

FINANCING OF COOPERATIVE SOCIETIES AND ITS EFFECTS ON COOPERATIVE PERFORMANCE IN SOUTH EAST NIGERIA

Ogbodo, Amobi John, Onyeze, C.N., Ph.D. And Ochiaka, D.I., Ph.D.

Department of Cooperative and Rural Development, Faculty of Management Sciences, Enugu State University of Science and Technology.

Keywords:

Financing, Co-Operative Societies, Co-Operative Performance

Abstract: *This Study Seeks To Examine The Financing Of Cooperative Societies And Its Effects On Co-Operative Performance In South East Nigeria. Specifically, The Study Sought To: Determine The Sources Of Financing Available To Co-Operatives And Examine How Finance Impacts On Co-Operatives' Performance In South East Nigeria. The Study Adopted Descriptive Research Design. The Sample Size Of 176 Was Determined Using Taro Yamane Formula. The Two Hypotheses Were Tested Using Chi- Square Statistical Tool. The Instrument Used In Data Collection Was Questionnaire. The Study Reveals That There Are No Various Sources Of Financing Available To Co-Operatives And There Are No Finance Impacts On Cooperatives' Performance In South East, Nigeria. The Study Recommended That Cooperative Societies Should Improvise Alternative Sources, Get Funds So As To Enable Them Make Serious And Positive Impact On Members Should Judiciously And Prudently Utilize The Funds Available To Them; Allocate Funds To Members On The Bases Of Impacting Goals So As To Live Up To Its Very Essence Since Findings Have Shown That Financing Impact On Co-Operatives' Performance.*

1.1 Introduction

Throughout Human History, Groups Rather Than Individuals Have Always Undertaken Some Activities Simply Because This Was A Better And Economic Way Of Doing Things (Parnell, 1999). The Interdependent And Mutual Help Among Human Beings Have Been The Essentials Of Social Life. History Tells Us That Man Cannot Successfully Live By Himself And For Himself Alone. The Spirit Of Association Is Important To Human Progress. Since The Beginning Of Human Society Man Has Cooperated First In Foraging And Then In Hunting, Later In Agriculture And Still In Manufacturing. There Is Practically Nothing Which A Man By Himself

Alone Can Achieve But Much Acting Together With Others (Krishnaswamy And Klandaiswamy, 2000). Collective Actions Of Cooperatives Are More Effective Than Separate Actions Of Individuals. Through Co-Operatives, Individual Households And Communities Can Create Opportunities For Themselves, Find A Productive Work That Not Only Facilitate Their Wellbeing And Stability But Also Give Them The Support They Need To Improve Their Lives And Remain Active In Civil Rights And Political Arenas (Destahun, 2007). Data Compiled By International Co-Operative Alliance (Ica) Indicated That Cooperatives Have Increasingly Become The Sources Of Secured Employment And Income For

Ogbodo, Amobi John, Onyeze, C.N., Ph.D. And Ochiaka, D.I., Ph.D.

Advance Journal of Management and Social Sciences

Adv. J. Man. Soc. Sci

Volume: 4; Issue: 03,

May-June, 2020

ISSN: 2383 – 6355

Impact Factor: 3.1

Advance Scholars Publication

Published by International Institute of Advance Scholars Development

<https://aspjournals.org/Journals/index.php/ajmss/index>



Millions Of The World's Population. Over 800 Million People Are Members Of Different Co-Operative Societies In The World (Ica, 2000 Cited In Mekonnen Et Al., 2007).

In Such Situation Co-Operatives Represent A Strong And Viable Economic Alternative. Cooperative Organization Offers The Best Machinery For Reaching The Masses Of The Small Scale Famers. International Co-Operative Alliance (Ica) (2010) Defines Co-Operative 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). Co-Operative Societies Are Very Popular In Nigeria. Onuoha (2002) In His Study Of Co-Operative History In Nigeria State That There Are Traditional And Modern Cooperative Societies. The Modern Co-Operative 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. Co-Operatives Societies In Nigeria Like Their Counterparts All Over The World Are Formed To Meet People's Mutual Needs. Co-Operatives Are Considered Useful Mechanism To Manage Risks For Member In Agriculture. Through Co-Operatives, Farmers Could Pool Their Limited Resources Together To Improve Agricultural Output And This Will Enhance Socio-Economic Activities In The Rural Areas (Ebonyi & Jimoh, 2002). Arua (2004) Viewed Co-Operatives As An Important Tool Of Improving The Living Conditions Of Farmers.

