have confidence in a secondary cooperative to handle these for them.

- Lack of adequate resources at the disposal of the regulatory office: The office of the Director of Cooperatives regulates cooperative practice in Nigeria. Unfortunately, majority of that office is also not computerized and without adequately trained IT personnel at that level. Therefore, it is difficult for them to assist cooperatives that are computerized or to regulate them properly.

- Lack of regulatory will: The Directors of cooperative have also not been able to sanction those who distribute their net surpluses against the provisions of the law as provided in section 34(4) of the Act. Instead, many of them even grant approval to the committee's inappropriate recommendations purportedly legitimizing the illegitimate.

Conclusion:

In summary, we conclude that:

- Cooperatives are a unique form of

business with practices that are naturally different from those of other types of business organization.

- The method of distribution of surpluses in cooperatives are statutorily provided and different from those of other forms of business organisations.

- The major reason why cooperative societies do not observe these statutory stipulations are due to the ignorance of both the management committee and the general members.

- The Office of the Director of Cooperatives whose duty it is to regulate cooperative practice in Nigeria, in addition to their own level of inadequacies, has also not been enforcing the sanctions provided in the law against defaulters.

- The consequence of the above scenario is that the wrong practice is perpetuated and at times argued in favour of, as if it has become conventional.

Recommendations:

In view of the foregoing, it is recommended that:

- Continuous cooperative education should be embarked upon to always teach management committee and general members of cooperatives the right practices at all times.

- The Offices of the Directors of Cooperatives should upgrade in their regulatory functions in readiness for cooperatives of this era whose activities cannot be captured manually and deploy all necessary computer facilities and qualified manpower needed to regulate them effectively.

- Cooperative professionals should continue to provide advocacy for correct cooperative practices based

on the relevant sections of the law to members, cooperative societies, stakeholders and non-professional supporters no matter how unpopular their professional advice or opinion may appear.

- The Directors of Cooperatives should not shy away from bringing sanctions down on any officer, official and cooperative who contravenes the law as that is the only way sanity can be ensured in the system and our cooperative societies can then sit up and improve.

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STREAMLINING THE DOUBLE BOTTOM-LINE OF MEMBER-PROMOTION WITH ORGANISATIONAL SUSTAINABILITY IN CREDIT COOPERATIVES: A PROFESSIONAL CHALLENGE

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ABSTRACT

Cooperative professionals are confronted by the double bottom-line of promoting the socio-economic interest of members as well as ensuring the sustainability of the cooperative business enterprise. This paper demonstrates how credit cooperatives are guided to respond to the question of appropriate interest rate to charge on loans in the face of members' agitation for the lowest rate. It further discusses the import of the operational self-sustainability index and the reasons why credit cooperatives cannot afford to charge the ideal price. Sources and costs of capital, expected income, patronage rebate, etc were expounded as vital considerations to help arrive at an appropriate rate that will sustain the legal, financial and administrative obligations of the cooperative enterprise. It recommends continuous training and re-training of cooperative professionals and members in order to ensure a successful cooperative sector.

Keywords: member-promotion, cooperative profitability/sustainability, cooperative professional

• INTRODUCTION:

Organizations are set up with goals and objectives. These are at times scheduled as targets which the organization uses to evaluate its performance. Depending on the type of organization, this can range from profit maximization to a certain percentage to wealth creation for members through member promotion or indeed to empowerment of one sort or the other. The cooperative system of business organization is not an exception. Indeed, as a socio-economic organization, its goals are even more difficult to achieve than those of other forms of business organizations. This is because a cooperative has to streamline the achievement of two major objectives simultaneously. As a social organization, it has the objective of working for the improvement of the social needs and welfare of members while as an economic organization, it has to be concerned about the viability and effectiveness of the joint cooperative business. This is a legislative

stipulation as well as a major challenge to cooperative professionals. It is indeed a double bottom-line as witnessed in our encounters with several savings and credit cooperatives over time, where their major activity is to mobilize funds from both internal and external sources to be able to provide credit facilities for members at friendly rates.

• MEMBER-PROMOTION:

The first bottom-line of the cooperative is member-promotion. According to Section 2 (1) b of the Cooperative Act (2004); *A society may be registered as a cooperative society if it has as its objectives, the promotion of the socio-economic interest of its members in accordance with cooperative principles.*

This means that the cooperative must have an economic/business arm which has the aim of helping the members' businesses to sustain and to grow. In savings and credit cooperatives, this business is the provision

of credit facilities for members. Instructively, less than 33% of Nigerians in Micro, small and medium enterprises have access to productive credit from financial institutions (World Bank, 2017). Therefore, lack of access to credit, occasioned by several reasons as adduced by Mensah et al (2015) ranging from lack of collateral, administrative and bureaucratic bottlenecks, illiteracy, absence of financial institutions, smallness of transactions, high interest rates, is a major problem of developing countries like Nigeria and any effective strategy adopted by stakeholders to tackle this developmental problem is embraced. Savings and credit cooperatives provide a sustainable solution to this problem of lack of access to credit especially towards their members. Creation of savings facilities for members is with the aim of helping members to raise the capital required to achieve the main activity which is the provision of credit. This can be in the form of thrift or ordinary savings, special savings and deposits. The law provides for the compensation of such savings through deposit interest and additional deposit interest (see South-East States' Cooperative Regulation 12 (9) and Cooperative Regulation 53).

Many credit cooperatives also provide for the contribution of share capital by their members (see South-East States' Cooperative Regulation 11). This is the unit of ownership of the cooperative and members own as many of it subject to the maximum stipulated by law. The shares are then used as part of the working capital of the credit cooperative by being lent to members. Contributors of share capital are rewarded and compensated through the payment of dividend from surpluses, proportional to all paid up shares at the end of the financial year (see South-East States' Cooperative Regulation 12(10)). Many credit cooperatives are also affiliates of secondary cooperatives especially central financing societies/agencies where the objectives is to attract on-lending credit from them or through them to their

members. Such loans come with conditionalities including interest rate payable.

Many credit cooperatives also have working relationships with banks, government credit institutions, government agencies, non-governmental agencies, etc that also have on-lending, counterpart funding or grant facilities for member organizations. Cooperative societies go all out to pre-qualify for such funds and when they are loans, their interest charges are influenced by the conditions of such partnering agencies.

In these external relationships, the interest rate charged by the cooperative from the borrowing member must be enough to pay the interest rate charged by the secondary cooperative or funding partner as well as a target margin.

In summary, all these funds credit cooperatives go out of their ways in search of is first to make credit available to members and cheaper to members who have one form of business needing capital or the other. When such members access such (cheaper) capital and establish or facilitate their intended business or for their welfare they also pay interest to the cooperative at a percentage cheaper than what obtains in the commercial banks. The resultant effect is increased investment, increased employment, increased productivity, increased income and increased standard of living. Thus members' welfare is promoted: This means that members' loans must be at an interest rate lower than what can be obtained outside in addition to the loan availability and adequacy, use of collateral substitutes like joint/cross guarantees and timeliness.

Although some consider loan availability, use of collateral substitutes, its timeliness, etc as part of member promotion, majority only evaluate member promotion in respect to the interest rate charged. More so, when funds have already been accessed or accumulated by the credit cooperative, emphasis on member promotion is then on

the percentage charged as loan interest. Therefore, the less the rate, the better for members. In fact, members naturally clamour for a reduction of interest rate chargeable and will even vote for a president who promises lower interest rate than others whether it is sustainable or not.

• COOPERATIVE SUSTAINABILITY

The second bottom line of the cooperative is cooperative sustainability or profitability; a situation where the operational income of the credit cooperative is able to, at least, cover its costs without resorting to aid. (Okoreaffia, 2017).

Literally speaking, a credit cooperative needs to charge an interest rate high enough to cover its operational costs. Murray (2018) has demonstrated that the viability of a business is measured by its long term survival and its ability to sustain profits over a period of time. Therefore, any charge below that point (interest rate) will result in a loss and will make the cooperative unviable. A business is able to survive when it is viable because it continuous to make profit year after year and achieve the goals of the owners thereby sustaining the members trust in their business organization. This second bottom-line is seen by many as the financial objective which drives the credit cooperative to achieve financial self-sustainability, which is what permits sustained service delivery without dependence on subsidies. This sustainability index is expressed as a percent/fraction of total cost covered by income in a given period and is always presented as a question "To what extent can your operating income cover your total cost?" Okumu (2007) responds with this formula:-

$$OSS = \frac{[(NL * AvLz * i)(1 - Y)] + Z}{(FINCO + OPCO + LLP)}$$

Where OSS = operating self-sustainability
NL = Number of loans
disbursed

AvLz = Average loan size
disbursed during the period

i = Nominal lending rate
charged

Y = Rate of default

Z = Other income

FINCO = Financial cost

OPCO = Operating Cost

LLP = Loan Loss provision.

Note that where OSS is equals to 1, it means that the credit cooperative's income covers its costs fully without excess or shortage but when it is above 1, it means its income covers its costs by that figure plus and when it is less than 1, it means its income is unable to cover its costs but only to the extent of the index or fraction.

For example, the records of a certain credit cooperative for 2013 and 2014 financial years were used to calculate their OSS, comparing the outcome at 10% they charged as against 5% which many members were clamouring for.

In 2013, when they gave out loans at 10%, their records were as follows:

NL = 486; AvLz = 360,038.07; i = 10%;
Y = 2%; Z = 852,455.70; FINCO =
N10,545,526.07; OPCO = N953,244.84;
LLP = N100,000

$$\text{To calculate their OSS @10\%} = \frac{[(486 * 360,038.07 * 10\%)(1 - 0.02)] + 852,455.70}{(10,545,526.07 + 953,244.84 + 100,000)}$$

$$OSS = 1.55$$

This means that their operating income could cover their operational costs and even yield a profit of 55% which they would use for other necessary obligations.

On the other hand, if they had yielded to members' pressure to give out loans at 5% in 2013, their records and OSS would have appeared thus:

NL = 486; AvLz = 360,038.07; i = 5%; Y =
2%; Z = 852,455.70; FINCO =
N10,545,526.07; OPCO = N953,244.84;
LLP = N100,000

$$\text{To calculate their OSS @5\%} = \frac{[(486 * 360,038.07 * 5\%)(1 - 0.02)] + 852,455.70}{(10,545,526.07 + 953,244.84 + 100,000)}$$

$$OSS = 1.55$$

OSS = 0.826

This means that their operating income would not have been able to cover their costs but would only cover 82.6% of it and therefore it will need aid, subsidy, support, grant or other form of free money to the tune of 17.4% to break even otherwise it will collapse sooner than later.

In 2014, they gave out loans also at 10%.

Their records were as follows:

NL= 405; AvLz= 390,678.75; i= 10%;
Y = 2%; Z = 366,975.93; FINCO =
N13,079,293.73; OPCO = N2,705,975.80;
LLP = N100,000

To calculate their OSS @10% =

$$\left[\frac{\{ (405 * 390,678.75 * 10\%) (1 - 0.02) \} + 366,975.93}{(13,079,293.73 + 2,705,975.80 + 100,000)} \right]$$

OSS = 0.999,
approximately 1

This means that their operating income could barely cover their operational costs without loss or profit.

On the other hand, if they had yielded to members' pressure to give out loans at 5% in 2014, their records and OSS would have appeared thus:

To calculate their OSS @5% =

$$\left[\frac{\{ (405 * 390,678.75 * 5\%) (1 - 0.02) \} + 366,975.93}{(13,079,293.73 + 2,705,975.80 + 100,000)} \right]$$

OSS = 0.511,
approximately 0.51

This means that their operating income would not have been able to cover their costs but would only cover 51.1% of it and therefore it will need aid, subsidy, support, grant or other form of free money to the tune of 48.9% to break even otherwise it will collapse sooner than later due to lack of viability.

The committee should always keep in view their operating self-sustainability index to assist them in such discussion and in reaching well-informed decisions with members.

Viability is linked to profit and to both solvency and liquidity. The viability of any business is like a trust and as Murray (2018)

puts it "when this trust is shaken, it is almost impossible to get it back". That's why when a credit cooperative begins to make losses, it becomes difficult to recover it as it is assumed to have lost the trust of both members and non-members. You would most likely see a run on it.

Therefore, there is both a clear reason why credit cooperatives should never allow themselves to operate at a loss as well as a compelling cause to be self-sustaining.

Chukwu (1990) had earlier stated why cooperatives in their pricing policy decisions cannot, or should not, adopt the ideal pricing policy to wit;

- To be able to pay dividend on shares: Although it is not the major focus of the cooperative, the contributors of share capital need to be rewarded through the payment of dividend. Moreso, they have an option and can withdraw their shares, especially that bit above the statutory minimum and invest in alternative businesses which will yield higher dividend for them. So, in order to ensure that the payment of adequate share capital is encouraged in cooperatives, competitive dividend on shares must be provided for.

- To be able to pay interest on savings and deposits: Cooperatives provide savings facilities for both members and non-members. Such savings are meant to inculcate the habit of thrift in members as well as provide for the proverbial rainy day. In turn, the cooperative deploys such funds as part of its loanable funds and is therefore expected to pay interest on such savings and deposits as an encouragement to such savers and depositors. This cannot be achieved if the cooperative continues to give out loans at cost price.

- Creation of reserves: Reserves are to organisations what savings are to individuals. It is important for every business organization to have some reserves because it helps them at times of need and yet provides a cost-free, stable and long-term source of capital for the cooperative. This cannot be achieved unless they sell at a price higher than cost.

- Provision for accrued expenses:

There are expenses which are accrued during the year but the actual cost is not known until later and it is not paid for immediately. Unless there is provision made for such accruals, when the bill eventually comes, it will be difficult to settle.

- Provision for future expenses, depreciation and incidentals: There may also be need to set some money aside for important investment and expenditures in the future that will add value to the business. Also, there may be need to provide for bad and doubtful debts, depreciate assets, provide for other business risks, etc. This can only be achieved if the cooperative adds a margin above the cost.

Credit cooperatives, as businesses are also competing with other businesses in the financial sector. All the corporate social responsibilities of these other businesses, the dividends they pay to their share holders, reserves they build for future needs as well as the infrastructural and human capital development they pride themselves in, are all funded through the margin between costs and selling price. This margin has to be high enough to sustain their business outlook, and so they ensure efficiency in their operations and charge as much as the market can permit. Although credit cooperatives are also faced with these obligations, they cannot hope to tackle them with a profit maximization mindset.

This means that professionals are challenged to work out a template that will streamline cooperative sustainability with member-promotion: thus the double bottom line. For them too, the main question here is "at what interest rate (price) should credit cooperatives give out their loans to members such that members' businesses and social life will be enhanced (member-promotion) as well as maintain a cooperative enterprise that can survive and carry out its legal and other corporate obligations (organizational self-sustainability) without resorting to aid or external help (which never comes though).

As mentioned earlier, many credit cooperatives have had arguments on the appropriate interest rate to charge between

5% and 10% (Report on Bye-law Review 2018). Those who believe more in the first bottom-line pushed for 5% interest rate while those who believe more in the second bottom-line pushed for 10% interest rate. Some members argued that sustainability was not so much a function of a high price but that of management efficiency while others referred quickly to many neighbouring institution-based credit cooperatives like theirs that were charging 5% interest rate but were steadily failing. While this argument became difficult to resolve amicably in the general meeting, the cooperative professionals were called in to advise. It was an interesting challenge because the two proposals were individually correct.

