



Cooperative Societies and Economic Development of Members In Charity Co-Operative Society, Saki, Oyo State, Nigeria.

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ABSTRACT

This study examined the effort of cooperative societies at alleviating poverty among member of Saki Charity cooperative society in Saki metropolis, Oyo state, Nigeria. The major objectives of the study were to examine the relationship between cooperatives and socio-economic development of members. A descriptive survey design was used. A structured questionnaire was developed to collect information from the respondents based on the sample size of seventy one (71) out of the total population of one hundred and eight (108). Data collected were analysed using Multiple Regression and ANOVA. The findings of the analysis show a multiple regression coefficient of 0.855 which is found to be highly significant. The analysis of variance (ANOVA) for the regression analysis yields an F-value of 84.023 which is significant at 0.01. This shows that the cooperative society under study has contributed to the economic base of its members and has therefore helped in alleviating poverty in the area covered in the study. It is recommended among other things that people at the grassroots should be encouraged to join cooperative societies in their neighborhood so as to benefit from the services they provide.

Keywords: Cooperatives, Poverty, Empowerment Metropolis, Strategy

INTRODUCTION

Cooperative societies are fundamentally set up to address all forms of poverty especially among members. It is specifically supposed to identify the economic opportunities available to these members, empower them through defending their interests and provide financial security needed. Thus, the aim of these organizations is to reduce poverty at the rural community level.

Although, several successive governments have put in place laudable efforts at reducing poverty, its situation in Nigeria is quite worrisome as the story of poverty reduction seems not to be in sight over the years (Abbas, 2013). 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. Unfortunately, since poor people lack independence, power and voice which to rely on for daily survival, they become cheap for all kinds of political and economic exploitation. The gravity of poverty and its situation is however dynamic across the globe. For example, according to MDG, 2015, the number of people living in poverty in Africa and Nigeria inclusive is unfortunately on the increase'. The poverty trend in Nigeria is further aggravated due to lack of basic needs for decent life; access to clean or portable water, healthcare services, education opportunities, shelter, housing (MDG, 2013, UNDP, 2015). Considering the seriousness of the matter, successive political regimes have come up with one strategy or the other to reduce poverty in the country. However, none of the government policies seems to be yielding positive result as poverty situation till date remain pervasive (Abbas, 2013).

Despite all these, the different cooperative societies operating in Shaki metropolis, Oyo state, have been trying to attain these objectives. It is on this ground that this study is being carried out to examine how cooperative societies operating in this area have been carrying out their responsibilities in order to reduce the suffering of the poor in the rural area.

Objectives of the Study

The general objective of this study was to assess the effect of Cooperative societies on the economic development of members in the study area. However, the specific objective was to examine the effect of cooperative societies on the socio-economic lives of members of Shaki charity cooperative society.

Hypotheses

H₀₁: Cooperative societies do not significantly contribute to the socio-economic welfare of members of Shaki charity cooperative society.

Scope of the study

The study was limited to Shaki Charity Co – operative and Thrift Society, Shaki, in the Oke-ogun area of Oyo state. Data were obtained from the Shaki Charity Co – operative and Thrift Society, on the socio-economic characteristics of the members which include age, sex, marital status, education, religion, occupation etc. Though, emphasis was solely on their thrift and credit functions and how has it better their lot. The society was chosen because it is a fairly big cooperative society, well recognized in Shaki metropolis and also registered by the government of the state.

Literature Review

Concept of Co-operatives

International Cooperative Alliance (ICA) (2010), defines cooperative as an autonomous association of persons unified voluntarily to meet their common economic, social and cultural needs through a jointly-owned and democratically controlled enterprise. It is a business voluntarily owned and controlled by its member patrons and operates for them and by them on a non-profit basis. It is also a business enterprise that aims at complete identity of the component factors of ownership control and use of services (Nweze, 2001). There is no consistency to the exact origin of the cooperative movement, however, many scholars believed that the Rockdale Pioneers of 1844 started the organization of cooperative societies in England as a panacea to the inconveniences caused to workers as a result of the exploitation of workers by the then capitalists (Gertler, 2001; Gibson, 2005 and Arua, 2004).