According To Bhuyan (2007) Co-Operatives Are Specially Seen As Significant Tools For The Creation Of Jobs And For The Mobilization Of Resources For Income. But Cooperatives May Not Be Able To Serve Its Members Or To Be Able To Expand Its Service Unless They Are Viable. Viability Can Only Be Achieved Only When Co-Operative Products And Services Attract Profits. It Is A Statement Of Fact And Supported By Conventional Wisdom That Businesses Can Only Be Sustainable If They Make Adequate Returns On Investments. Co-Operative Businesses Are Technically Not Different From Other Businesses When Making Sufficient Returns On Investments In Order To Remain Viable And Sustainable.

A Co-Operative Can Be Viewed Ideologically In Two Opposing Fashions. Firstly, As An Integral Part Of A Capitalist Society And Secondly, As An Organization That Is In Some Manner The Antithesis Of A Capitalist Firm. Co-Operative Legislation In Nigeria And In Many Countries With Anglophone Colonial Background, Effectively (And Possibly Unintended) Assumes The Latter View By Making It Difficult For A Cooperative To Raise Funds On Market-Determined Terms. The Government Often Steps In To Make Available Funds To Co-Operatives On Concessional Terms. However, There Has Always Been A View That It Is Good For A Co-Operative To Raise Funds From Its Operations By Way Of Profits, Thereby Preserving Its Autonomy And Independence.

Co-Operative Societies As Business Enterprises Depend On Joint Association Of Its Members To Function. Joint Association Can Be Interpreted To Mean Coming Together To Participate In The Enhancement Of The Co-Operative Business Activities As Well As Patronize Its Goods And Services. To This End, Co-Operative Societies Encourage Member Participation In Terms Of Savings; Both Voluntary And Mandatory Savings, Which Guarantees Membership As Well As Increase

Ogbodo, Amobi John, Onyeze, C.N., Ph.D. And Ochiaka, D.I., Ph.D.

Economic Benefits For Joining Cooperative. In Other Words, Participation Is Important For The Success Of Any Cooperative Society Irrespective Of Type; In So Far As It Helps In Achieving The Co-Operative Objectives.

In Other To Achieve Its Objectives, Co-Operative Societies Must Be Adjudged As Performing. Gavrea, Ilies, And Stegorean (2011) In Citing Lebans And Euske (2006) Define Performance As A Set Of Financial And Nonfinancial Indicators Which Offer Information On The Degree Of Achievement Of Objectives And Results. In Other Words, Performance Is A Measure Of The Change Of The Financial State Of An Organization, Or Nonfinancial Outcomes That Results From Management Decisions And The Execution Of Those Decisions By Members Of The Organization. Carton (2004) Opines That Cooperative Performance Is A Measure Of The Change Of The Financial State Of A Co-Operative Enterprise, Or The Financial And Nonfinancial Outcomes That Results From Management Decisions And The Execution Of Those Decisions By Members Of The Co-Operative Society. Co-Operative Societies Being A Unique Business Enterprise With Differing Principles And Legal Structures From Other Forms Of Business Organisation, Has Various Ways To Measure Its Performance.

1.2 Statement Of The Problem

However, The Performances Of Co-Operative Societies Have Been Hindered By Various Challenging Issues; Which Include Limited Access To Finances, Poor Financial Status Of Farmers, Use Of Inefficient And Crude Tools, Lack Of Marketing And Storage Facilities, Inadequate Agricultural Education, And Extension Service. Issues Of Inactive Members' Participation, Gender Inequality, Poor Infrastructure, Inadequate Skill Acquisition And Empowerment Programmes And Training, Conflict Of Interest

Among Others Also Hinder Performances Of Co-Operative Societies.

It Is Thus Against This Backdrop That This Study Sought To Assess The Effect Of Co-Operative Financing On Co-Operative Performance.