• THE PROFESSIONAL CONSIDERATIONS

Matters like this cannot be resolved without a thorough review of the operations of the credit cooperative, what the credit cooperative wants to achieve for both members and itself as well as the relevant legal provisions that dictate how these are done. Specifically, the credit cooperative must look at the following:

- Cost of capital: How is the credit cooperative raising its capital? This is important as seen earlier as the source of capital can influence its cost. For example, if the credit cooperative is sourcing its capital from another financial institution (on-lending), it is that financial institution that will largely determine the interest rate in addition to the mark-up the credit cooperative will add for its operations. If on the other hand the credit cooperative is sourcing its capital internally, it must provide for the cost of these items. Shares earn dividend and should be at a rate that encourages members' share-holding and reward capital subject to the provisions of the cooperative law (e.g. South-East States' Cooperative Regulation. 12 (1) states that not more than 20% should be paid as dividend on shares). The general meeting must agree on the rate they want to pay as dividend and build it into the interest rate

charged. Reserves bear no costs but it takes time to build and is always in short supply. Savings also earn interest and to encourage the savings habit and subject to relevant provisions of the cooperative law (e.g. South-East States' Cooperative Regulation 53 fixed the maximum of rate of interest at 15%). In application 2½% of this is charged to the Profit & Loss account and an additional interest on savings deposits during appropriation of net surpluses as stipulated by South-East States' Cooperative Regulation 12 (9) subject to a maximum of 12½%.

Most credit cooperatives (or savings and credit societies) raise their funds through members' savings. These savings tricked down in 1/12 per batch and yet the cooperative would be expected to pay 2½%

interests on the deposits irrespective of when it was deposited. A recent study of a savings and credit cooperative with 22 members shows a monthly savings accumulation of ₦1, 000,000 and for the year 2017, they realized ₦12, 000,000. During their P & L a/c they set aside 2½% of ₦12, 000,000 amounting to ₦300, 000 as deposit interest for the year in line with the cooperative law. Other details that this law will not allow us to see are as follows:

Month/when contribution is received	Cost from legal point of view	Actual cost from accounting point of view
January	$N1,000,000 \times 2\frac{1}{2}\% \times 1 = N25,000$	$N1,000,000 \times 2\frac{1}{2}\% \times 11/12 = N22,917$
February	$N1,000,000 \times 2\frac{1}{2}\% \times 1 = N25,000$	$N1,000,000 \times 2\frac{1}{2}\% \times 10/12 = N20,833$
March	$N1,000,000 \times 2\frac{1}{2}\% \times 1 = N25,000$	$N1,000,000 \times 2\frac{1}{2}\% \times 9/12 = N18,750$
April	$N1,000,000 \times 2\frac{1}{2}\% \times 1 = N25,000$	$N1,000,000 \times 2\frac{1}{2}\% \times 8/12 = N16,667$
May	$N1,000,000 \times 2\frac{1}{2}\% \times 1 = N25,000$	$N1,000,000 \times 2\frac{1}{2}\% \times 7/12 = N14,583$
June	$N1,000,000 \times 2\frac{1}{2}\% \times 1 = N25,000$	$N1,000,000 \times 2\frac{1}{2}\% \times 6/12 = N12,500$
July	$N1,000,000 \times 2\frac{1}{2}\% \times 1 = N25,000$	$N1,000,000 \times 2\frac{1}{2}\% \times 5/12 = N10,417$
August	$N1,000,000 \times 2\frac{1}{2}\% \times 1 = N25,000$	$N1,000,000 \times 2\frac{1}{2}\% \times 4/12 = N8,333$
September	$N1,000,000 \times 2\frac{1}{2}\% \times 1 = N25,000$	$N1,000,000 \times 2\frac{1}{2}\% \times 3/12 = N6,250$
October	$N1,000,000 \times 2\frac{1}{2}\% \times 1 = N25,000$	$N1,000,000 \times 2\frac{1}{2}\% \times 2/12 = N4,167$
November	$N1,000,000 \times 2\frac{1}{2}\% \times 1 = N25,000$	$N1,000,000 \times 2\frac{1}{2}\% \times 1/12 = N2,083$
December	$N1,000,000 \times 2\frac{1}{2}\% \times 1 = N25,000$	$N1,000,000 \times 2\frac{1}{2}\% \times 12/12 = N25,000$
Total	N300,000	N162,500

From the table above, the savings accumulated in 2017 cost the credit cooperative N300,000 (ie 2½%) as stated by the law instead of N162,500, it means the actual cost paid as interest on savings, based on the balance at the end of each year is not 2½% but 4.62% although this may relieve as the years go by and savings accumulate. Therefore, if you charge an interest rate of 5%, you will hardly break-even considering the other obligations that must be provided for in accordance with the law.

- Expected income (yield) from loans given: Assuming the credit cooperative lent out the accumulated savings at 10% interest rate, many will expect that it generated ₦1,200,000 as against a cost of ₦300,000 (ie 2½% of ₦12,000,000) and that is their basis for calling for a reduction in the interest rate charged. However, this is not true in practice as it should not be forgotten that the money trickled down monthly and therefore could not have been available from January to December. If we trace the receipt of the savings and their disbursements as loans, we will notice that the savings that came in January (ie end of January) was available for lending for 11 out of 12 months while that of February was available for lending for 10 out of 12 months, etc during that year. As we can deduce therefore, the yield from the savings when given as loans during the year even if charged at 10% interest will actually bring in 5.42% (and at 5% interest rate will bring in 2.71%) during the year and the balance to make it up to 10% will come in in the subsequent year. Thus, there is a great danger in starting with a low interest rate on loans when you are not sure of the actual income to expect.

The use of reserves as source of capital appears to be the friendliest as it bears no cost, and remains as stable, long-term capital. However, such reserves are only built through previous profits and come from the excess of income over cost. They take time to accumulate and cannot therefore be the target source of capital for a credit cooperative that wants to engage in efficient member-promotion.

Some credit cooperatives also have a mixture of sources of capital ranging from members

shares, members/non-members deposits, reserves, loans from different sources, etc with different conditions and legal stipulations which influence their costs to the extent that it becomes very risky to attempt to arrive at a common interest rate based on the ideal price.

The law and sustainable business practice require that reserves should be created and because there are other costs that become known only at the end of the accounting year and the need to make certain necessary provisions, the ideal price seen to reflect the zenith of member-promotion in this respect becomes unattainable, if members really want their credit cooperative to survive and grow.

- Patronage refunds in credit cooperatives: Patronage refunds in cooperatives are the refund of the excess payment made by patrons in the course of business transactions during the year. This is because while the cooperative sells at a higher price for obvious reasons, it still desires to go back to the ideal price when it is ascertainable at the end of all actual considerations and calculations by refunding whatever is the excess payment made. In credit cooperatives, patronage refund is paid to the borrowers because they are those who brought in the income. While arguments have been made for savers to partake in this as they provided the capital lent out, the legal provisions for additional deposit interest seems to have taken care of that (see Cooperative Regulations 12(9) and 53). The total amount now provided for patronage rebate during appropriation is divided by the amount borrowed and each borrower credited with his proportional fraction. This reduces the effect of the burden of profitability placed on members through the interest rate charged and positively affects their welfare thereby helping ultimately to still pursue the objective of member-promotion.

- Other considerations
The committee on its part must ensure that members feel the other benefits of being in a credit cooperative namely the use of collateral substitutes; the ease of getting loans; financial, business and social trainings

as funded through the education fund created from previous surpluses (see S.34(3) and CR 12(7)); prompt attendance to members' social needs funded from the members' welfare fund also created from previous surpluses (see CR 12 (6)); etc. These add up to touch the lives of members positively and thereby enhance their welfare. Deposit interest and generous additional deposit interest, competitive dividend on shares will all add up to give members additional income and substitute any high rate they paid.

Therefore, in fixing the interest rate in credit cooperatives, members must understand the above scenario and give approval for a rate that will accommodate these legal and administrative considerations. Cooperative professionals should also be bold enough to stand on their well-considered conclusion despite how unpopular it might sound among members who pressure for less.

• CONCLUSION:

From the foregoing, it can be deduced that in the argument on which rate of interest on loans to charge, when members understand the facts through their participation in discussions, training and continuous education provided by their cooperative, they will willingly vote for the rate that will guarantee the survival and growth of their credit cooperative while not hurting their first bottom-line, which is members' welfare. Finally when conflicting issues arise in cooperatives, members should confidently refer such to the Director of Cooperatives, his staff or other cooperative professionals for advice, interpretation or resolution in accordance with the law. The Cooperative Act (2004), despite its short-comings, remains the determining factor for all cooperative practices in Nigeria today.

While cooperative professionals enjoy the special privilege of being referred to or called upon to translate cooperative legislations into relevant cooperative practices, the need for their continuous training and re-training in line with emerging challenges, changing circumstances and realities cannot be over-emphasized if they are expected to carry out this onerous responsibility successfully.

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AN ASSESSMENT OF PERFORMANCE OF FISHERY COOPERATIVES IN INCREASING FISH OUTPUT FOR ECONOMIC RECOVERY IN RIVERS STATE

BY

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ABSTRACT

In Nigeria fishery sub-Sector account for about 40% of animal protein in the diet and contribute 4.4% of the agricultural share of the nation's GDP in 2003.. However Nigeria fish production volume of 0.5 tones cannot meet the annual demand of 1.3 million tones. Average annual fish consumption in the country has therefore stagnated at 9.2kg per capita a situation that resulted in a huge supply and consumption gap. The study, there had its trust as assessing the performance of fisher cooperative societies in Rivers State Data were obtained from 360 cooperative fishermen from 12 purposively selected Local Government Area of Rivers State. Data obtained were analyzed with both descriptive and inferential statistics. The findings revealed that, the respondents were of low educational qualification as such affected their initiative to improve that technique in the fish production as well as management of the fishing business. It also revealed that, the distance covered in the fishing exploit, fishing experience, had significant influence on their returns. Furthermore revealed the study that; there were three major sources used in the fishing exploit deep sea approach, the riverside and the creek. It was observed that more fishermen prefer the creek as fish tend to hide at the creek followed by the rivers approach with few exploiting the deep sea. Fishermen were faced with various degrees of challenges which range from pollution, climate change/bad weather, financial challenges; storage and processing facility; as well as high cost of fishing tools. The researcher therefore recommended among others that formal cooperative system of fish producers should be put in place to improve fish production in the areas.

Key words: fishery cooperatives, socioeconomic characteristics.

Introduction

Over 70% of Nigerians lived within the ambit of poverty and they are poor to obtain food required for healthy growth Okumadewa (2006) coastal erosion and flooding, increased environmental temperatures and wind storms) and degradation of coastal areas through human action (e.g sand filling that destroys breeding grounds). Investigations into fisheries in Nigeria, including those of

wetlands, come under the mandate of the National institute for Freshwater Fisheries Reseach (NIFFR), formally Kainji Lake Research project . During the project phase (1968-1975) research concentrated on fish populations of the new Kainji Reservoir on Niger River. With the phasing out of the Kainji project, a multi- disciplinary Research Institute was created with research disciplines similar to those of the project (i.e. Fisheries limnology, Wildlife and Range Ecology, Agriculture, Public Health and

Socio-Economic Studies) but with an expanded mandate for fisheries, covering major lakes and Rivers in Nigeria.

The importance of fish production cannot be over emphasized, fishing is making an important contribution to world protein intake as it serves as supplement for animal protein especially since the cost of animal seems to be beyond the reach of an average income earner (Samson, 1997). As such the demand for fish globally and Nigeria in particular has been on the increase with supply not meeting demand (FAO, 2004). This had created great opportunity, such fish farming is a fast growing animal base, food production sector particularly in the developing countries mainly from China and other Asian countries (Green facts 2004). Consequently it provides employment opportunity such as production, processing, transportation and marketing. According to Olatunde, (1998), fish intake is about 40% of protein intake of average Nigeria. However combination of various factors seems to have triggered the increase in fish production and consumption. In Africa the fish sector provide income for over 10 million people engage in fish production, processing and trade New partnership for Africa Development, (2005). Fish has become a leading export for Africa with an annual export value of 2.7 billion US dollar. Yet this benefit is at risk as the exploitation of China and other Asian countries (Green facts 2004).

Statement of the problem

The search for adequate food supply in view of the soaring population in most part of Nigeria has been a serious concern for the government and many international agricultural agencies. According to Okunola, Oludare, and Akinwalere (2011), the issue of malnutrition and inadequate food supply is a critical problem and the energy intake by Nigerians averaged 225 kilocalories a day against internationally estimated minimum of 2500 and 2800 kilocalories daily. About 13-18 million

people (mostly children) also die yearly from sickness related to fish protein deficiency, United Nation (2012). This was as a result of the fact that, over 70% of Nigerians lived within the ambit of poverty and they are poor to obtain food required for healthy growth of children Okumadewa (2006).

It is important to note that the global food equation recognized two major protein components namely, food crop components and animal protein component. Animal protein sources include meat from cattle, sheep and goat, poultry, eggs, milk and milk products, wild life and fish Okunlola, Oludare; and Akinwalere (2011). Among all these sources of protein, fish is the only source of protein that is affordable for every household that are poor. As a result of the bottlenecks in the production of fish, there has been the problem of meeting the percentage protein consumption required by the average Nigeria. As such, this will result to malnutrition, and other related diseases and sickness. According to FAO (2004), the per capital protein intake as recommended by FAO is 5gm out of which 10.6gm should be from animal origin. The Nigerian food balance sheet showed that only 4.82kg of animal protein is consumed which is only about 10% of the recommended total protein intake (Ajayi, cited in Adekoya, 2004). Most of the fishermen are illiterate in that they are not acquainted with the modern method of fishing. Furthermore, they are financial poor as to provide the necessary materials for fishing, they are

In view of the situation above, there is the need to identify the performance fishery cooperative societies on the quantum of fish production. Over the years, fish shortage coupled with high price in Nigeria have indicated that domestic output has not been able to provide most Nigerians fish at affordable prices, coupled with the increase petroleum exploration; the natural habitat

of fish is becoming uncondusive for fish to survive. This had made the cost of fish capture very expensive. River State is endowed with inland and marine waters for fish capture. This had affected both fishermen ability to catch fish and maintain facility for fishing. Consequently it affected their income from fishing. The incessant movement of vessels makes thing worst for capture, as it poses great danger for both the life of fishermen and their equipment.

Objectives of the Study.

The broad objective of this study is to evaluate the performance of fishery cooperative societies in Rivers State. The specific objectives are to:

- examine the socioeconomic characteristic of members of fishery cooperative societies;
- assess the performance of fishery cooperatives based on quantum of fish production;
- determine the extent to which membership of fishery cooperatives have enhanced the income of fishermen;
- determine the effect of socioeconomic characteristics on the quantum of fish production;
- identify the constraints militating against optimal performance fishery cooperatives and make recommendations that will strengthen fish production and ameliorating of the identified constraints based on the findings from the study.

Hypotheses of the study

Ho₁: socioeconomic characteristics of fishermen have no significant influence on the quantum of fish production.

Ho₂: The fishery cooperative societies have not performed optimally in boosting the quantum of the fish production.

REVIEW RELATED LITERATURE

Fish production in Nigeria

Nigerians are large consumers of fish and it remains one of the main products

consumed in terms of animal protein. Investors have the opportunity to establish fish farming businesses in several locations across the country. Only around 50% of demand for fish is currently being met by local supply. The fishery sector is estimated to contribute 3.5% of Nigeria's GDP and provides direct and indirect employment to over six million people (Adeola 2006). Nigeria has many rivers and water bodies which would serve as good locations to set-up fish farms. Opportunities exist in various areas of the fishing sub-sector, these include; production of stable fish, construction of fish farms, storage, processing and preservation of captured fish, fish seed multiplication, transport, financing. It was stated that early fish farmers in Nigeria raised their fish in burrow pits, abandoned minefields and in earthen ponds on extensive production system Oresegun et al (2007). The introduction of concrete tanks allows for manageable pond size and modification of the environment through a water flow-through system and supplementary feeding thus allowing for higher fish yield. The advent of the indoor water re-circulatory system (WRS) has ushered in a new prospect for aquaculture. The introduction of WRS has created a turning point in the production of fish in Nigeria especially catfish.