Even though cooperatives appeared in the previous century, Rockdale society is seen as the first modern cooperative since it was where the cooperative principles were developed (Gibson, 2005 and Levin, 2005). International Cooperative Alliance (ICA), a non-governmental organization, was established in 1895 as an umbrella organization to promote friendly and economic relations between cooperative organizations throughout the world. The ICA also aims to promote exchange of information such as news and statistics between cooperatives through research and reports, directories, conference and publications (Onuoha, 2002). Cooperative societies are very popular in Nigeria. Onuoha (2002) in his study of cooperative history in Nigeria state that there are traditional and modern cooperative societies. The modern cooperative societies started in the country as a result of the Nigerian cooperative society law enacted in 1935 following the report submitted by C. F. Strickland in 1934 to the then British colonial administration on the possibility of introducing cooperatives into Nigeria.

Significance of Cooperative Societies

Cooperative societies help in bringing low prices of goods. Goods are bought directly from producers at factory prices and offered to members at controlled prices thereby making their selling prices to be lower than the operating prices in the open market.

Members of cooperatives have equal voting rights, equal opportunity to partake in the management and control of the societies and make inputs to policies (Warbasi, 1947).

Cooperative society is also noted for its easy formation because it does not require much capital outlay or costly legal procedures to bring it into existence. The organisation has continuity because the death of a member does not affect its continuity. Aggressive promotion is also not needed in selling the goods and services of the societies since members are always given the freedom to buy the goods with less ado. The

societies have joint pride of ownership. Thus, they are jointly owned and managed by the members. They take decisions and make policies jointly. This infuses a sense of belonging into the members, propelling them to bring out their best (Draheim, 1952; Epere, 1978; Abasiokong, 1994). A form of high standard of living is encouraged among members unlike some other known business organizations. For example, the societies provide essential commodities to members at appropriate prices thereby enabling them to consume goods they would ordinarily not have been able to consume or acquire. They also encourage members to save and give credit facilities to the needy members. All these help the standard of living of members to improve considerably. Cooperatives sell their goods at controlled and stabilized prices, and also regulate the quantity of goods needed. These activities help to fight inflation and deflation. There is good cordial inter personal relationship among members of the society and their employed staff (Omeje, 2003; Digby and Greffon, 1988).

Empirical Review

Dauda (2007) evaluates the performance of Nigeria's micro finance banking scheme and observes that deposits generated significantly grew over the period of evaluation (1992 – 2004). The study attributes the deposit growth to improved grass root banking habit. Although their aggregate loan portfolio to agriculture and rural based real sector activities increased nominally over the period, the credit exposures are relatively much lower than their exposure to general commerce, (19.2% against 47.6%). The study remarks that this trend is counter-productive to policy efforts at boosting real sector growth and sustainable economic development in Nigeria.

Oluyombo (2011) attempt to investigate the contributions of microfinance banks to Nigeria's economic growth and employs credits disbursed by the microfinance institutions as a proxy for their operational activities. The study employs the Ordinary Least Squares (OLS) regression technique and finds a weak, though positive relationship between Nigeria's microfinance banking operations and the nation's economic growth. Consequently, it recommends that microfinance institutions should channel very high proportion of their credits to the productive and real sectors of the economy for valuable impact of their operations on Nigeria's economic growth.

Babajide (2012) studied the effects of micro financing on micro and small enterprises (SMEs) in South West Nigeria using Diagnostic Test Kaplan-Meier Estimate, Hazard Model and Multiple Regression Analysis. The study indicates that microfinance enhances survival of small business in South West Nigeria; that microfinance does not enhance growth and expansion capacity of MSEs in Nigeria; that microfinance impacts significantly on the level of productivity of MSEs operators in South West Nigeria and that the provision of non-financial service by microfinance institutions enhances the performance of micro and small enterprises (MSEs) in South West Nigeria.

Okpara (2010) examines the critical factors that induce poverty among the enterprising poor in Nigeria and the extent to which micro credits have assisted in alleviating poverty. The study's selected causative factors for poverty include low profit, high cost of start-up or expansion funds for business and low rate of business growth. Employing two-stage regression technique within a quadratic equation framework, the study finds that in the first or take-off stage of microfinance banking, poverty was observed to have increased, though at a declining rate with increase in micro credits. In the second stage of the study which started from the year 2001, persistent increases in disbursed micro credit facilities are observed to have significantly lowered the poverty index in Nigeria. Consequently, the study calls for policy measures to establish microfinance institutions in every community in Nigeria.