1.3 Objectives Of The Study

The Broad Objective Of This Study Is To Examine The Financing Of Co-Operative Societies And Its Effects On Co-Operative Performance In South East Nigeria. Specifically, The Study Sought To:

1. Determine The Sources Of Financing Available To Co-Operatives.
2. Examine How Finance Impacts On Co-Operatives' Performance In South East Nigeria.

1.4 Research Questions

1. What Are The Sources Of Financing Available To Cooperatives?
2. What Are The Finance Impacts On Cooperatives' Performance In South East Nigeria?

1.5 Research Hypothesis

Hypothesis One

H₀: There Are No Sources Of Financing Available To Cooperatives.

H₁: There Are Sources Of Financing Available To Cooperatives.

Hypothesis Two

H₀: There Are No Finance Impacts On Cooperatives' Performance In South East, Nigeria.

H₂: There Are Finance Impacts On Cooperatives' Performance In South East, Nigeria.

Review of Related Literature

2.1 Conceptual Framework

2.1.1 Concept of Cooperative Societies

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. Also, The International Co-Operative Alliance Describes Co-Operative As An Autonomous Association Of Persons United Voluntarily To Meet Their Common Economic, Social And Cultural Needs And Aspirations Through A Jointly And Democratically Controlled Enterprise (Ica, 1995).

While Otokiti (2000) See Co-Operative 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 Service 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. From All The Above Explanation The Following Silent Points Should Be Noted About Cooperative Societies.

Onugu & Nwankwo, (2013) See Co-Operative In Any Community As Usually Existing In The Form Of Associations Of People Who Come Together As A Group Driven By Their Social And Economic Needs In Order To Cope With Their Problems And Improve Their Conditions Of Living.

2.1.2 Sources Of Financing To Co-Operative Society

Co-Operative Societies In Nigeria Could Obtain Funds From Either Internal Or External Sources.

A) Internal Sources of Funds

Internally Generated Funds Arise Directly From Members' Contributions (Shares, Savings, Deposits, Entrance Fees And Voluntary/Special Deposits) Or Indirectly From Members' Patronage Of The Co-Operative's Services. The Later Culminate In The Annual Net Surpluses. More Often Than Not Funds Coming From Most Of These Sources Are Either Too Meager, Or They Precipitate Too Slowly To Make Any Significant Impact On The Co-Operative's Need For Financial Capital.

B) External Service To Funds Includes Loans From Non-Member Individuals And Institutions And Grants From Government And Other Non-Governmental Organizations. Some Of The Active Institutional Sources Of Funds That Nigerian Co-Operatives Could Explore Include The Following.

I. Banking and Other Private Sources

Those Include, Co-Operative, Commercial, Merchant, Mortgage And Development Banks

Nigeria Did Not Have A Truly Co-Operative Financial Institution Until 1953 When The

Co-Operative Bank Of Western Nigeria Was Established (Ojo And Adewunmi,

1980. Most States Of The Federation Have Co-Operative Banks Served By The Co-Operative Apexes And Primary Societies As Well As By The State Governments. But These Co-Operative Banks, Including The Nigerian Agricultural And Co-Operative Bank, Have Over Time Operated Like Commercial Banks (Ijere, 1986) Using Very Cumbersome Procedures For Disbursing Loans To Small Holders (Green Revolution Co-Operative And Commerce Bank Plc Were Initially Lost From Co-Operative Control Before Lapsing Into Distress And Eventually Wound Up.

ii. Co-Operative Apexes And Unions

The Co-Operative Federation Of Nigeria (Cfn), The National Association Of Co-Operative Credit Unions

Of Nigeria (Naccun), The Various State Co-Operative Financing Agencies Are All Supposed To Mobilize Funds For On-Lending To Secondary And Primary Cooperative Societies. Their Failures In This Regard Have However Been Dismal.

Iii. Community Banks

These Are One Of The Most Potentially Accessible Sources Of Co-Operative Finance At Present. However, Many Co-Operative Societies Are Still Not Able To Access Them. Some Have Complained That Their Bitter Experiences With Other Commercial Banks In The Past Are Still With The Community Banks. Such Cooperatives Need Some Measure Of Persuasion To Surmount Their Phobia About Banks In General. At The Same Time, The Community Banks Need To Reach Out To These Co-Operatives. Meanwhile Private Traders Are Cornering The Large Chunk Of The Loanable Funds Of Community Banks The Banks Are Eager To Lend To Them Because They Repay Promptly.