A recirculatory system (RAS) is an intensive fish farming system that incorporates the treatment and reuse of water with less than 10% of total volume of water replaced per day. As a result, less water is needed for the aquaculture operation system. There is also complete environmental control of the system and all year availability of controlled harvested fish. The basic concept of RAS is to reuse a volume of water through continual treatment and delivery to the organisms being cultured. Although the re-circulatory system requires high initial investment, high risk etc. Production of fish in locations where limited water is available, Bio-security, ability to locate the operation

close to markets to reduce product, transport, time, and costs, improved feed conversion, and year round production. Ponds are essential components of most fish and aquaculture farms. Lowlands or valleys less suited to other agricultural development are usually selected as sites for these ponds and this is often the consideration in selecting the site for the entire project. The ponds are normally shallow, cover relatively large areas and are surrounded or impounded in the majority of cases by low earth dikes or dams. The ponds are usually filled and drained through open canals; other methods, such as filling through a pipeline, being exceptional.

Prospects of fishing Culture

The story of aquaculture in Nigeria is essentially the story of catfish culture and the hope of fish supply in Nigerian hangs on its development and culture. Recent trends all over the world, point to a decline in landing from capture fisheries, indicator that fish stocks have approached or even exceeded the point of maximum sustainable yield. Aquaculture therefore remains the only viable alternative for increasing fish production in order to meet the protein need of the people. The vast Nigerian aquatic medium of numerous water bodies like rivers, streams, lake reservoirs, flood plains, irrigation canals, coastal swamps offer great potentials for aquaculture production, if optimally utilized. Constraints to modernization of aquaculture in Nigeria among other factors are:

- A serious shortage of trained manpower.
- Lack of knowledge on profitability of aquaculture as an industry
- Limited availability of fund (or capita)
- inadequate data base on the biology and ecological requirements of endemic fish species with aquaculture potentials.
- Insufficient data on production and

management techniques, and

- Lack of rational aquaculture development planning.

The Food and Agricultural Organization of the United Nations (2006) stated that Nigeria is a protein deficient country. The protein deficiency in the diet can be primarily remedied through the consumption of either protein-rich plant or animal food stuffs. The steadily growing importance of fish farming has compelled improvements in technologies necessary for securing the initial and basic requirements for productive aquaculture; namely, the production of fish seed for stocking. Fish culture today is hardly possible without the artificial propagation of fish seeds of preferred cultural fish species (Pillay, 1976). The need for these production of quality fish seed for stocking the fish ponds and natural water bodies has increased steadily. Artificial propagation methods constitute the major practicable means of providing enough quality seed for rearing in confined fish enclosure waters such as fish ponds. Reservoirs and lakes (Charo and Oirere, 2000). Apart from being able to obtain quality seed, artificial propagation technique can also be used to develop strains superior to their ancestors by the method of selective breeding and hybridization. Depending on the perfection of the system, at least 65% of the eggs produced can be raised to viable fingerlings against less than 1% survival rate in natural spawning. The most popular fish species that have proved desirable for culture in Nigeria are the Clariid fishes; *C. garipinus*, *Heteroclaris* sp. and *Heterobranchus* species (Adekoya et al, 2006). The African Catfish (*C. gariepinus*) is an important food fish in Nigeria has remained an important for research. In Ogun State, the importance of *C. gariepinus* has been no less than elsewhere in Nigeria based mainly on the farmers' and consumers' preferences (Adekoya et al, 2006).

Fishery Sector

Fishery sector can be categorized into the

following:

Artisanal Fishery

Typically involves using small boat and canoes, it accounts for more than 25% of the world catch. It is the source Of more than 40% of the fish used for human consumption (FAO, 1991). This sector provides the bulk of the fish consumed in Africa. This fishery involves marine (coastal) areas and land water bodies. In Nigeria, the artisanal sector both (coastal and inland) supplies the highest volume of fish with an average 356.2mt yearly (CBN 2000). There are about 264,601 people on the average that are fully employed in the artisanal fishery (FDF, 1996). Also there has been a steady increase in the number of full and part time artisanal fishermen from 1985-1994. In Nigeria, Artisanal fishery represents the lowest level of fishing organization, but it employs millions of

people at all levels from capture, landing, processing to marketing, and support services (FAO 1991).

Aquaculture

This embraces a wide range of activities from extensive "sea ranching" and management activities in large; bodies of water to intensive culture with fertilization and feeding of fish. in small man made ponds. Aquaculture has the potential to expand its annual output from the 12% of the total world fish production by weight to more than 20% by the turn of the century (FAO, 1991). It provides a wide range of benefits, not only for human health and nutrition, but also through foreign exchange earnings in the world markets and employment on a full time and supplemental basis.

Table 1: Top ten States having the most private fish farms output of the 2,293 total in the country.

STATES	NO OF FISH FARMS
Delta	420
Osun	300
Benue	198
Ogun	173
Lagos	153
Edo	136
Kwara	121
Akwa-Ibom	98
River	89
Beyelsa	86
Total and % of total	1,774.77

Source: Miller (2004)

From compiled available information (Ayemi, 1995; Anadu, 1996), there are four categories of fish farming in Nigeria; homestead concrete tank/ponds, subsistence fish farming, small-to-medium fish farming, large scale fish farming.

Integrated Agriculture and Aquaculture

Rice-cum fish culture is often cited as a promising method of producing a carbohydrate and protein crop simultaneously in the same field, with resultant increases in economic benefits. Experimental trials in Thailand have indicated that it is possible to produce, in addition to rice, a fish crop averaging 220kg/ha without supplementary feeding and up to 400kg/ha with feeding (Swingle).

This is especially important in economically depressed regions. Nigeria has high potentials for aquaculture development, despite these potentials, fish production from aquaculture in Nigeria is still very low and it is estimated as below 25,607 metric tonnes in 1989 from total water surface area of about 5500 hectares (Ita, 1993). FDF (1996) gives an average of 16,618 metric tons of fish production through aquaculture from 1985-1994 in Nigeria. According to Miller (2004) an inventory of fish farms has been completed in all the 36 states and the Federal Capital Territory (FCT) with a total of 2,293 fish farms in the country. This inventory is presently under verification and evaluation and will be compiled into a data base for shared use with all efforts made to use existing database to avoid duplication and facilitate compliments. Ten mostly southern states have 1,774 fish farms or 77% of total. This shows that pond fish farming is practiced in Nigeria where physical conditions (clay soils, water availability) and social economic environment are suitable. Green facts (2004)

Construction of homestead fish ponds for fish culture and other purposes is a common practice in the Mekong basin. In a study conducted in North East Thailand, Woke and Patrols (1975) cited instances of some farmers constructing homestead ponds for culturing fish as an integral part of an agricultural system. They concluded that for a comparable area, farmers receive 21 times more net income from supplemented fish farming than from irrigated rice farming and 74 times more net income than from irrigated rice farming. In Nigeria, rice cum fish culture trials were carried out at NCRI, Badeggi, rice experimental farm Badeggi and Abuja ADP experimental stations, Abuja. At the Abuja ADP experimental station, a total fish yield of 34.58kg was realized in the plot as well as a view yield of 18.70 after 85 days cultured period. This can be projected to fish yield of 1870kg/ha after one cropping. This gives a high fish and rice yield that should be tried in other ecological zones for verification (Okoye et al 2001). Aquaculture activities are generally divided into the following categories: Aquaculture without feeding. Aquaculture with feeding. Culture based fisheries. One major aspect of the poverty status in Nigeria is the high rate of unemployment with the attendant economic incapability, which in turn is responsible for the persistent problem of malnutrition over the decades. Women play an important role in the poverty alleviation and women can be empowered for better productivity in fish culture enterprises, seeing that women have been active in different aspects of agricultural production. The fact that women play major roles in the sustenance and development of a nation cannot be over emphasized. Many publications have indicated that women form two thirds of the agricultural labour force in most African countries like Nigeria. On the average, women work longer hours than

men by as much as 13 hours each week in Asia and Africa (Spore 1996). In Nigeria. Women produce the bulk of the food for local family consumption. There have been a lot of efforts in recent times geared towards the empowerment of women in the agricultural sector. There has been some structural adjustment and associated drive towards increased cash crop production and export such that more than half of the agricultural sector in developing countries of Africa are sustained by women (Wuraola 2001). There is a need however to also consider increasing efforts in encouraging women to get involved in fish culture enterprises.

Aquaculture Potentials in Nigeria

Nigeria has high potentials for aquaculture development and thus potentials can be realized substantially through services. Despite this potential, fish production from aquaculture in Nigeria is still very low and it is estimated as below 25,607 metric tonnes in 1989 from total water surface area of about 5500 hectares (Ita, 1993). It has also been suggested that if Nigeria is to be self sufficient in fish production through aquaculture a total of about 900,000 metric tonnes of fish a year (i.e. estimating at a minimum production of 1 metric tonnes per hectare per year. (Ita, 1993). The activities of the artisanal and industrial fishery remain the backbone of fish production in Nigeria and a means of generating foreign exchange. The potentials of aquaculture for fish production is also very high if adequately utilized. Over the years the demand for fish has been on the increase with the supply never up to the projected fish demand for the country. The projected average fish demand between the year 1986 and 1996 is 1,370,818,78 tonnes. However data on domestic fish in the country shows that an average supply of 445,252.45 tonnes is obtainable, which is about 32.5% of projected demand between 1986 and 1996. Hence, the need for

increase' production to bridge this gap has been a major concern. It is evident that the resources suitable for fish production in Nigeria are grossly unexploited, yet all through the years the levels of fish production has been far lower than demand. Nigeria can be self sufficient in fish production if her fishery resources are developed, managed and conserved to provide production levels that are economically sustainable. In 1994, a projected Nigeria human population of 120,669 million, projected fish demand of 1,560,000 metric tonnes PEA, only a total of 283,193 metric tonnes were produced domestically. On the average the annual fish production is about 23% of the average demand from 1985 — 1994. Contribution from aquaculture is comparatively small 17,109 tonnes per annum amounting to 5.36% of the total fish production, despite the availability in Nigeria of 1,010,000 hg of fresh water swamps and 741,509hg of brackish water suitable for aquaculture 'purpose (Ajayi and Talabi 1984). The table below gives the fish supply by sector on yearly basis (1990-2000). From the data in the table it could be ascertained that the artisanal sector both (Coastal & inland) supply the highest volume of fish with an average of 161,54mt. While 356.2mt is the average yearly accruing from the fishery sectors combined. Aquaculture has the lowest turnover per volume with an average of 24/9mt, which translates to mean that aquaculture sub-sector is the most underdeveloped, as such; a lot still needs to be done so as to bridge the supply gap from aquaculture. This recommended cultivable surface area could be easily met from total of 12 million hectares of surface areas of water including lakes, reservoirs, streams, rivers that could be harnessed for aquaculture development. To utilize the total area, the role of extension services in aquaculture technology transfer has to be put in place in rural development.

Empirical Review

All farms operate at less than profit maximizing scale and most operate at less than minimum efficient scale. Also, El-Naggar, Nasr-Ala, and Kareem (2008) examined the economics of fish farming in Behera Governorate of Egypt. They found out that, high prices of fish feed; declining fish prices and lake of fish were the top ranking serious constraints facing fish farmers in that area. Feed costs per kg of fish were LE 3.87, representing 58.9% of the production costs. The break-even analysis showed that average production costs of LE 6.57 per kilogram of fish while the sales price is LE 7.5/kg. The findings also reveal that quantity of fish seeds is a notable and significant factor contributing to the fish farming enterprise in the study area. Kassli, Baruwa and Mariama(2011) analyzed the economics of inland fishing, aquaculture and fish marketing in Niamey and Tillabery areas of Niger Republic. The study showed that both the aquaculture and inland fish production were profitable with a rate of return of 61% and 320% respectively while two types of fish marketing channels were identified. Yesuf et al. (2002) assessed the economics of fish farming in Ibadan Metropolis, Nigeria. The study revealed that most farmers with secondary education and above operate at small-scale level with an average of three (3) ponds. Fish farmers practiced polyculture fish farming. Clariasspp is the most raised fish species followed by Heteroclariasspp. The gross margin analysis revealed that medium scale farmers derived the highest return of N1.55 for every one naira expended. This is followed by large-scale farmers at N1.52 for every 1 Naira compared with only N1.34 for every 1 Naira spent by small-scale farmers. Ajao (2006), found that 80% of fish farmers in Oyo State, Nigeria, operated less than two (2) ha which could not capture economy of size. More than 90% of the respondents distributed their

fish at the site while 60% had little access to extension agents. Meanwhile fish farming was found to be profitable.

Kudi, Bakio and Atala(2008) examined the resources, cost and returns and other factors affecting fish production in Kaduna State, Nigeria. The study revealed that land, water, labour and capital were the main resources employed in fish production. The costs and returns analysis indicated that variable cost constituted 97.63% of the total cost of fish production in the study area, while the fixed cost constituted 2.37%. Amongst the variable inputs, fingerlings/juveniles (42.82%) and feed (34.70%) constituted the highest (77.52) to cost of production, while hire labour constitutes 16.91%. The cost of production was N571, 231.79, the total revenue of N5, 853, 625.64 and the net income was N5, 282, 93.85 indicating that fish production was highly profitable. Nandu; Gunn; Adegbiye and Mongalaku(2014) conducted a study on the assessment of fish farmers' livelihood and poverty status in Delta state. Their findings of this study suggest that the livelihood status of the farmers has improved in terms of socio-economic condition, quality of food consumed, housing condition and savings among others, yet, the farmers are relatively poor. The positive social and environmental attributes of aquaculture makes it an attractive entry point to improve the livelihoods and determinate poverty among the poor rural fishing households. Adequate fishing can ease under-nutrition, improve income status and serve as a means of agricultural diversification to alleviate poverty and ameliorate standard of living. Even though, the study found that improvement in the livelihood status of fishing households was recorded, their livelihood status is still below the annual minimum income of an average Nigerian, with a high poverty gap.

It is adjudged that the poverty alleviation

programmes targeting fish farmers have not impacted " positively on the livelihood status of fish farmers. With the high level of petroleum exploration in the State, the government and other organizations has not provided much basis facilities to enhance livelihood status and expunge poverty in the area. In spite of numerous literatures on the contribution of fishery cooperatives on the quantum of fish production, surprisingly there is limited evidence from the available literatures especially on the performance fishery cooperative societies in Rivers state. As such, this creates a gap in which this current study is determined to fill.

METHODOLOGY

Area of Study

The area of the study is Rivers State. Rivers State is one of the 36 states of Nigeria. According to census data released in 2006, the state has a population of 5,185,400, making it the sixth-most populous state in the country. Its capital, Port Harcourt is the largest city and is economically significant as the centre of Nigeria's oil industry. Rivers state is bounded on the South by the Atlantic Ocean, to the North by Imo, Abia and Anambra State, to the East by Akwa Ibom State and to the West by Bayesian and Delta States. It is home to many indigenous ethnic groups: Ikwerre,

Ibani, Opobo, Okrika, and Kalabari, Etche, Ogba, Ogoni, Engenni and others. The inland part of Rivers state consists of tropical rainforest; towards the coast the typical Niger Delta environment features many mangrove swamps. Rivers state, was named after the many rivers that border its territory, was part of the Oil Rivers Protectorate from 1885 till 1893. when it became part of the Niger Coast Protectorate. In 1900 the region was merged with the chartered territories of the Royal Niger Company to form the colony of Southern Nigeria. The state was formed

in 1967 with the split of the Eastern Region of Nigeria. Until 1996 the state contained the area which is now in Bayelsa State. Rivers State is currently consisted of 23 Local Government Areas, all of which handle local administration, under an elected Chairman. Rivers State has maintained its importance as a leading supplier of wealth to the nation for centuries. In 2007, the state ranked 2nd nationwide with a Gross Domestic Product (GDP) of \$21.07 billion and a per capital income of \$3,965.