METHODOLOGY

In line with the stated objectives, the study relied heavily on descriptive survey design through the use of a well-structured questionnaire used to collect data from the registered members of the society as well as the executives and other non-executive members. The study area has three Local Council Development Areas (LCDAs), these are: Shaki west, Asabari and Wewe LCDAs. Membership of the Shaki Charity Cooperative society was one hundred and eight (108). Each member was given a copy of the questionnaire Out of this number, Seventy one (71) copies were properly filled and returned and

subsequently used for the analysis. . Descriptive statistics was used in the analysis of data. Multiple regression and Analysis of Variance (ANOVA) were used to determine the level of significant relationship between the activities of the co-operative societies and the socio-economic status of members in the metropolis.

Table 1: Duration of membership, Size of Enterprise and Income of respondents

VARIABLE	FREQUENCY	PERCENTAGE (%)
Duration of Membership		
Less than 2 years	12	17
2-5 years	8	11
5-10 years	31	44
10-15 years	20	28
TOTAL	71	100
Size of Enterprises		
Very big	17	24
Big	33	46
Average	21	30
TOTAL	71	100
Income (N)		
Less than 50,000	20	28
50,000-80,000	35	49
80,000-100,000	04	6
Above 120,000	12	17
TOTAL	71	100

Field survey, 2018

The result from Table 1 above shows that 44% of members were members of the association in the past 2-10 years. 28% of the members have been with the society for the past 10-15 years while only 8 members representing 11% joined the society in the last 2 years. On the size of the members' enterprise, 46% of the co-operators had big trading shops, 24% had bigger shops while 30% were on the average. As for the income accruable to members, 49% of the respondents fall between N50,000-80,000, 28% had less than N50,000 while 17% falls above N120,000.

Hypothesis Testing

H₀₁: Cooperative societies do not significantly contribute to the socio-economic welfare of members of Saki charity cooperative society.

ANALYSIS OF RESULTS

Table 2 Co-efficient for cooperatives on Socio-economic development

MODEL	Unstandardized co-efficient		Standardized co-efficient	t	Sig
	B	Standard Error	Beta		
CONSTANT	-.453	2.50		.981	.334
Co-operatives	1.061	0.116	0.853	9.165	.000

a. Dependent Variable: Socio-economic development

Table 3: Analysis of Variance (ANOVA) Result

MODEL	Sum of Squares	Df	Mean Squares	F	Sig.
Regression	177.975	1	177.975	84.022	.000*
Residual	65.663	31	2.118	23	
Total	143.636	32			

- a. Predictive (CONSTANT): Co-operative Societies
 b. Dependent variable Socio-economic development

Table 4: Model summary for cooperatives on Socio-economic development

MODEL	R	R Squared	Adjusted R squared	Standard Error of the Estimate
	0.855	0.730	0.721	1.45339

- a. Predictive (CONSTANT): Co-operative Societies

DISCUSSION OF FINDINGS

The major purpose of this study was to assess the effect of Co-operative societies on the socio-economic development of cooperative members. One hypothesis was formulated to pilot this study. After applying the linear regression on the collected data to check the cause and effect relationship between cooperative societies (independent variable) and socio-economic development of members (dependent variable), the result below has been drawn.

The probability of f-statistic (84.022) shows a positive significance of the research. The coefficient of determination (Adjusted R²) also values at 0.721 shows that the model of the research is statistically significant. This indicates that cooperative societies have a positive effect on the socio-economic lives of people in the study area. The un-standardized value of the ANOVA table (0.853) illustrates obviously that independent variable (cooperative societies) has a positive impact on the dependent variable (socio-economic development) of members in the study area.

CONCLUSION AND RECOMMENDATIONS

It is evident that cooperatives play an important role in supporting members through granting of soft loans to co-operators so as to empower them economically. It has also significantly contributed to wealth redistributions, poverty reduction and sustainable development from human livelihood perspective.. They empower their members economically and socially and create sustainable rural employment through business models that are resilient to economic and environmental shocks (Yamusa & Adefila, 2014).

It is recommended among other things that people at the grassroots level should be encouraged to join cooperative societies so as to benefit from the various benefits derivable from joining the society. Also, government should strengthen the laws governing the establishment of cooperatives so as to keep them on a sound footing.

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