Iv. Peoples Bank Of Nigeria (Pbn)

Before Its Recent Merger With The Nigerian Agricultural And Co-Operative Bank And Others To Form The Nigerian Agricultural And Rural Development Bank (Nardb); Pbn Had Extended Low Interest Loans To Cooperative Societies Especially In The Non-Agricultural Artisanal Sub-Sector. There Is Evidence That The Pbn's Wish To Extend More Credit To Farmers Has Not Been Realised Because It Did Not Have A Reliable Mechanism To Organise On-Lending Operations. For Instance, Sometime In 1995 The Pbn Accused The Amalgamated Federation Of Nigerian Farmers (Afnf) Through Which It Had Intended To Lend The Sum Of 30 Million Naira To The Farmers Of Inability To Identify Specific Projects For The Loan And Inability To Carry The Rural Farmers Along On Its Negotiation For The Loan (Uba, 1995).

V. Nigerian Export-Import (Nexim) Bank

Co-Operatives That Are Interested In Export Financing Could Approach The Nexim Bank For Assistance. Particularly Favoured Are Those In The Exportation Of Fresh Produce (Fruits, Vegetables And Cut Flowers).

Vi. Finance Houses/Companies

Although, These Have Had A Reputation For Fraud And Excessively High Interest Charges, It Is Nevertheless Still Possible To Identify Credible Ones That Remain, Relative To The Commercial And Merchant Banks, Less Obtrusive Sources Of Short Term Funds Especially For Making Quick Transactions With High Return Possibilities.

Vii. Money Lenders

We Can No Longer Blindly Castigate Money Lenders For Their Alleged Usurious Interest Charges. New Thinking In This Area Tends To Appreciate The Money Lenders' Charges Above Official Or 'Normal' Rates As Necessary Cost Premia In An Environment That Is Frightening To Institutional Lenders Because Of High Funds Scarcity, High Screening Enforcement And Recovery Costs, And High Information Asymmetries (Stiglitz, 1990). Money Lenders Provide Flexible And Personalized Financial Services. The Question As To Whether It Is Healthy For Cooperatives To Borrow From Money Lenders Is Left To Members To Answer, Based On Their Knowledge Of Their Operating Environment And The Profile Of The Business They Wish To Finance.

Non- Bank Public Institutions And Programmes

I) National Economic Reconstruction Fund (Nerfund)-Community Banks

Industrial Programme Under This Joint Programme, Funds From Nerfund And Community Banks Augmented With Funds From The African Development Bank (Adb) Are Advanced To Borrowers Through Community Banks. Eligible Beneficiaries Are Small Industrialists Including Groups That Wish To Set Up Cottage Industries In The

Rural Areas. Such Industries, Including Those In The Agro-Allied, Crafts, Carpentry, Shoe Making, Iron Bending, Among Other Fields, Must Be Relevant To The Environmental And Cultural Setting Of Their Locations.

This Is A World Bank-Assisted Scheme Through Which Low Interest Loans Are Provided To Deserving Business Organizations. To Be Eligible, Potential Beneficiaries Should Preferably Be 100% Nigerian Owned And Should Not Have More Than 49% Foreign Interest, If At All The Funds Are Made Available Through Commercial, Merchant And Development Banks.

2.1.3 Hindrances To Cooperatives' Sources Of Finance

Many Cooperators In Nigeria Have Quite Often Lamented The Impediments On Their Ways As They Try To Raise Funds For The Operations Of Their Cooperative Societies. Experiences Vary Very Much Here, But There Are A Number Of Common Problems. Of Course, Cooperatives Are Subject To The Same Set Of Every Day Frustrations Of All Small And Medium Enterprises In Nigeria Such As Lack Of Collateral, Poor Accounting And Record Keeping, General Lack Of Credit Worthiness In The Estimation Of Potential Lenders, And High Interest Rate Structures And So On. But Cooperative Societies Are Additionally Affected By The Peculiarities Inherent In Their Nature And Structure: The Principles, Laws And Regulations Guiding Them.