The state is famous for its vast reserves of crude oil and natural gas. It was perhaps the richest and most important section of the African zone of the British Empire. Rivers state has two major oil refineries, two major seaports, airports, and various industrial estates spread across the land. More than 60% of the country's output of crude oil is produced in the state. Other natural resources found within its boundaries are silica sand, glass sand and clay. Prior to the discovery of oil in commercial quantity in 1951, Agriculture was the primary occupation of the people of Rivers State. Around 19th century when the industrial revolution reached its peak in England, the area was then referred to as Oil Rivers Protectorate, this was due to its abundant palm oil and kernel which basically constituted. the main revenue source of the country. In a sample survey carried out by the Federal Ministry of Agriculture and Natural Resources, about 40% of the rural inhabitants were committed to farming in 1983. Rivers State is one of the leading states in the production of yam, cassava, cocoyam, maize, rice and beans. About 39% (760,000 hectares) of the state's total land mass, particularly in the upland area, is suitable for cultivation. Major cash crops produced are oil palm products, rubber, coconut, raffia palm and jute. Other crops grown for food include vegetables, melon, pineapples, mango,

pepper, banana and plantain. The fishing industry is an important sector in Rivers state. Besides being lucrative, fishing is also a favorite past time activity. There are approximately 270 species of fish existing; with many artisanal fishermen in the riverine areas. The state provides valuable-sea foods such as crabs, oysters, shrimps and sea snails among others. Vertebrates like birds mammals and reptiles are also found in the region.

Population of the Study

The population of the study consists of all fishery cooperative societies in the River state. Based on the information obtained from the ministry of agriculture; there are 23 LGAs which cut across for Agricultural zones with 197 registered fishery cooperative societies in Rivers state and these cooperatives have membership base of 24,401. Thus, this is study population.

Sample size determination and Sampling Procedure

SELECTED LGAS & THEIR AGRIC ZONE	NO OF SELECTED FISHERY COOPERATIVE IN LGAS	NO OF FISHERMEN IN THE SELECTED COOPERATIVES	NO OF SELECTED FISHERMEN (6 FISHERMEN IN EACH COOP.)
Port Harocurt Zone (A)			
Ogu/bolo	5	748	30
Okrika	5	806	30
Port Harcourt	5	1,862	30
Egema Zone (B)			
Bonny	5	358	30
Asair-Toru	5	320	30
khana	5	656	30
Ahoada Zone (C)			
Ahoada East	5	747	30
Ahoada West	5	484	30
Emohua	5	901	30
Ikwerre Zone (D)			
Opodo/Nkoro	5	454	30
Adami	5	366	30
Ikwerre	5	951	30
Total = 12 LGAs	60 Fishery Coops	8,65 fishermen	360

Source: Field Survey, 2015.

Sources of Data

Data were collected through primary and secondary sources. Primary source of data collection was used by administering structured questionnaire to the respondents' (fishermen) through their cooperative leaders. While the secondary data were be sourced from text books, journals; conference papers; as well as internets and were extensively used

mainly for the introductory section and the literature review.

Data collection Instrument

The key data collection instrument used for this study was a questionnaire. The questionnaire was closed ended questions. It comprised two sections A, and B, section A solicited data on the socioeconomic characteristics of the respondents while section B was structured using the liter scale format on a 5 point scale. The scaling run from strongly agrees (SA), Agree (A), Indifferent (IND). Disagree (D) to Strongly Disagree (D).

Method of Data Analysis

The data from the study was analyzed with both descriptive and inferential statistics. The descriptive statistics was used to analyze the five objectives formulated. The descriptive include scale analysis of five points with threshold (mean) of 3.0 That is any variable that is equal or greater than 3.0 considered appropriate other than that inappropriate. Also simple percentage, frequency tables and mean employed as part descriptive statistics. The inferential statistics was used to affirm or reject the hypotheses of the study. As hypothesis one was analyzed with multiple regression models. This model explaine the influence and relationship between the dependent variable and the independent variable. The model specifies the fishing production and socioeconomic profile of the fishermen. The fishermen's socioeconomic characteristic is an indicator which significantly influenced the fish production.

The influence of socio-economic characteristics on fish production are considered using sex, age, marital status, number of household, fishing timing, distance to fish point and scale of production, years, of experience and level educational attainment.

Hypothesis 1 was tested using the regression coefficient, hypothesis 2 was tested using T- test while hypothesis 3 was

measured using Analysis of variance (ANOVA).

Model Specification

Multiple regressions were used to ascertain the effect of socio-economic attribute of the fish producers on fish production. The dependent variable (fish production) was explained by the regression line.

$$Y=(X_1 X_2.....X_n)$$

Equally multiple regression analysis is a statistical tool for evaluating the relationship between one or more independent variables X_1, X_2, \dots, X_n . Y is most often used when independent variable are not controlled as when collected in a sample survey or other observational study (Gollenger, 1964).

As such, the models were stated below
 $Y = a + b_1 x_1 + b_2 x_2 + b_3 x_3 + b_4 x_4 + b_5 x_5 + b_6 x_6 + \dots + b_n x_n + e_i$

Semi log $Y = a + b_1 \log X_1 + b_2 \log X_2 + b_3 \log X_3 + b_4 \log X_4 + b_5 \log X_5 + b_6 \log X_6 + \dots + b_n \log X_n + e_i$

Double log
 $\log y = a + b_1 \log X_1 + b_2 \log X_2 + b_3 \log X_3 + b_4 \log X_4 + b_5 \log X_5 + b_6 \log X_6 + \dots + b_n \log X_n + e_i$

Exponential
 $Y = a b_1 \log X + b_2 \log X_2 + b_3 \log X_3 + b_4 \log X_4 + b_5 \log X_5 + b_6 \log X_6 + b_n \log X_n + e_i$

Where:

- (Yi) = Quantum Fish Production
- Sex1 = male = 1, otherwise = 0
- Age 2 = respondents age (years)
- Eud3 = Years of formal education (years spent in school)
- MS4 = Marital Status (married =1, otherwise =0)
- HOS5 = Household size (Number of persons)
- FE6 = Fishing experience (years)
- COF7 = Cost of fish production amount (in naira)
- TIM8 = Fish Production Timing (regular =, 1seasonal = 0)
- INC9 = incoming generates from fish production per annum

(in naira)

FDC10 = fishing distance covered (per square mile)

MKT11 = channels of marketing fish catch (direct sales = 1, indirect sales = 0)

B₁-B₁₁ =Regression coefficients

B₀ Constant term

Therefore,

$Y = a + b_1 \text{ Sex} + b_2 \text{ Age}_2 + b_3 \text{ Edu}_3 + b_4 \text{ MS}_4 + b_5 \text{ H0S}_5 + b_6 \text{ FE}_6 + b_7 \text{ COF}_7 + b_8 \text{ TIM}_8 + b_9 \text{ INC}_9 + b_{10}$

$\text{FDC}_{10} + b_{11} \text{ MKT}_{11}$

Data Presentation and Analysis bold

Socioeconomic Characteristics of the Fishermen

Table 1: Distribution of responses based on the socioeconomic profile of the fishermen

Socioeconomic factor	Frequency (n= 360)	percentage %
Sex:		
Male	269	74.7
Female	91	25.3
Age:		
Less than 20 years	79	21.9
21-50 years	162	45
51-70	107	29.7
70 above	12	3.4
Education: (years of formal education):		
Zero year of formal education	54	15
FSLC	189	52.5
SSCE	94	26.1
OND/NCE	12	3.3
BSC/HND	11	3.1
Marital status:		
Single	73	20.3
Married	243	67.5
Widow/ widower	44	12.2
Household Size:		
1-2 persons	86	23.9
3-5 persons	251	69.7
6-10 persons	77	21.4
11-20 persons	-	-
Above 20 persons	-	-
Nature of Fishing:		
Full time fishing (1)	295	81.9
Part time fishing (0)	65	18.1

Fishing Experience:		
Less than 1 year	65	18.1
1-5 years	102	28.3
6-10 years	182	50.6
11-20 years	11	3.0
Scale of Fish Production:		
Small (0)	242	67.2
Large (1)	118	32.8
Fish Production Timing:		
Full tide movement	86	23.9
Low tide movement	71	19.7
No moon light	99	27.5
Full moon light	104	28.9
Income Generated from Fish Production annually:		
Less than 100,000	48	13.3
100,000-200,000	92	25.6
200,001-500,000	105	29.1
500,001-1000,000	95	26.4
Above 1,000,000	20	5.6
Distance / Area Covered During Fishing:		
1-5sq mile	86	23.9
6-10sq mile	125	34.7
11-20sq mile	89	24.7
21sq mile and above	60	16.7

Source: Field survey May, 2015

Table 1 was a distribution the socioeconomic profile of the respondents which revealed that more males (74.8 %) were into fish production than females (25.3%) and these fishermen were middle aged. On the average, the majority of the fishermen were well educated as good number of them spent 6 years in school to obtain First School Leaving Certificate (FSLC). Most of the respondents were married with family size of 3 -5 members. From the result on the table. It was discovered that, the respondents were full time (81.9%) fishermen and were adequately experienced. The table also showed that the respondents produced fish in small scale production (67.2%). Different fish production timings were explored by the respondent and they earned varying income ranging from 100,000 to 1,000,000 naira per annum and they cover relatively wide range of fishing areas.

Performance of Fishery Cooperatives Relative to the Quantum of Fish Production

Table 2: Distribution of Respondents on the Performance of Fishery Cooperative Relative to the Quantum of Fish Production.

S/n	Contributions of Fishery Cooperative	Std Deviation	Mean (x)	Decision
1.	Supply of fishing materials e.g. net, hook, trap, bait, etc	.9881635	3.98	Agreed
2.	Hiring services on fishing equipment e.g. boat engine, etc	1.007841	3.61	Agree
3.	Provision of credit facilities	.0889762	3.28	Agree
4.	Provision of storage facility	.632492	4.68	Agreed
5.	Processing of fish	1.447528	2.66	Disagree
6.	Render Extension services on modern method of fishing	.7853436	4.07	Agree
7.	Collective marketing of members fish	.4752284	3.85	Agree
8.	Educational service e.g. adult education	1.008436	3.08	Agree
9.	Render advisory services on fishing safety	.8804644	4.37	Agree
10.	Enlighten fishermen on the benefits of personal hygiene and family health	.9326661	2.86	Disagree
11.	Provide fishing regulations that regulates the fishing Activities of the fishermen	1.006440	3.72	Agree

Source: Field survey May, 2015

Table 2 reveal that the respondents agree that fishery cooperatives have performed well in quantum of fish production in different areas except in the processing of fish and provision of fishing regulations that regulates the fishing activities of fishermen.

In all other areas, the fishery cooperatives have performed greatly relative to the quantum of fish produced. The areas where they performed outstandingly are provision of storage facilities, rendering of extension services on modern methods of fishing, rendering advisory service on fishing safety and enlightenment of fishermen on the benefits of personal hygiene and family health.

Test of Hypothesis (Ho₂)

Ho₂: The fishery cooperative societies have not performed optimally in boosting the quantum

of the fish production. To test this hypothesis statement, parametric statistics paired T- test)

was used, and the summary was presented in the table below:

Table 3: paired T- test and C1 Summary Table

	Mean	St.Dev.	SE Mean
Strongly involved	201.6	39.0	13.8
Not involved (week)	85.4	39.0	13.8
Difference	116.3	77.9	27.5

95% lower bound for mean difference = 64.1

T – Test of mean different = 0

T – Value = 0.002

Decision

Since the P-value (0.002) is significant at 5% level of significance. That, is, the P-value is less than 0.05

Thus, the null hypothesis was rejected while the alternate was affirmed. Therefore the fishery cooperative societies have performed optimally in boosting the quantum of fish production; this further strengthened the result of descriptive statistics table.

Effect of Membership of Fishery Cooperatives on The Income of Fishermen

Table 4: Annual Income of Farmers Before and After Joining Fishery Cooperative

S/N	Annual income earned naira	Before joining fisher cooperative		After joining fisher cooperative	
		Frequency N=360	Percentage	Frequency N=360	Percentage
1.	Les than 100,000	78	21.7	32	8.9
2.	101,000-200,000	245	68.1	64	17.8
3.	201,000-500,000	30	8.3	107	29.7
4.	501,000-1,000,000	7	1.9	123	34.2
5.	1,000,001-2 million	-	-	32	8.9
6.	2.1 million-5 million	2	-	2	0.5
7.	Above 5 million				

Source: field survey May 2015

Table 4 above reveals that the maximum range of income earned by the respondent per annum before joining cooperative is 501,000 to 1,000,000 naira while the annual income of the respondent increased when they joined cooperative to the extent that 2 persons earn between 2.1 million and 5 million.

Test of hypothesis (Ho2)

HO3: membership of fishery cooperative has not significantly enhanced the income of the fishermen

Table 5: Analysis of Variance (ANOVA)

Table 5: Analysis of Variance (ANOVA)

	Sum of squares	DF	Mean square	F	Sig.
Between group	9.511	2	4.256	12.161	.000
Within group	54.9000	147	380		
Total	64.411	149			

Source: field survey may, 2015

The analysis of variance in table 8 revealed an F value of 12.161 which is greater than the tabular value (3.00) an significant at 0.05 (5%) level of significant. Therefore the null hypothesis was accepted which state that being a member of a fishery cooperative has significantly enhance the income of the fishermen.

Effect of fishermen socioeconomic characteristics on the Quantum of fish production

Table 6: Quantum of Output of Fishery by Cooperative Members

s/n	Quantum of fish production in tons annually by frequency		
	Members	N=360	Percentage (%)
34	Les than 10 tons	23	6.4
35	11tons -20 tons	30	8.3
36	21 tons- 50 tons	22	6.1
38	101tons-200 tons	41	11.4
39	201 tons-500 tons	201	55.8
40	Above 500 tons	20	5.6

Source: field survey may, 2015

Table 4 reflect the quantity of fish produced annually by cooperative members. It is apparent from the table that majority of the members produce between 201 tons to 500 tons per annum.

Test of hypothesis one H01)

Ho1: fishermen socioeconomic characteristics have no significant influence on fish production. In order to affirm or reject the above hypothesis statement the socioeconomic characteristics independent (variable) X₁, X₂, X₃, X₄, X₅, X₆, X₇, X₈, X₉, X₁₀, X₁₁, X₁₂ versus production quantum dependent (variable) were subjected to multiply regression analysis test and the result is presented in the table 7 below.

Table 7: Result of Regression Analysis

Predicator	Coefficient	Std error	T-value	P-value
Constant	0.82541	0.09925	8.32	0.00**
X1 sex	0.10885	0.05118	2.13	0.04**
X2 age	0.013858	0.001681	8.24	0.000**
X3 yrs Edu.	0.10151	0.04590	2.21	0.028**
X4 marital status	0.034621	0.005195	6.66	0.300*
X5 House size	-0.00000	0.06287	-0.00	0.000**
X6 Alt. job	0.0000002	0.000001	2.09	0.037**
X7 fishing exp.	-0.011448	0.004769	-2.40	0.017**
X8 scale of pro.	0.00590	0.5345	0.11	0.002**
X9 fishing tim.	-0.084537	0.003474	-24.33	0.000**
X10 income gen.	0.0130936	0.004281	624	0.000**
X11 Distance cov.	0.004824	0.025385	4.26	0.000**

** Significant

*Not significant

R-square = 83.9

Adjusted R-Square = 83.4

Table 8: Analysis Of Variance

Source	Df	Sum of squares	Mean square	F-value	p-value
Regression	48	24,1904	2,6878	.181.34	0.000**
Residual	312	4,6393	0.0148		
Total	360	28,8297			

** Significant at < 0.05.

Decision

The result analysis showed that R² =83.9 which indicated the extent which the dependent variable is explained by the independent variables. That is, 84% of variation is fish production (dependent variable) are caused by the independent variables, sex; age; years of education; income; household size and fishing experience (years), scale of production, and distance covered. Also the adjusted R² was also 83.4 which showed 83% of the fish production; fish production was explained by changes in their age; marital status; scale of production; fish production timing; years of formal education; income generated by

fishermen; household size and years of experience and distance covered. An examination of coefficient also revealed that it is only marital status that is not a significant factor. Therefore, all other variables are significant at 5% of level of significant and the p-value is less than 0.05. as such, the research rejects the null hypothesis and concludes that the fishermen socioeconomic characteristics have significant influence on fish production.

Challenges faced by fishermen in fish production**Table 9: distribution of response based on the challenges faced by the fishermen**

S/N	Constraints	Std. deviation	Mean (x)	Decision
	River related problems			
1	Pollution	.88862	4.63	Agree
1i	Non availability of fish	1.0298	3.27	Agree
ii	Non availability of fish area	.06322	3.33	Agree
1v	Fish related disease	2.0315	2.48	Disagree
V	Climate change & bad weather condition	.6488	4.63	Agree
	Financial constraints			
Vi	Lack of funds	.0946	4.08	Agree
Vii	Lack of collateral for loan	1.0843	3.74	Agree
Viii	Ignorance of loan facility	1.066	3.58	Agree
ix	Unfavorable government policy	.8733	4.14	Agree
	Problems associated with fishing			
X	Poor extension service	1.0061	3.59	Agree
Xi	Non availability of labour support	.8441	4.42	Agree
Xii	Long distance of fishing	.6825	3.37	Agree
Xiii	Strength of fish surviving	1.0441	3.66	Agree
Xiv	Fish preservation problem	.6601	3.92	Agree
Xvi	Tsetse fly challenge	.10463	3.04	Agree
Xvii	High cost of fishing tools materials	.8801	4.37	Agree
Xviii	Poor storage facility	.6244	3.46	Agree
Xix	Lack processing facility	.5721	3.04	Agree
Xx	Poor distribution & market channel	.6903	3.84	Agree
	Grand mean		3.7152	Agree

Source: field survey 2015

The result of the above table 9 revealed a from 5 point scale analysis with the weighted mean of 3.0 as criteria for agree or disagree. Meanwhile the grand mean ($x=3,7152$) implied that fishermen are been faced with degrees of constraints that ranged from pollution (4.63), climate change/bad weather (4.63), lack of storage facilities (3.46)to, high cost fishing material (4.37)

Summary of Findings

The findings from the study revealed that, the respondents had low education qualification as such affected their initiative to improve the techniques in fish production as well as management of the fishing business. It was also revealed that, the distance cover, in the fishing exploit, fishing experience, had significant influence on the fishermen return as fishermen went more catch.

On the average, the majority of the fishermen were well educated as good number of them spent 12 years in school to obtain SSCE. Majority of the respondents are married with family size of 3-5 members. The respondent were full time fishermen and are adequately experienced. The respondent produce fishes in small scale. Different fish production timings are explored by the respondents and earn varying income, ranging from 100,000 to 1,000,000 naira per annum and they cover relatively wide range of fishing areas.

Fishery cooperative societies have performed optimally in boosting the quantum of fish production. The findings also revealed that the income earned from fishing by the respondents before joining cooperatives. Was less than obtained after joining.

The study revealed that the significant factors that influence fish farming are sex, age educational, level, house size, alternate job, fishing experience, scale of production, fishing timing, income generated through fishing and distance covered.

Finally the findings revealed that the fisher men were faced with degrees of challenges which range from pollution, climate change/bad weather, financial challenge, storage and processing facility, as well as high cost fishing tools.

Conclusion

Although fishing is very important in stimulating growth and development of national economy, it was observed that government is not concerned about the plight of the fisher men as their policies are not directed to support them. Thus level of government intervention in form of levies and other payments, to a great extent affect the ability of the independent variables in stimulating the gross margin. As such value creation was limited as the capacity to sustain it is not allowed to manifest especially as they do not allow the market mechanism and fishermen became skeptical. Membership of a fishery cooperative membership is seen as a major advantage in fish production.

Recommendation

From the study the author recommend the following:

- Fishermen in Rivers state should endeavor to engage in group fish farming through the formation of cooperative societies as the study revealed that the income generated by members of such cooperative was higher compared to when they had not joined cooperatives.

- Fishermen should be encouraged to use modern facilities to improve their catch. With the introduction of modern equipment, it will enhance the productive fishermen and improve their income.

- The government should provide basic education for those fishermen and their household. This will enable them to manage their fishing business effectively and facilitate the adoption of modern technologies in fish production.

- Government should provide social infrastructure that will enhance fish storage such as electricity to help reduce some of the challenges the fishermen encounter in fish production. Ways of involving women in fish production should also be sought.

Financial institution should be encouraged to provide credit facilities to the Fishermen. This will enable the fishermen to acquire the necessary fishing Equipment that are capable of boosting fish production and result to more income.

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BANK OF AGRICULTURE (BOA) PERSPECTIVES ON FINANCING AGRICULTURAL COOPERATIVES IN OGUN STATE

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ABSTRACT

This study focused on Bank of Agriculture (BOA) perspectives on financing Agricultural Cooperatives in Ogun State. The three zones of the bank operation were sampled using multistage sampling techniques. Primary and secondary data were utilized for the study and obtained with the use of a well structured questionnaire from 120 respondents only out of which One hundred and nine (109) were returned, and acceptable for data analysis.

The results obtained on the socio-economic characteristics of the beneficiaries revealed that majority of them were male (58.7%), aged less than 50 years (75.2) with an average age of 42.51 years per beneficiary, married (75.2%), had moderate household size of 5 (mean) per household, literate with vast majority (98.2%) possessing one form of formal education or the other, (71.6%), engaged in farming as main occupation had an average of 5 years of farming experience and (64.2%) practiced Christianity as religion.

An evaluation of the factors determining the amount of loan obtained revealed that age, education, farm size, amount repaid, past record and annual net income are the important factors determining the loan amount obtained from the Bank. The age of the respondents, negatively influenced the amount obtained while farm size and amount repaid positively influenced the loan amount obtained. Household size, education and loan size were found to have significant relationship with loan repayment rate. While household size had negative relationship with loan repayment, education and loan size have positive relationship with it. In terms of constraints to the BOA loan acquisition. High interest rate, bureaucracy and inability to provide a guarantor were adjudged as the major constraints to loan acquisition in the Bank of Agriculture in Ogun State.

Keywords: *Agricultural Cooperatives, Loan Acquisition, Loan Repayment, Loan Evaluation.*

Introduction

The Central Bank of Nigeria (CBN 2014) defined the Bank of Agriculture (BOA) as a type of bank that lends money to farmers for longer a periods of time and charges them less interest. Therefore, the Bank of Agriculture (BOA) is described as credit bank expressly established in accordance

with the provision of law to assist agricultural development across the globe, particularly by granting loans for longer periods than is usual with commercial banks. In his words, Adesina (2012), an Economist and Social commentator succinctly conceptualized Bank of Agriculture (BOA) as bank that lends money to individuals,

basically farmers.

Bank of Agriculture (BOA) is the nation's foremost agricultural and rural development finance institution. It was incorporated in 1972 as Nigerian Agricultural Cooperative Bank Limited (NACB) to reflect the inclusion of cooperative financing into its broader mandate. In October, 2001, following the Federal Government effort to streamline the operations of its agencies, that were believed to be performing overlapping functions, three institutions, Nigerian Agricultural Cooperative Bank (NACB) Peoples Banks of Nigeria(PBN) and the risk assets of the Family Economic Advancement Programme (FEAP) were merged to form Nigerian Agricultural, Cooperative and Rural development Bank (NACRDB) in October 2010, following the rebranding of the bank to reflect its institutional transformation Programme, the Bank adopted the new name Bank of Agriculture (BOA) in the year 2013.

Co-operatives are autonomous associations of persons who unite voluntarily to meet their common economic and social needs through a jointly owned and democratically controlled enterprise (ICA, 1995). Co-operatives are established by like-minded persons to pursue mutually beneficial economic interest and they provide a unique tool for achieving one or more economic goals in an increasingly competitive global economy.

Agricultural cooperative also known as farmers' cooperatives is a cooperative where farmers pool their resources in certain area of activities thereby encouraged members to engage in joint cultivation of food and cash crops, purchase farm inputs at subsidized price and create better producers' price for their farm products (Poulton, *et al* 2006). In view of the low financial capacity and high level of under-development, an individual farmer cannot achieve the desires for large-scale production. It is therefore in the farmers' interest that resources are pulled together so as to gain a tremendous collective advantage and thus widening the industrial base of the economy and the management

techniques (Epetimehin, 2006). For instance, farmers' co-operative societies are formed to bring in more agricultural inputs and product marketing services to members, increase competition in the agricultural service sector and provide savings and loan to members, among many other functions. Small holder farmers stand a better chance with the formation of agricultural co-operatives.

Awoke (2004) reported that high rate of default arising from poor management procedures, loan diversion and unwillingness to repay loans has been threatening the sustainability of most public agricultural loan schemes in Nigeria; thus warranting an empirical probing and the need to critically assess factors affecting the rate of loan allocation to societies by bank of agriculture.

A detailed understanding of these factors may provide necessary information towards designing a more effective and sustainable loan system that can serve resource poor farmers better. Against this backdrop, this study is being undertaken to supplement existing literature and also serve as a bridge pillars between the bank of agriculture and farmers in ascertaining factors that influence their willingness or unwillingness to meet credit need of rural farmers.

Objectives of the study

- describe the socio-economic characteristics of the farmers in the study area
- examine the factors that determine the amount of loan obtained by the farmers
- identify the constraints to agricultural loan acquisition from BOA

Research Methodology

Study Area

The study was carried out in Ogun State, Nigeria, which was created in February 1976 with Abeokuta as the State capital. The State shares an international boundary with the Republic of Benin to the west and inter-state boundaries with Oyo State in the north,

Lagos State in the South and Ondo State in the East. The State has a landmass of about 1.7 million hectares. It is currently made up 20 Local Government Areas (LGAs) spread across four main divisions – Egba, Ijebu, Remo and Yewa/Awori (NPC, 2006).

Sources and Methods of Data Collection

Both primary and secondary data were used for this study. They were obtained through well structured questionnaire which was administered by trained enumerators. The following information were collected from the respondents' socio-economic characteristics, amount of loan given to farmers, whether or not farmers were able to repay for their loans on time, interest charged on loans given to them, timeliness of disbursement of loans, farm size and other factors influencing loan repayment of beneficiaries of BOA in Ogun State.

Sampling Techniques

Multistage sampling technique was used in selecting the beneficiaries. The first stage was a purposive selection which indicates the three zones. This ensures that all the operative bases of the Bank were all covered. The second stage was a random selection of four Local Government Areas from each of the three zones that where BOA branches are located. The last stage was random selection of 10 beneficiaries from each of the 12 Local Government Areas LGAs, forty farmers from each zone which are Abeokuta zone, Ijebu zone, and Imeko Afon zone from the list of farmers that were made available. In all, a total of one hundred and twenty (120) respondents were randomly sampled. However, after thorough field editing only one hundred and nine (109) were useful for the study.

Methods of Data Analysis

Descriptive statistics such as frequency distribution tables, percentages and measures of central tendency were used to describe socioeconomic characteristics of the respondents and identify reasons for loan default. While, multiple regressions was

used to examine factors that determined the amount of loan obtained, repaid and defaulted by the farmers.

Ascertain the factors that determine the amount of loan obtained by the beneficiaries.

Amount Obtained:

The model is implicitly specified as follows;

$$Y = f(X_1, X_2, X_3, X_4, \dots, X_n + ei) \dots \dots \dots \text{Equation (i)}$$

The model is explicitly specified as follows;

Equation (ii)

Where Q = Amount Obtained (₦)

= Constant term of the regression

= Coefficient of X input

= I n d e p e n d e n t v a r i a b l e s

= Error Term.

The model is explicitly specified as follows:

$$Q = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_6 + b_7X_7 + U \dots \dots \dots \text{(iii)}$$

Q = Relative amount obtained (₦)

X₁ = Borrowers age (Years)

X₂ = Loan beneficiaries educational level (years)

X₃ = Farm size (hectares)

X₄ = Loan Experience (years)

X₅ = Household size (in number of person)

X₆ = Amount repaid (N)

X₇ = Annual Net income (₦)

b₁, b₂, b₇ are coefficient to be estimated.

Problems encountered by the BOA beneficiaries in the study area.

Descriptive statistics such as (frequency distribution tables, percentages and measures of central tendency) was used to achieve this objective.

Results and discussions

Socio-economic characteristics of the respondents

The socio-economic characteristics of the respondents are presented under this sub-heading. An assessment of the socio-economic characteristics of the respondents becomes important because of its tendency to influence their borrowing and repayment

behaviours. As stated below, Sex of borrowers could have implications on loan repayment and by implication, default. It is important to understand how the respondents' sex would likely influence loan repayment. This could facilitate credible loan administration. The results revealed that the majority (58.7%) of the respondents were male. It is evident that majority (75.2%) of the respondents were younger than 50 years with mean age and standard deviation of 42.51 and ± 11.03 years respectively. Result on marital status reveals that majority (75.2%) of the respondents were married. This is an indication that married people were the predominant beneficiaries of the BOA loan. The table also revealed that the vast majority (83.5%) of the respondents had at most 6 individuals in their households with an average of 5 individuals per household. This household size is considerably moderate and may not have substantial effect on the use of borrowed fund for unintended household consumption expenditure. In other words, the level of the household size may not have significant effect of repayment. The results on education of respondents analyse that only minority (1.8%) of the respondents had no any form of formal education. This implies that the vast majority (98.2%) had one form of formal education or the other. Besides, substantial number (39.4%) of the respondents had HND/BSC certificates. Obtained results revealed that

vast majority (71.6%) of the respondents were farmers. With the high level of education among the beneficiaries, there is the tendency that if they invest the loan in farming, reasonable profit could be generated that will enable repayment of the loan. Also an evaluation of the farming experience of the beneficiaries revealed that the majority had between 1-5 years of experience with an average of 5 years per beneficiary. This experience level is relatively low and might not be unconnected to the high level of education that might have accounted for substantial years in the beneficiaries' lifespan. Evidence on the table below shows that the majority (66.0%) of the respondents earned at most N100,000 per month. The mean farm income and standard deviation revealed high level of variation in income of the beneficiaries. The results on Religion revealed that the majority (64.2%) of the respondents were Christians. Notwithstanding, the number of Muslim beneficiaries were also substantial (35.8%).

Socio-economic Characteristics Distribution of Respondents

Characteristics	Frequency	Percentage	Cumulative Frequency
Sex			
Male	64	58.7	
Female	45	41.3	
Total	109	100.0	
Age (years)			
20-29	9	8.3	8.3
30-39	30	27.5	35.8
40-49	43	39.4	75.2
50-59	22	20.2	95.4
> 60	5	4.6	100.0
Total	109	100.0	
= 42.31, SD = ±11.03			
Marital Status			
Single	11	10.1	
Married	82	75.2	
Divorced	4	3.7	
Widowed	9	8.2	
Separated	3	2.8	
Total	109	100.0	
Household Size (Person)			
1-3	37	33.9	33.9
4 - 6	54	49.6	83.5
7 - 9	14	12.8	96.3
≥10	4	3.7	100.0
Total	109	100.0	
Mean () = 4.5, Standard Deviation (SD) = ±2.49			

Education			
No formal education	2	1.8	
Adult literacy	5	4.6	
Primary education	3	2.8	
Secondary education	23	21.1	
OND/NCE	33	31.3	
HND/BSC	43	39.4	
Total	109	100.0	
Occupation			
Banking	2	1.8	
Business	1	0.9	
Civil service	1	0.9	
Farming	78	71.6	
Sailor	2	1.8	
Tailoring	1	0.9	
Teaching	15	13.8	
Trading	9	8.3	
Total	109	100.0	
Farming Experience (year)			
1-5	82	75.2	75.2
6-10	20	18.4	93.6
>10	7	6.4	100.0
Total	109	100.0	
Mean () = 5, Standard Deviation (SD) = 4.9			
Income (₦)			
≤50,000	34	31.2	31.2
50,001-100,000	38	34.8	66.0
100,001-150,000	28	25.7	91.7

>200,000	9	8.3	100.0
Total	109	100.0	
= N147,404, SD = ±N220,818			
Religion			
Christianity	70	64.2	
Islam	39	35.8	
Total	109	100.0	

Source: Field Survey, 2017

Factors determining the amount of loan obtained by the beneficiaries

Multiple regression model was employed to analyse the determinants of BOA loan obtained by the respondents. Age of respondents (X₁), level of education (X₂), farm size (X₃), loan experience (X₄), household size (X₅), amount repaid (X₆) and annual net income (X₇) served as independent variables. The adjusted R² of 0.682 indicates that about 68% of the variation in loan obtained is captured by the variables included in the model. The remaining 32% is due to unexplained variation in the amount of loan obtained by the respondents. The significant F-value (at 1% level) also shows that the model is a good fit to the data.