- The Rank And File Of Most Cooperative Societies In Nigeria Are Not Knowledgeable Enough To All Explore The Available Opportunities That Can Expand Their Ability To Borrow, Extend Credit And Invest Money;
- Cooperative Banks Which Are Supposed To Be Most Sympathetic To Cooperatives' Yearnings For Funds Are Regularly Hijacked By Non- Cooperative Interests And In Most

Cases, Their Loans Are More Readily Given To Big Business Rather Than To Cooperatives;

- In Most Cooperative Societies, The Amount Of Money That Can Be Raised Through Issue Of Shares Is Too Low As A Direct Consequence Of Low Membership Size And General Poverty Of The Members;
- Because The Shares Of Cooperative Societies Are Non-Negotiable, The Voluntary Holding Of Multiple Shares By Members Is Discouraged Thereby Holding Down The Size Of The Share Capital
- Managers And Leaders Of Cooperative Societies In Nigeria Have Become Too Used To Easy Handouts From Government To Be Innovative In Their Fund Raising Activities. Besides, They Often Are Not Able To Conceive Bankable Projects.
- Finding Ways To Overcome These And Other Obstacles Is A Major Challenge Of The Cooperative Movement In Nigeria.

2.1.4 Solution To Cooperatives' Lack Of Finance

Cooperative Societies Can Do A Number Of Things To Extend Its Fund Raising Possibilities Thereby Cushioning The Serious Effect Of Lack Of Finance To Run Successfully. The Practices To Adopt Can Be Categorised Into Internal, External And Indirect Mechanisms.

1. Internal Mechanism

These Include Overt Accumulation Strategies, Covert Accumulation Strategies And Amalgamation

Overt Accumulation Strategies

The Cooperative Society Could Engage In Several Arrangements To Extract Additional Contributions From Its Members Apart From The Usual Provisions In The Bye Laws.

However This Should Be Made Voluntary To Avoid Complications With The Laws And Principles Of Cooperation. For Instance, Wealthier Members Of The

Society Could Be Permitted To Hold Multiple Shares Above The Minimum Shareholding With An Explicit Provision That The One Man One Vote Principle Is Not Affected. This Will Help Infuse The Much Needed Capital Without Compromising The Democratic Principle. Of Course To Be In Accordance With Nigerian Cooperative Law, Under Such An Arrangement, Maximum Shareholding For The Multiple Shareholders Cannot Exceed 20% Of The Society's Total Shareholding. In Some Swedish Dairy Cooperatives Holders Of Multiple Shares Are Even Permitted To Vote In Proportion To Their Shareholding (Smith, 1961). It Should Be Noted That For This Action To Have Sustainable Effect, The Cooperative Must At The Same Time Increase The Range Of Competitive Profit Making Services It Offers In Which To Deploy The Extra Capital Arising From Sale Of Multiple Shares.

Covert Accumulation Strategies

In Many Cooperatives, A Lot Of Members Are Not Interested So Much In The Specific Procedures That Management Adapts So Long As It Is Obvious That Surpluses Are Declared Regularly And Progressively. It Then Gives Room For Management To Try Out Methods Of Raising Additional Capital The Technicalities Of Which Members May Not Understand But Would Nevertheless Sanction. This Is Only Possible Where There Is Trust Between Members And The Management.

Amalgamation

One Of The Problems Plaguing Nigerian Cooperatives Is Limited And Uneconomic Membership Size Which In Turn Reflects In Low Capital Formation Capabilities And Ultimately In Inability To Invest In Meaningful Ventures.

2 External Mechanisms

The Basic Thing To Do Here It To Diversify The Cooperative's Activities Into Ancillary Interest Areas Other Than Those For Which The Cooperative Was

Originally Created. This Can Be Done Within The Ambit Of The Law By Exploiting The Loophole In The Cooperative Society's Law Which Provides For Investment Of Cooperative Funds In, Among Others, "Any Other Mode Approved By The Board Of The Society" (Kraenzle And Volkin 1979).

In This Connection, A Cooperative Society Could Invest In A Subsidiary Service Or Cooperative Related Company In Which It Has No Direct Control. Such Companies Are Joint Venture Enterprises Between The Cooperative And Private Interests.