The data in the table, revealed that the coefficients of age, education level, farm size and amount repaid (in the past) significantly influenced the amount of loan obtained by the respondents. The age of the respondents, negatively influenced the amount obtained while farm size and amount repaid positively influenced the loan amount obtained. The implication of these findings is that the youths have better access to higher amount of loan than the aged and those that had better repayment in the past, will receive relatively higher loan amount than those with relatively less repayment record. Besides, the more educated an aspiring beneficiary, the higher the likelihood of securing higher loan.

Multiple regression analysis of determinants of loan obtained by beneficiaries

Variable Code	Variables Name	Regression Coefficient	Standard Error	t-value
? 0	(Constant)	-410026	348672.3	-1.176
X ₁	Age	-13718.4**	-0.136	-2.152
X ₂	Education level	39916.48**	0.134	2.168
X ₃	Farm size	107728.5***	0.328	4.700
X ₄	Loan experience	-28102.5	-0.039	-0.660
X ₅	Household size	21383.69	0.051	0.706
X ₆	Amount repaid	0.737***	0.097	7.587
X ₇	Net income	0.004	0.025	0.149
	F-value	34.016***		
	R-squared	0.702		
	Adjusted R-squared	0.682		

Source: Field Survey, 2017, * significant at 10 % level, **significant at 5% level,***significant

at 1% level

Constraints to Agricultural Loan Acquisition through BOA

Constraints refers to the problem faced towards achieving a particular goal. In this case, the usual goal of the beneficiaries is to continuously have access to the BOA loan. This also applies to prospective beneficiaries who may want to secure the loan for the first time. Understanding the constraints faced by the current beneficiaries will enable the prospective beneficiaries to be better prepared. This may ease the process of the loan procurement. Besides, the BOA could also improve on its loan disbursement processes with the knowledge of the constraints faced by the current beneficiaries. An attempt to provide this knowledge informs the analysis of the constraints being faced by the current beneficiaries of the BOA loan.

It is evident from the findings that substantial percentage (26.6%) of the respondents considered high interest rate as the most important constraint to the use of the BOA loan while others, considered bureaucracy, inability to provide the required guarantor, harsh loan recovery methods being used and untimely disbursement of

loan as the most important constraints to procurement and/or use of the BOA loan.

A follow up interview with the management of BOA in charge of loan revealed that the interest rate was relatively lower than what obtained in the mainstream financial sector like commercial and microfinance banks (between 20-40%). According to the BOA official, the interest rate for small-holder and SME loan beneficiaries for agricultural purposes is 12% and 14% respectively for non-agricultural purposes, the interest rate was 18% across board (all non-agricultural loan).

Intending beneficiaries of Bank of Agriculture (BOA) are required to have 20% of the desire loan amount as savings before they are requested. The smallholders are not required to provide collateral. For instance, a beneficiary that intends to borrow ₦100,000 must have at least ₦20,000 savings in the Bank. This is not a necessary condition for the SMEs who are required to provide collateral before securing the loan. The SMEs can, however, have both savings and collateral.

Distribution of the Respondent by Constraints faced by the Beneficiaries of the BOA

Constraints To Loan Use	Frequency	Percentage
High Interest Rate	29	26.6
Difficulties and protocols involved in obtaining loan	17	15.6
Cost of obtaining loan is too much	3	2.8
Inability to provide guarantor	12	11.0
Loan is inadequate	8	7.3
Untimely disbursement of loan	6	5.5
Harsh loan recovery procedure	8	7.3
No response	26	23.9
Total	109	100.0

Field Survey 2017

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Summary of major findings

The results obtained on the socio-economic characteristics of the beneficiaries revealed that majority of them were male (58.7%), aged less than 50 years (75.2) with an average age of (42.51) years per beneficiary, married (75.2%), had moderate household size of 5 (mean) per household, literate with vast majority (98.2%) possessing one form of formal education or the other, (71.6%), engaged in farming as main occupation had an average of 5 years of farming experience and (64.2%) practiced Christianity as religion.

An evaluation of the factors determining the amount of loan obtained revealed that age, education, farm size, amount repaid, past record and annual net income are the important factors determining the loan amount obtained from the Bank. The age of the respondents, negatively influenced the amount obtained while farm size and amount repaid positively influenced the loan amount obtained. Household size, education and loan size were found to have significant relationship with loan repayment rate. While household size had negative relationship with loan repayment, education and loan size have positive relationship with it.

In terms of constraints to the BOA loan acquisition. High interest rate, bureaucracy and inability to provide a guarantor were adjudged as the major constraints to loan acquisition in the Bank of Agriculture in Ogun State.

5.2 Conclusions

The age of the respondents, negatively influenced the amount obtained while farm size and amount

repaid positively influenced the loan amount obtained. The size of loan given had positive relationship with the repayment rate. High interest rate, bureaucracy and inability to provide guarantor were adjudged as the major constraints to securing loan from the BOA. The age of the respondents, negatively influenced the amount obtained while farm size and amount repaid positively influenced the loan amount obtained. Household size, education and loan size were found to have significant relationship with loan repayment rate. While household size had negative relationship with loan repayment, education and loan size have positive relationship with it. In terms of constraints to the BOA loan acquisition. High interest rate, bureaucracy and inability to provide a guarantor were adjudged as the major constraints to loan acquisition in the Bank of Agriculture in Ogun State.

Successful management of agricultural loan programme for farmers depends to a large extent, on sound knowledge of socio-economic characteristics of the farmers and their production situation or background also the amount of loan obtain. Management therefore needs to put in place, practical measures to mitigate the risk in the BOA loan scheme so as to improve the quality of the overall loan portfolio of the bank. These factors, pose three major tasks for the loan administrator namely, how to: Ensure continuous patronage from farmers, guide against mis-use of loan, and ensure prompt and full repayment of loan.

Recommendations

Recommendations arising from the conclusions of the study are given below:

- BOA should consider reducing the

interest rate to encourage more people to access the loan and ease repayment.

- Loan administrators at the BOA should consider providing large sum to beneficiaries rather than series of small loans because it was found to increase propensity to repay.
- Bureaucracy should be tackled and loan disbursed on time to beneficiaries to avoid the issue of wrong timing of loan disbursement and use.
- The BOA loan administrator should review the guarantor policy with a view to easing it. Perhaps, they could employ group lending as opposed to individual lending with guarantor.
- There should be effective and proper monitoring, supervision and control of loans to the beneficiaries in order to ensure prompt and full repayment of loan.

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ROLES OF COOPERATIVE SOCIETIES IN TANGIBLE ASSET ACQUISITION AND POVERTY ALLEVIATION AMONG RURAL FARMING HOUSEHOLDS IN OYO STATE, NIGERIA

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ABSTRACT

This search work evaluates the contribution of cooperatives in asset acquisition and poverty reduction among the rural farming households in Oyo State, Nigeria. Poverty has persisted despite several attempts made by both federal and state governments including local governments in addressing this issue. A multistage random sampling method was used whereby five adjoining villages were randomly selected from each of the six local governments purposively drawn due to their agrarian nature. Also, eight households were randomly drawn from each village selected. Data were collected through the use of a structured questionnaire. Both primary and secondary data were collected. In analyzing empirical research, the data collected, tables, charts, index, descriptive analysis and poverty index measure developed by Foster, Greer and Theorbecke (1984), were employed. The study reveals that 65% of the respondent are male, 100% are farmers, 74% are married while 88% are educated. The status of the households in captured in this study are poor since our poverty index of 0.05 is less than 1. The mean income and expenditure of ₦63,623 and ₦28,787 respectively while the standard deviation stand at ₦18171 and ₦15,338 respectively. The major aspects in which cooperative societies alleviate rural poverty includes making loan available without much collateral, making consumer goods available, supervision of loan given, release of double amount of savings as loan, purchase of landed properties and improvement in the standard of living. Among the tangible assets acquired are land, building, farm/processing machine, commercial vehicle(s) and commercial motorcycle. Their respective benefits varies. In the case of land, the economic benefits are affordable housing, health, insurance and loan from bank. The processing machine's economic benefits are health insurance and employment generation, commercial vehicle(s) benefit is health insurance while that of commercial motorcycle(s) are affordable housing and employment generation. Since cooperatives are really assisting in rural poverty reduction and yet the households captured status is poor, it is recommended that government should create conducive atmosphere for the cooperatives to assist farmers create more wealth.

KEYWORDS: Cooperative Societies, Tangible Asset, Acquisition and Poverty.

**HORTICULTURAL FRUITS MARKETING:
A PANACEA TO POVERTY ALLEVIATION IN NIGERIA.**

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ABSTRACT

This paper stresses on the need for proper marketing of horticultural fruits in Nigeria. It has effectively proved how the production of these brands of foodstuff has become a viable poverty intervention strategy in Nigeria. It has also clearly given an antidote to the problems created on over concentration of crude oil production. The paper gives the meaning of poverty and its classifications. However, the periodical stages and state of poverty in Nigeria were specifically treated. On the concept of poverty, it stresses that poverty alleviation is a drastic approach towards improving our capacity building for sustainable human development aimed at reducing unemployment in Nigeria. The paper suggests various ways horticultural fruits adequate marketing could reduce the rate of poverty, such as the need for modification of the agricultural extension system, increasing land for the production of such economic trees, government to pay more attention on horticultural tree crops production, and of course seek for solution to transport and infrastructural problems.

Keywords: Marketing on Horticultural Fruits, Poverty Eradication in Nigeria, and Modification of Agricultural Extension System in Nigeria.

Introduction

Nigeria, like other countries in the world, is striving to achieve economic independence. Prior to the discovery of crude oil, agriculture was the mainstay of Nigeria's economy. This was achieved by the provision of sufficient food for the countries learning population and also foreign exchange required by the other sector of the economy. Ojo (1994) noted that the advent of crude oil and related activities in the early 1970s radically and

drastically changed the structure of the Nigerian economy from a fairly diversified portfolio of agricultural products to an economy heavily dependent on crude oil for growth and sustenance. In Nigeria, enormous quantities of fruits and vegetables are produced and staggering figures are sometimes given as estimated annual production for example figures like 3.8 million tones of citrus, 15,000 metric tonnes of cashew and 730,000 metric

tonnes of mangoes, have been quoted as annual production levels for some fruits and vegetables which are really large quantities (Oyeniran, 1988; Erinle, 1989 and FAO, 2002). An increase in agricultural production is of little consequence for the welfare of either producers or consumers if the distributive channels remain checked and hinder the creation of time and place utility. Effective marketing is therefore, very important in the economic, social, political and technological development of any nation. The shift from an agrarian society to an economy heavily dependent on oil increased the level of poverty in the country. Using its Human Development Index (HDI), the United Nations Development Programme (UNDP) ranked Nigeria 142nd among the 174 countries listed in 1997; 146th in 1998 and 152nd out of 175 countries in 2003 (Ijaiya, 2008). The Federal Office of Statistics (FOS), (2005), on the profile of poverty in Nigeria (2005), revealed that the national incidence of relative poverty increased sharply both between 1980 and 1985 and between 1992 and 1996. The national incidence of relative poverty dropped from 65.6 percent in 1996 to 54.4 percent in 2004 representing 11.2 percent decline over the period.

The Concept of Poverty

The world poverty is conceived as meaning different things to different people depending on its application to the issue in discourse Economics have conceptualized poverty in various ways Ekpo (2002) defined poverty as a situation whereby incomes and consumption are low. According to Omolewa (1998), poverty is the inability to live a decent life with respect to food, shelter, health care, transportation and education. Poverty in its broadest terms implies a lack of resources for living a reasonably comfortable life, destitution and want.

Ezeji (2002) started that poverty is the failure of an individual to meet the basic

requirements for a decent living. In strict economic terms the world Bank (1996), considered the poor as anyone who has less than one dollar per day to live on. Foster (1998), defined poverty as a state or condition of having little or no money, goods or means of support, indigent, lack of something specified and deficiency of desirable qualities.

The State Poverty in Nigeria.

Poverty, more than ever before, has become an issue in global economic development agenda. In recent years, concern about the level of global poverty has been growing. This is meritable against the backdrop of frequent reports by development experts and agencies about the fragile living conditions of the majority of citizens of the Less Developed Countries (LDCs) of the world as generated by hunger, malnourishment, homelessness, unemployment, economic decline and lack of access to social services and opportunities. The state of poverty in Nigeria is massive, entangling and multi-faceted. According to Daniel and Moses (2020), about 72 percent of Nigeria population is suffering and smiling in abject poverty of less than one dollar a day. Evidence has shown that the increase in recent time of those poverty increased from 27 percent in 1980 to 46 percent in 1985. The ratio increased to 53 percent in 1996 and rose steeply thereafter, reaching an estimated 70 million people or 57 percent of the population in 1999. With these figures, Nigeria now accounts for nearly one-fourth of sub-Saharan Africa's poorest population (Obadan, 2001).

Poverty in Nigeria is also heightened by the fact that Nigeria has a mono production economy. Nigeria's economy is 95 percent dominated by the oil production and export revenues (Ezeji, 2007) while manufacturing and other suitors of the economy account for only 5

percent of the Gross Domestic product. Ezeji further of state that this monopoly renders all the other sectors of the economy such as agriculture manufacturing and industry apparently redundant. Worse still, the oil exploration and investment in Nigeria are mostly dominated by expatriates. In the past, poverty has been a rural phenomenon in Nigeria, but recent studies had shown that urban poverty has grown faster than rural poverty. This is largely due to massive migration from rural areas to the cities with the incidence of urban poverty almost matching that of rural poverty (World Banks, 2003). The poor Nigeria have limited access to savings and credit facilities, good roads, Pipe borne water, innovative technology and agricultural sector and in petty trading, utilizing rational inputs. Moreover, female headed households, widows and single mothers are vulnerable to poverty.

Classification of Poverty

Poverty has remained of the most multi-dimensional and intractable problems facing the human family globally. It is a pandemic disease and as an evil plaguing man's existence. It can be classified into the following;

- **Absolute poverty:** This is a state in which a person or household is unable to provide for physical subsistence such as food, clothing, shelter, portable water, health service, basic education, public transportation and employment. According to Augustine et al (2009), in absolute poverty classification, these requirements are financially estimated and measured as a fixed number of units of a country's currency. The relevant unit (Family or individual) is then classified as poor if its consumption (or income, if that is the chosen measure of economic well-being) is below the cut-off

amount and non-poor if it is about that amount.

- **Relative poverty:** Here a set of the community, state or national or a group of people, as a section of the world, are unable to satisfy their basic needs with equal measure of satisfaction as people in the other segment of the same society or world region, because they lack the income resources necessary to secure these basic needs. Distinctively, absolute poverty has fixed "real value" over time and space. While a relative poverty is used to refer to a poverty line that is proportional to the means or median income (Foster, 1998).
- **Urban Poverty:** This is poverty state whereby the income of a person or household living in urban centres may not be sufficient to provide some basic needs which enhance better live hood of a person living in an urban centre there may be portable water, electivity, better health care services, good transportation and telecommunication systems. The inability of a person or household to provide these services can be referred to as urban poverty.
- **Rural Poverty:** People living in rural areas do not have access to better health care services, better education, pipe borne water, electricity. Because they lack most of these necessities that make life worth living as in urban cities their poverty becomes more glaring in relation to the poverty of those living in urban centuries (Okafor, 2004). As a result of these, their economic status seems to be lower than those living in urban centers. According to CBN (1999), in 1980, the percentage of rural Nigerians that were said to be poor was 28 percent. It rose to 51 percent in

1985 and between 1992 and 1996, It rose to 72 percent. Hence, in Nigeria, poverty is basically a rural phenomenon.

- **Material Poverty:** Material poverty can be seen as deprivations or incapability in non-Monday terms. Such deprivations include lack of free or subsidized public services and lack of fixed or movable assets such as land, houses, vehicles, etc.
- **Income Poverty:** Income poverty refers to the monetary deprivations in terms of earned income which makes it difficult for a person so affected to provide or enjoy the basic needs of life such as good water, food, education and a decent standard of living. This is measured as percentage of the population of respective countries who earn or live on less than one US dollar a day.
- **Human poverty:** This is a measure of deprivation in the three basic dimensions of human development index, viz- longevity, knowledge and a decent standard of living. Generally, human poverty is characterized by vulnerability of not surviving to age 40 exclusion from the world of reading and communication as indicated by adult illiteracy rate, lack of access to overall economic provisioning measured by the percentage of children less than five years of age, who are underweight, under nourished and under height probably because of inadequate nutrition.
- **Transitory poverty:** This, according to Francis (2006), is a short term of temporary kind of poverty as a result of some natural occurrences or man-made disasters such as flood, earthquake, war or

changes in the economy that result of loss of employment, loss of income and reduced production capacity of the society.

- **Chronic poverty:** Chronic poverty, unlike the transitory kind, may be long term. In other words, chronic poverty can be permanent and also persistent. This kind of poverty is usually as a result of lack of skill or education for a gain employment, limited productive resources or some **endemic socio-political and cultural factors** (Haddad and Ahmed, 2003).

The concept of poverty Alleviation

Poverty Alleviation could be defined as measures taken to uplift the living standard of people through the provision of basic needs of life and income generating projects (Imeh, 2002). Poverty alleviation is a drastic approach towards improving our capacity building for sustainable human development aimed at reducing, alleviating or banishing poverty and unemployment in society. According to Olaitan et al (2000), poverty alleviation is the removal or minimization of the factors which contribute to poverty. Poverty reduction is about improving human well being and in particular that of the poor (Kra and Bani, 1998).

Horticultural Fruits Marketing in Nigeria.

Agricultural marketing has been defined as the performance of all business activities involved in the flow of food products and services from the point of initial production until they are in the hands of the ultimate consumers' needs by transforming, storing and transporting agricultural products from the point of initial production to the consumers in the proper form, time and place. According to Adekanye (1988), It is the sum total of all business activities involved in the

movement of commodities from production to consumption. Adegeye and Dittoh (1985) asserted that agriculture marketing is concerned with all stages of operation which aid the movement of commodities from the farms to the consumers and these include assemblage of goods, storage, transportation, processing, grading and financing of all these activities.

Horticultural fruits marketing which involves the movement, storage, transporting, grading, processing and financing of horticultural fruits from the point of production (farm) to the ultimate users or consumers is one of the small-scale income generating businesses embarked on by many people either on part-time or full time basis. Most of these tropical fruits which include mango, orange, cashew, pineapple, banana and paw-paw are affordable. They have sweet and acceptable taste and are conveniently sold where people congregate.

In Nigeria, horticultural fruits are cultivated in almost all the states of the federation either as orchard, plantation, shade or boundary trees. Oseri (2008) asserted that most of the states in Northern Nigeria produce fruits for instance, Gboko in Benue state is known for citrus production. Carrot, lettuce and pineapple are produced in Jos, Plateau State. Mango in Kaduna and Niger while we have banana, cashew, pawpaw and sour sop mostly in Abia, Enugu and Cross-river states Avocado pear and bread fruit are mostly produced in Akwa-Ibom, Imo and Abia State. More than 89% of the country's fruits production is dedicated to the domestic market. 92% is consumed fresh and only a low proportion mainly cashew nut is consumed fried.

Problems encountered by fruits producers and marketers and small scale fruit processors include;

- Land security for commercial tree

crop production

- Limited access to credit
- Lack of appropriate technologies
- Lack of management know-how
- Poor quality control
- Unreliable supply of raw materials
- Mobility of labour to other businesses and white color jobs which yield quicker returns, and
- Unavailability of farm inputs such as seeds and seedlings, fertilizers and chemicals.

Conclusion

Poverty has been a serious issue in Nigeria and most African countries. Successive governments in Nigeria had designed various programmes to eradicate poverty, but these programmes have always failed. This paper has shown that the marketing of horticultural fruits are gaining prominence because it has been discovered to be a viable poverty intervention strategy for both the urban and rural poor. The presence and potentials of fruit marketing in Nigeria especially in big cities is not in doubt. Evidence has shown that fruit marketing is thriving and sustaining a large population of families in different towns and cities of the nation.

Recommendations.

The following recommendations, if implemented, will go a long way to alleviating poverty via horticultural fruits marketing:

- There is need to modify the present agricultural extension system to help farmers develop and use market information system to improve their productive base and technology.
- There is a need to improve access to land for commercial tree crop production by reducing the exorbitant cost of purchasing and tilling of land for agricultural

purposes.

- The government needs to recognize that many horticultural tree crops are not grown for only the production of fruits, but also for the production of timber and medicinals. Farm exploitations do not pose a conservation threat and should therefore, not be regulated in the same way as that of mere conventional farm corps.
- Transport and road infrastructure should be enhanced. Existing road networks should be maintained and new ones, where necessary, should be constructed particularly in the rural areas. This will ensure easy link and delivery of horticultural fruits to the final consumers who mostly reside in the urban areas.

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S/n	Section of Act	Provisions in Brief	Comments and Negative Effects	Corrective Measures/Recommendations
1		Absence of ICA's Statement on Co-operative Identity	Giving a clear definition of the term "co-operative"/ "cooperative society" gives a very clear picture of the contents of the Act. This is same with the 1995 Co-operative Values. Reproducing the Cooperative values is also essential. The Act is likely to deviate from provisions associated with genuine, autonomous and democratically managed self-help cooperatives. This deviation as we have now affects the efficiency and effectiveness of co-operatives negatively	A clear definition of the term "co-operative"/ "cooperative society", preferably in sec. 1 of the Act. The same applies to the co-operative principles and values . These can be found in most co-operative Acts enacted after the Manchester Centenary Congress of the ICA in 1995. (see Appendix I)
2	1(I)	Appointment of the Federal Director of Co-operatives	The Federal Director of Cooperatives is in a mainstream ministry and should not be appointed by the President but through the normal process of appointing civil service directors. The 1979 Constitution allowed it but not the 1999 Constitution. The appointment by the President contravenes the Constitution (see sec. 188). The appointment can unfortunately be too politicized under the current practice.	An amendment is needed in the Act which will subject the appointment of the Federal Director to the rules and procedure in the Federal Civil Service, whatever they are. He should be appointed preferably by the envisaged National Cooperative Commission when it is eventually established.
3	1 (2)	Appointment of a State Director of Co-operatives	The 1999 Constitution allows this, but again this can unfortunately be politicized. A Director of co-operatives should as much as possible be insulated from politics to ensure	Same as in the case of the Federal Director of Co-operatives.

4		Qualifications of a Director of Cooperatives.	<p>According to Strickland's Report of April 1934, paragraph 58, the Registrar/Director must be a 'special specie' of civil servant, specially selected and trained for his duties, and possessing a status which will enable him to approach the head of any department or private body, with which he has a project to discuss and to be assured of the general support of government.</p> <p>Any person appointed to the post of Federal or State Director of Co-operatives without the right qualifications will likely be a misfit and will bring retrogression to the Cooperative Dept. and the Co-operative Movement. There are instances of this, which should not be encouraged or repeated.</p>	<p>A candidate for the post of Federal or State Director of Co-operatives must possess a degree in Co-operatives and Rural Development/Co-operative Economics and Management or Law or Agricultural Economics or any very closely related discipline. He should be seen to possess good knowledge in cooperative theory and practice and must be seen to be of dynamic personality.</p>
5		Location of the Dept. of Cooperatives at the Federal and State Levels	<p>Co-operatives cut across all sectors and sub-sectors of the economy and livelihoods. Strickland provides an answer to where it should not be located when he provides in paragraph 53: "It will be equally clear that he should not be subordinated or attached to any specialized department, since he is concerned with every branch of native life and every profession, occupation or class of persons in Nigeria.</p> <p>In this country, the Dept. of Co-operatives in the states are found in different ministries, at least in some fifteen (15) different ministries. This makes co-ordination of cooperative matters quite difficult. Co-operatives are not found only in the agricultural sector and to locate the Federal Dept. or any State Dept. of Co-operatives in the Ministry of Agriculture and Rural</p>	<p>Perhaps the office of the Vice-President, Deputy Governor or the Ministry of Economic Development, if any, will be ideal locations for cooperative matters. The final establishment of the envisaged National Cooperative Commission of Nigeria (NCCN) will solve the problem of the location of co-operative matters.</p> <p>The Co-operative Development Policy for Nigeria, 2002 has provision for the creation of "Ministry of Cooperatives and</p>

6	3	<p>Conditions for the registration of cooperatives: Primary; Secondary; State Apex; and Federal Apex. Minimum number of membership: Ten for a primary society and five for a secondary society</p>	<ul style="list-style-type: none"> A primary auxiliary/service cooperative needs a minimum of ten (10) individual members. This number is too small for viability. The Tanzanian Cooperative Societies Law has 20 as the minimum membership, with different types of societies having their own minimum membership, between 20 and 50. The larger a society is, the better in most cases. The share capital being variable with membership is larger, the bigger the membership. The turnover of the society is also larger, the more the membership. Putting the minimum membership at 10 individuals in an auxiliary primary society and six in a productive primary society has resulted in so many mushroom societies. This has led to the inefficiency and in effectiveness of so many societies. At least 70% of all societies in some states are moribund. Secondary societies: The minimum is five (5). This number again is also too small for viability. So many secondary societies at the local government level are not functional. 	<ul style="list-style-type: none"> This minimum should be increased to at least thirty (30). Smaller groups, at least 10 persons each, should form a co-operative cell. A minimum of 3 cells then form a primary co-operative society.
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				<p>The same corrective measure in (b) above applies.</p> <p>There is the need for zonal apexes so that states within a geo zonal apexes to meet their special needs. Indeed in most cases zonal apexes are more needed than national apexes.</p> <p>A minimum of two state apexes should be allowed to establish a zonal cooperative apex/federation and provisions are therefore needed on this in the Act.</p>
7	30	Restriction on granting of loans to non-members	<p>A society is not allowed to grant loans to individual non-members. We are in a new era where co-operatives should look beyond their noses and do non-member business, primarily to increase their turnover in order to improve on their business results. In the face of competition from capitalist corporate bodies, co-operatives which confine their business to members only may face business difficulties. Doing business with non-members in a community may be said to be in obedience to the co-operative principle of "Concern for Community" to help community members. Doing non-member business can be seen as a marketing strategy of co-operatives to attract non-members into their fold. Non-member business allows for optimal capacity utilization. (see Chukwu, 1990: 146 – 147).</p>	<p>Individual non-member business should be allowed in the Act, provided that in savings and credit coops and generally in financial cooperatives (except banks), an upper limit of 25% should be placed on non-member business.</p>
8	(34)1	Approval by the Mgt. Committee/ Board for the payment/distribution of net surplus	<p>Offends the Member Economic Participation Principle. It is the members' right to approve the appropriation of the annual net surplus on the recommendation of the management committee/board. The management's insistence in doing can bring conflicts in the society, which can negatively affect the society.</p>	<p>Provision to be expunged and members made to give final approval on the recommendation of the management committee / board of directors.</p>

9	34 (3)	Director's approval for the transfer of part of annual net surplus to education fund (a maximum of 10%).	<ul style="list-style-type: none"> • Director may hinder this transfer. • Its creation is optional • Director's refusal would hinder the Education. Training and Information Principle and, therefore, the provision infringes on the Principle. Without education and training, efficiency/effectiveness would suffer. The max of 10% is wrong. 	The Act and bye-laws should take care of this as provided in the Policy of 2002 and made compulsory . The members must be allowed to decide what percentage should go to the education reserve. However, 10 -15% of the net surplus is recommended.
10	34(5)	Approval by the Minister/Commissioner for the distribution of net surplus in a society with <i>unlimited liability</i> : (note only a society with <i>unlimited liability</i> : a rare form, anyway)	Infringement on the Democratic: Autonomy: and Member Economic Participation Principles. Members must be made to know the special importance of creating adequate surpluses in unlimited liability societies and the distribution left for them. Wrong decisions by the Minister/Commissioner can negatively affect the efficiency/effectiveness of co-operatives.	Members to take their own decisions on the distribution of net surplus, and therefore, this provision must be expunged. The bye-laws of societies must provide for adequate creation of reserves, for example.

11	46(1-6)	Settlement of Disputes, i.e., Arbitration by the Director or his sole appointee	Arbitration by one person, either the Director or his appointee is likely to be subject to abuse. Without any of the parties to the dispute or the Cooperative Movement. This abuse can lead to the inefficiency of co-operatives.	Arbitration should be carried out: <ul style="list-style-type: none"> • By three arbitrators: one each by the two parties and a third nominated by Director who shall be the Chairman; or • By a Standing Arbitration Panel at the L.G.A. and state levels; 5 at zonal level. Composition: one to be the director's nominee and two the movement's nominees. At the zonal level as deemed appropriate, depending on the parties in dispute.
12	-	Lack of provisions on the subscription of shares by members	There is no section in the Act which provides for the compulsory subscription of shares by members of a co-operative society. The third principle: "Members Economic Participation" provides in part as follows: "Members contribute equitably to, and control, the capital of the co-operative. Members usually receive limited compensation if any, on capital subscribed as a condition of membership" The above part of the principle seems to call for the subscription of share capital as a condition for membership. The lack of provision on compulsory subscription of share capital seems therefore to be an infringement on the 3 rd principle.	There must be provisions on the subscription of shares in co-operatives. However, the minimum amount to be subscribed should be left to the relevant state apex society should guide a pre-co-operative in the determination of its financial provisions, including entrance fee, shares, savings, reserves, dividend and interest payments. Provisions should be made for

APPENDIX 1
THE INTERNATIONAL CO-OPERATIVE ALLIANCE:
STATEMENT ON THE CO-OPERATIVE IDENTITY

DEFINITION

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

VALUES

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

PRINCIPLES

The co-operative principles are guidelines by which co-operatives put their values into practice.

1st PRINCIPLE: VOLUNTARY AND OPEN MEMBERSHIP

Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.

2nd PRINCIPLE: DEMOCRATIC MEMBER CONTROL

Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are organized in a democratic manner.

3rd PRINCIPLE: MEMBER ECONOMIC PARTICIPATION

Members contribute equitably to, and democratically control, the capital of their

co-operative. At least part of that capital is usually the common property of the co-operative. They usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

4th PRINCIPLE: AUTONOMY AND INDEPENDENCE

Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5th PRINCIPLE: EDUCATION, TRAINING AND INFORMATION

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of co-operation.

6th PRINCIPLE: CO-OPERATION AMONG CO-OPERATIVES

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional, and international structures.

7th PRINCIPLE: CONCERN FOR COMMUNITY

While focusing on member needs, co-operatives work for the sustainable development of their communities through policies accepted by their members.