3. Indirect Mechanisms

Indirect Mechanisms Are Ways An Economic Entity Can Create Financial Capital Without Necessarily Handling Money Physically. They Include The Following;

Lease And Hire Purchase Financing

Capital Equipment Could Be Secured By Lease Or Hire Purchase Thereby Minimizing The Expense Of Immediate Cash. Fortunately The Range Of Items That One Can Obtain By This Means Has Expanded Rapidly In Recent Years In Direct Proportion To The Increase In Small Businesses' Financing Problems.

Merchant/Suppliers' Credit/Out-Grower Schemes

Traders, Merchants And Industry Operators Who Are Interested In Any Particular Produce, Be It Agricultural Or Otherwise, Are Sometimes Willing To Finance The Working Capital Of The Producer Cooperatives Involved In Order To Encourage Steady Supply, Maintain Standards And To Exclude Other Buyers.

2.3 Empirical Review

Pritchett And Hine (2007), In Their Work, Profitability Benchmarks: A Tool For Cooperative Educators Studied The Financial Performance Of Local Cooperatives Over A 10-Year Period In Usa. Cooperatives Are Ranked And Categorized By Profitability, And The Differences Between Categories Are Discussed. They Discover 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.

Onugu And Abdulahi (2013), In A Study Titled The Performance Of Agricultural Cooperative Societies Under The National Programme On Food Security In Enugu State, Nigeria Appraise The Performance Of Agricultural Cooperative In The National Food Security Programme. The Study Was Carried Out In Aniri Local Government Area Of Enugu State. The Specific Objectives Of The Study Are To Ascertain The Socio-Economic Characteristics Of Farmers; Identify The Services Available To Farmers In The Npfs; Determine The Extent Agricultural Services Are Accessible In The Npfs, Appraise The Effect Of Using Agricultural Cooperative Societies In The Implementation Of Npfs As Well As Examine The Challenges. Data Were Obtained From Both The Adp Staff And Cooperative Farmers Using A Structured Questionnaire. Simple Percentage And Statistical Package For Social Sciences (Spss Version 17) Was Employed In Analyzing The Data And Correlation Analysis Was Used To Pair The Two Variables (Farmers And Extension Workers) And T-Test Was Used To Test The Hypothesis. The Study Revealed That Agricultural Cooperative Societies Are Effective Means Of Accessing Agricultural Services Under Npfs.

Research Methodology

3.1 Research Design

Design In Research Refer To The Plan, Structure, Outline And Strategy The Researcher Wants To Adopt In Order To Obtain Answers To Research Questions And/Or Test Hypotheses Formulated For The Study, (Ezeamenyi 2014). Therefore, Research Is A Very Important Aspect Of The Scientific Inquiry. Just Like Every Research Work Has Its Specific

Purpose. The Type Of Research Design Used Is The Descriptive Survey Research Design. A Descriptive Survey Research Design According To Alio (2008) And Nworgu (2015) Is One In Which A Group Of People Or Items Are Studied By Collecting And Analyzing Data From Only A Few People Or Items Considered To Be Representative Of The Entire Population. This Design Would Be Used Because It Involves The Assessment Of Public Opinion Using Questionnaire And Sample Methods. The Factors That Determined The Type Of Research Design Used Were The Research Problems, The Objectives Of The Study And The Field Of Study Concerned.

3.2 Sources Of Data

The Researcher Used The Two Main Sources Of Data For The Purpose Of This Study. They Are Primary Source Of Data And The Secondary Source Of Data.

3.2.1 Primary Source Of Data

These Primary Sources Of Data Were Gotten From The Copies Of Questionnaire Issued To Respondents And Direct Interviews.

3.2.2 Secondary Source Of Data

The Researchers Also Made Extensive Use Of Publications Made By Different Individuals And Scholars In The Co-Operatives Field. All These Were Gotten From Libraries And The Internet.

3.3 Area Of Study

The Area Of This Study Is Nsukka. Nsukka Is A Town And Local Government Area In Southeast Nigeria In Enugu State. Nsukka Lga Has An Area Of 1,810 Km² And A Population Of 309,633 At The 2006 Census. The Local Government Headquarters Is Located In The Hilly And Green Sites Which Nsukka Is Known For Close To Colonial Quarters Of The Pre-Independence Years. The Present Chairman Of The Local Government Area Council Caretaker Committee Is Prof Roseline Onah Who Assumed Leadership In Early 2016.

Nsukka Town Is Known As The Site Of The University Of Nigeria, The First Indigenous Nigerian University, Founded By Dr. Nnamdi Azikiwe, First President Of Nigeria. The Postal Code Of The Area Is 410001 And 410002 Respectively Referring To University Of Nigeria Campus, And Nsukka Urban.

3.4 Population Of The Study

Explorable (2015), Writes That A Research Population Is Generally A Large Collection Of Individuals Or Objects That Is The Main Focus Of A Scientific Query. It Is For The Benefit Of The Population That

Table 3.1 Population Distribution Table

S/N	Organization	Population
1	Shallom Eha Alumona Honey Fadama Users Cooperative Society	119
2	Akwari Eha Alumona Yellow Pepper Fadama Users Cooperative	51
3	Fggc Lejja Nsukka Staff Multipurpose Cooperative Society	67
4	Chinedu Farmers Multipurpose Cooperative Society	78
Total		315

Source: Field Survey, 2018

3.5 Sample Size Determination

According To Eboh (1998), Sampling Is Defined As The Selection Of A Number Of Study Units From A Defined Population. A Sample Is A Subset Of A Population That Is Taken To Be A Representative Of The Entire Population. In Calculating The Sample Size, The Researcher Employed The Taro Yamane's Formula. According To Yamane (1964), The Sample Size Of A Definite Population Is Given As:

$$N = \frac{N}{1+N(e)^2}$$

Where: N = Desired Sample Size

N = Population Of The Study

1 = Constant

E = Margin Of Error

The Population Of The Study (N) = 315

The Margin Of Error (E) = 5% (0.05)

Substituting In The Above Formula, We Have:

$$N = \frac{315}{1+315(0.05)^2}$$

Researches Are Done. The Researcher Studied The Entire Members Of Four Selected Cooperatives In Nsukka Based On Their Publicity, Efficiency And General Acceptability In Zone. There Are: Shallom Eha Alumona Honey Fadama Users Cooperative Society, Akwari Eha Alumona Yellow Pepper Fadama Users Cooperative, Fggc Lejja Nsukka Staff Multipurpose Cooperative Society, Chinedu Farmers Multipurpose Cooperative Society. The Breakdown Of The Population Is As Follows:

The Table Below Shows The Population Distribution

$$= \frac{315}{1+315 \times 0.0025}$$

$$= \frac{315}{1+0.788}$$

$$= \frac{315}{1.788}$$

$$= 176.17$$

Therefore, The Sample Size Is 176 Respondents

Stratified Sampling

For Copies of Questionnaires to Be Proportionately Allotted to Different Cooperatives as Selected for the Study, The Researcher Adopted The Kumar's Formula. According To Kumar (1976), The Sample Size Of Each Group Is Given By:

$$N_h = \frac{n(N_h)}{N}$$

Where N_h = The Sample Size For Each Group

N = The Total Sample Size

N_h = Population Of Each Group

N = Total Population

Using The Formula Above, Sampling For Each Zone Will Be As Follows:

$$U_{empcs} = \frac{176 \times 119}{315} = 67$$

$$U_{ypfcs} = \frac{176 \times 51}{315} = 28$$

$$D_{mpcs1} = \frac{176 \times 67}{315} = 37$$

$$I_{fpcsl} = \frac{176 \times 78}{315} = 44$$

Total Respondents = 176

3.6 Methods Of Data Collection

Due To Persistent Internet Problems In Handling And Delivering Of Mail Over The Internet And Lack Of Efficiency By Nipost In Delivering Mails, Face To

Table 4.1: Questionnaire Distribution And Rate Of Responses

The Table Below Shows Questionnaire Distribution Rate

Groups	Questionnaires	Returned	%	Valid	% Of Valid
Shalom	67	63	36	60	34
Akwari	28	26	15	25	14
Fggc	37	36	20	35	20
Chinedu	44	41	23	40	23
Total	176	166	94%	160	91%

Source: Field Survey, 2018

From Table 4.1, 176 Copies Of Questionnaire Were Distributed To Respondents, As Reflected In The Sample Size. However, 166 Were Returned And 6 Were Invalid As A Result Of Incorrect Filling And Consequently, A Total Of 160 Copies Were Used For The Analysis

Face Distribution, And Collection Of Questionnaire Will Be Adopted By The Researcher.