APPENDIX II**DISTRIBUTION OF ANNUAL NET SURPLUS ACCORDING TO SECTION 12 OF SOUTH-EAST REGULATIONS, 2000**

Provision	Percentage	Source
• Statutory Reserves (compulsory), at least =	25%	NCSD, sec. 34(2)
• General Reserves =	15%	S-ER, sec.50
• Dividend on Shares (not indicated whether optional or compulsory); maximum =	20%	S-ER, sec. 12(1)
• Patronage Refunds or Labour Refunds; (%age not stated) =	10%	S-ER, sec. 12(4)
• Members' Welfare Fund (compulsory); at least =	20%	S-ER, sec.12(6)
• Education Reserve Fund (compulsory), at least =	10%	S-ER, sec.12(7)
• Bad Debts/Stocks or Investment Depreciation (optional); %age not stated =	10%	S-ER, sec.12(8)
• Additional Payment of Interest on Savings (optional); %age not stated =	10%	S-ER, sec.12(9)
• Payment of Honoraria to Committee Members =	5%/10%	S-ER, sec.12(9)
• Staff Bonus (optional), %age not stated =	5%	S-ER, sec.12(9)
• Charitable Organizations/Community Welfare Purposes =	5%/10%	S-ER, sec.12(9)
Total =	135%/145%	

**ICT UTILIZATION AND FINANCIAL PERFORMANCE: A STUDY OF
SCIENTIFIC EQUIPMENT DEVELOPMENT INSTITUTE (SEDI) STAFF
COOPERATIVE THRIFT AND LOAN SOCIETIES (CTLS) LIMITED, ENUGU.**

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Abstract

Information communication technology (ICT) is the use of computers, systems, internet services, websites, and so on in the capturing, processing and storage, secure and exchange of all forms of electronic data. Information technology can also refer to the architectures, methodologies and regulations governing the use and storage of data. Despite the numerous benefits of using ICT, cooperative thrift and loan societies (CTLS) have failed to or rather are slow to adopt its usage, hence affecting its financial performance. Financial performance is a measure of how well a cooperative society utilizes its resources. For cooperative thrift and loan societies it is particularly important in the administrative activity of processing members' loan applications, printing account statements, bank alerts, ATM usage alert and so on. This study seeks to evaluate the effect of ICT adoption, society's size and society's product diversification on the financial performance of Scientific Equipment Development Institute (SEDI) staff CTLS ltd Enugu. Descriptive research design was used in this study. The study was focused on SEDI cooperative thrift and loan societies (CTLS) ltd Enugu. The researcher used purposive sampling technique. Data was gathered from SEDI CTLS financial statements for 2005, 2006, 2007, 2008 and 2009, to determine the cost of ICT installation, value of assets, and inventories. Descriptive statistical tools such as means, percentages, standard deviation, frequency counts tables and inferential statistics such as regression analysis were used to present and discuss the response for the research questions. The study established that ICT, Society's size and Society's product diversification has no significant effect on the financial performance of SEDI cooperative thrift and loan society ltd, Enugu in the period under study. SEDI cooperative thrift and loan society ltd, Enugu should embrace the use of ICT equipment to facilitate processing and efficient day to day work.

Introduction

Information communication technology (ICT) is the use of computers, systems, internet services, websites, and so on in the capturing, processing and storage, secure and exchange all forms of electronic data as it where. Tom (2016) captures the control of information as something the elite always do, particularly in a despotic form of government. Information and knowledge has been observed, to endow on one enormous power. Therefore, if you can control information, you can control people. The emergence of the internet and the development of new information and communication technologies have resulted in considerable changes in society in general and in business, which has led to the so-called Information Society. The Information Society is regarded as a new social paradigm that offers a great opportunity, as most people are connected through an electronic device to telecommunications systems, and more specifically to the Internet (Banegas, 2001; Laudon & Traver, 2001; Molla & Heeks, 2007 as cited in Montegut-Salla, Cristóbal-Fransi, & Gómez-Adillón, 2013). According to Montegut-Salla et al (2013) citing Avgerou, (2008); and Suárez, (2001) the emergence of internet and information technologies empowers an almost unlimited availability of information, and even more importantly, knowledge sharing. This possibility affects all fields, both socially and economically, thus becoming the expression of globalization, modernity and progress. Okonkwo (2017) posits that information communication technology (ICT) comprises of physical equipment (hardware), virtualization and management or automation tools, operating systems and applications (software) used to perform essential functions. User devices, peripherals and software, such as laptops, smart phones or even recording equipment, can be included in the information technology domain. Information technology can also refer to the architectures, methodologies and regulations governing the use and storage of data. Although information and communication

technology are present today in all production sectors and society in general, we have focused the study of ICT on a very specific sector such as cooperatives for two reasons; one to highlight the effects of its utilization on cooperative and how it has affected cooperative financial performance. Financial performance is a measure of how well a cooperative society utilizes its resources. For cooperative thrift and loan societies it is particularly important in the administrative activity of processing members' loan applications, printing account statements, bank alerts, ATM usage alert and so on. The importance of information technology cannot be over emphasized. Lila (2012) opines that the cooperative members' access to and use of technologies should be improved, in order to increase their efficiency. Ultimately, they can help in achieving poverty reduction and fulfill social development goals.

Despite the numerous benefits of using ICT, cooperative thrift and loan societies have failed to or rather are slow to adopt its usage, hence affecting its financial performance. This study is aimed at examining **ICT utilization and financial performance in Scientific Equipment Development Institute (SEDI) staff cooperative thrift and loan societies (CTLS) limited, Enugu.**

Objectives of the study

The broad objective of the study is to examine **ICT utilization and financial performance in Scientific Equipment Development Institute (SEDI) staff cooperative thrift and loan societies (CTLS) limited, Enugu.** The specific objectives are;

1. To determine the effect of ICT adoption on the financial performance.
2. To evaluate the effect of society's size on the financial performance.
3. To establish the effect of society's product diversification on the financial performance.

Hypothesis

- H₀₁: ICT adoption has no significant effect on the financial performance.
H₀₂: Society's size has no significant

effect on the financial performance.

H₀₃: Society's product diversification has no significant effect on the financial performance.

Literature Review

Conceptual Framework

Cooperative Concept

According to the International Cooperative Alliance (ICA), a cooperative can be defined as a group of people who join together in a common undertaking in accord with the six principles that are as follows:

- (i) Membership is open and voluntary.
- (ii) There is democratic control, usually on the basis of one man, one vote.
- (iii) Interest on share capital is limited.
- (iv) Distribution of surplus proportionally, according to the level of transactions
- (v) Cooperatives devote some part of their surpluses to education.
- (vi) Cooperatives cooperate among themselves.

The purpose of the cooperative is to provide greater benefits to the members such as increasing individual income or enhancing a members' way of living by providing important needed services. There are various types of cooperatives.

Workers Cooperative Society

According to Sapovadia and Patel (2013), workers cooperative society is a firm owned and controlled by its workers. The right of ownership is derived inherently by being workers of the firm. Workers cooperative is a form of organization for the employment of a group of workers who are associated with one another for working together and joint reward by doing business activities.

Cooperative Thrift and Loan Society

What is thrift?

According to the free dictionary by Farlex, thrift means among other definitions - wise economy in the management of money and other resources; frugality or a savings and loan association, credit union, or savings bank.

Financial performance

Eljelly (2004) defines profitability as the potential of a venture to be financially

successful. While Keah (2014) asserts that there are several ways of measuring the profitability of a business. The study further suggests that some of these ways would look at the financial statements and compare the revenues generated against expenses incurred. The excess would attribute to profitability whereas if the revenues are less compared to expenses then this would be a loss to the business. According to Investopedia (2008), financial performance could be defined as a measure of how well a firm has used assets from its primary mode of business to generate profits.

Making the concept even clearer, Nwankwo, Ogbodo and Ewuim (2016), explained that financial profitability and performance as measuring business success is more complicated than for an investor-owned business. They further highlighted three measures used to determine profitability and performance thus:

- i. Gross sales or other measure of the size of the business, e.g. gross revenues, such as billings, loans, premiums;
- ii. Gross expenses (the difference between sales and expenses is calculated as a measure of profit); and
- iii. Total administrative/operating cost (calculated as a percent of sales and as change over time.) For each of these measures, the data are collected for the past 10 years or the life of the cooperative, whichever is longer, in order to examine change over time. Inflation must also be taken into consideration. Accounting for inflation leaves an approximation of real change over time. These data measure the size of the business. The resulting figure can be stated per member to see if the business is significant to the member.

Empirical Review

Olise, Anigbogu, Edoko and Okoli (2014) studied the determinants of ICT adoption for improved SME's performance in Anambra State, Nigeria. The study provides empirical evidence on levels of awareness and adoption patterns of ICT facilities among SMEs. The study evaluates factors influencing ICT

adoption in the SME sector; and assesses the impact of ICT adoption on SMEs performance. While using percentages, mean, standard deviation, t-test statistics, and regression analysis, to conduct the various analysis of this study. Findings revealed a significant difference in the levels of awareness and adoption patterns of ICT facilities among SMEs of which cooperative society is one. Capital base, turn over, and asset value of the businesses investigated have significant influence on ICT adoption.

Wachira, Muturi and Sirma (2014) conducted a research on the evaluation of the perceived effect of ICT'S on the performance of SACCO'S in Kenya (case of licensed SACCO'S, Nairobi County).The study specifically evaluated the prospects of ICT in SACCO'S in meeting their stated objectives, the level of awareness in Kenya, the levels of innovations, existing infrastructure, integration of the cooperative processes and the perception amongst the stakeholders, the impact of ICT investment on SACCO performance, and also the role of ICT strategic alignment. The study recommended that SACCO'S should combine their 'hard' ICT investments (i.e. acquisition of new hardware, software and networks), with appropriate 'soft actions', in order to achieve higher levels of benefits and impact on business performance from them. Also, selection of the most appropriate ICT investments that support to the highest possible extent the selected business strategy and action plan of the firm, and, therefore, lead to a higher level of ICT benefits and business impact.

Gargallo-Castel and Galve-Górriz (2012) investigated the impact of ICT on productivity: the moderating role of worker quality and quality strategy, management of technological innovation in developing and developed countries. The study's main contribution lies in the possibility of offering evidence supporting the existence of a statistically significant relationship between ICT and productivity. The empirical evidence offered highlights the need to consider organizational aspects, such as human resources and strategic adjustment, in order to

raise the potential benefits of ICT. According to this evidence, it was concluded that investment in organisation and human resources skills is crucial in achieving higher levels of performance.

Oladejo and Yinus (2014) worked on an influential analysis of the impact of information technology (IT) on cooperative services in Nigeria. This paper investigated the impact of information technology on cooperative services as a basis for attainment of MDG objective relating to E-commerce. Data collected from the stakeholders in cooperative organizations in Nigeria were analyzed using frequency, percentage and non-parametric statistical test, ANOVA was used to test the formulated hypothesis using STATA 10 data analysis package/software. The result of the finding shows that information technology was positively significant to cooperative service in Nigeria and that investment in IT by Cooperative organisations will improve their performance through high level of patronage by members.

Keah (2014) concluded from the effect of ICT adoption on the financial performance of savings and credit co-operative societies in Nairobi County that, an increase in ICT adoption leads to an increase in SACCO'S financial performance. Adoption of ICT results to the improvement in payments, processing or reduction in service time due to the new ways to deliver financial services electronically to customers.

Methodology

Descriptive research design was used in this study. The population for the study was all cooperative thrift and loan societies in the State. The researcher used purposive sampling technique to sample SEDI Staff cooperative thrift and loan society Enugu.

The researcher used secondary data to determine the cost of ICT adoption, size of the SEDI CTLS, as well as the number of products being offered. Data was gathered from SEDI CTLS financial statements for 2005, 2006, 2007, 2008 and 2009, to determine the cost of ICT installation, value of

assets, and inventories.

Model specification

In order to test for statistical significance of the effect of ICT on the financial performance, regression models was estimated and the 't' statistic was used. The research study used 95% significance level. The 95%, a significance of p = 0.05 was used since it is the generally accepted conventional level in social sciences research. The Financial Performance function below was used;

$$y = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + e_i$$

Where

- y - is the Financial Performance (profitability) of the SEDI CTLS Ltd.
- b₀ - is the y-intercept (a constant),
- b₁, b₂, and b₃ - are the regression co-efficient to be determined.
- X₁ = Cost of adopting an ICT system (ICT COST), measured as;
Cost of ICT adopted
- X₂ = Size of the Society (SIZE), measured as;
Total society Income
- X₃ = Number of products offered by the society (PRDT), measured as;
Total Equity
Total Assets
- e_i = is the error term Size and Product Diversification are control variables.
Products Total Income
Total society Income

Data Analysis

1.1 Summary of SEDI financial Statement (2005-2009).

	2005	2006	2007	2008	2009	TOTAL
ICT COST	56000	70800	86800	100800	112200	426600
TOTAL EQUITY	285300	666925	1990080	4337370	6877215	14156890
TOTAL ASSETS	638095.54	1451680.7	3541339.34	7158332.77	11306607.43	24096055.8
PRODUCT INCOME	72215	114491	98010	9260750	164069	9709535
TOTAL INCOME	89215	126081	222492.75	758652.5	934157.1	2130598.35
PROFITABILITY	36623.04	83547.03	108261.64	535714.18	415249.28	1179395.17

Source: Researcher's computation (2016)

1.2 Regression Estimates of ICT on financial performance

Model	Coefficient Estimates	T - Value	Significance
(CONSTANT)	659895.3	1.912	0.307
ICT COST	-386095.4	-2.626	0.277
SIZE OF SOCIETY	-732425.6	-1.656	0.393
NUMBER OF PRODUCTS	-5899.7	-0.886	0.226
R ²	0.924		
Adj R ²	0.697		
F	4.1(Sig.@0.005)		

Dependent Variable: PROFITABILITY

Note * means significant of 5% level.

Source: Researchers computation, 2016

Interpretation

From the regression analysis on table 1.2, the coefficient to multiple determination R² = 0.924, describes the extent to which the dependent variable (profitability) is being explained by independent variables. This implied that 92.4% of variations in financial performance are caused by the variables analyzed above. Also, the adjusted R² was 0.697; showing 69.7% of variation in financial performance was explained by changes in the variables analyzed above.

Only variable with p-value less than 0.05 is statistically significant, looking at table 1.2 the variables analysed are all insignificant. The regression coefficient for ICT cost p-value is 0.277 which is above 0.05. The other variable is size of society and it is also statistically insignificant. Also, number of products has a p-value of 0.226.

Decision

Consequently, having established statistically that the variables analyzed collectively affect Scientific Equipment Development Institute (SEDI) staff cooperative thrift and loan society's financial performance significantly, yet none of the variables when analyzed individually had p-values that were significant therefore the null hypotheses will be accepted, while the alternate rejected for them all.

Therefore, ICT cost, Society's size and Society's product diversification has no significant effect on financial performance of SEDI staff cooperative thrift and loan society between 2005 to 2009.

Findings and Conclusion

The study established that ICT cost, Society's size and Society's product diversification has no significant effect on the financial performance of SEDI

cooperative thrift and loan society ltd, Enugu in the period under study (2005 to 2009). Yet when analyzed together 69.7% of variation in financial performance was explained by changes in these variables analyzed.

This means that the use of ICT gadgets and equipment in the Scientific Equipment Development Institute (SEDI) staff cooperative thrift and loan society over the period 2005 – 2009 was not significant enough to affect the society's financial performance. Which suggests that there were other variables affecting the society's financial performance.

Recommendations

In the light of the findings of this study, SEDI staff cooperative thrift and loan society ltd, Enugu should embrace the use of ICT equipment to facilitate processing and efficient day to day work.

Also, they should as a matter of urgency diversify the products offer to their members that it may significantly affect their financial performance. Further studies should be conducted to establish and identify the society's activities which significantly affect its financial performance so as to sustain it for the general good of the society and its members specifically.

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