3.7 Validity Of Research Instruments

Validity Of The Research Instrument Refers To The Extent To Which A Research Instrument Actually Measures What It Is Designed To Measure (Ezeamenyi, 2014). The Researcher Used The Expert (Face) Validity, Where The Supervisor, Who Is An Expert In The Field Scrutinized The Question Items To Make Sure They Are Related To The Research Questions.

3.8 Reliability Of The Research Instruments

To Test The Reliability Of The Research Instrument, The Researcher Used The Test-Retest Method, Where Those Respondents, Who Have Been Given Questionnaires Before Were Given The Same Questionnaires, One Week Later. Their Responses In The Second Questionnaires Were Compared With That Of The First Questionnaires.

Data Presentation, Analysis, And Discussion Of Findings

4.3 Testing Of Hypotheses

4.3.1 Hypothesis One

H_0 : There Are Various Sources Of Financing Available To Cooperatives.

H_1 : There Are No Various Sources Of Financing Available To Cooperatives.

The Above Hypothesis Was Tested Using Table 4.3



4x3 Contingency Table

Options	Agree	Undecided	Disagree	Total
Shallom	44 (46.51)	5 (3.81)	12 (10.68)	61
Akwari	18 (19.06)	2 (1.56)	5 (4.38)	25
Fggc Lejja	29 (25.92)	1 (2.12)	4 (5.95)	34
Chinedu Farmers	31 (30.50)	2 (2.50)	7 (7.00)	40
Total	122	10	28	160

Source: Field Survey, 2018

Using Chi-Square For Analysis:

$$X^2 = \sum \frac{(O-E)^2}{E}$$

Where:

X^2 = Chi-Square

O = Observed Frequency

E = Expected Frequency

\sum = Summation

Where Formula For E = $\frac{\text{Row Total} \times \text{Column Total}}{\text{Grand Total}}$

Shallom Eha Alumona Honey Fadama Users Cooperative Society

$$\text{Agree: } \frac{61 \times 122}{160} = 46.51$$

$$\text{Undecided: } \frac{61 \times 10}{160} = 3.81$$

$$\text{Disagree: } \frac{61 \times 28}{160} = 10.68$$

Akwari Eha Alumona Yellow Pepper Fadama Users Cooperative

$$\text{Agree: } \frac{25 \times 122}{160} = 19.06$$

$$\text{Undecided: } \frac{25 \times 10}{160} = 1.56$$

$$\text{Disagree: } \frac{25 \times 28}{160} = 4.38$$

Fggc Lejja Nsukka Staff Multipurpose Cooperative Society

$$\text{Agree: } \frac{34 \times 122}{160} = 25.92$$

$$\text{Undecided: } \frac{34 \times 10}{160} = 2.12$$

$$\text{Disagree: } \frac{34 \times 28}{160} = 5.95$$

Chinedu Farmers Multipurpose Cooperative Society

$$\text{Agree: } \frac{40 \times 122}{160} = 30.50$$

$$\text{Undecided: } \frac{40 \times 10}{160} = 2.50$$

$$\text{Disagree: } \frac{40 \times 28}{160} = 7.00$$

Chi – Square (X^2)

Option	O	E	O-E	O-E ²	$\frac{(O-E)^2}{E}$
Shalom	44	46.51	-2.51	6.30	0.135
	5	3.81	1.19	1.42	0.372
	12	10.68	1.32	1.74	0.163
Akwari	18	19.06	-1.06	1.12	0.059
	2	1.56	0.44	0.19	0.124
	5	4.38	0.62	0.38	0.088
Fggc Lejja	29	25.92	3.08	9.49	0.366
	1	2.12	-1.12	1.25	0.592
	4	5.95	-1.95	3.80	0.639
Chinedu	31	30.50	0.05	0.25	0.008
	2	2.50	-0.5	0.25	0.10
	7	7.00	0	0	0
					2.646

X^2

The Degree Of Freedom For Contingency Table

$$D.F = (R-1) (C-1)$$

$$= (4-1) (3-1)$$

$$= (3) \times (2)$$

$$= 6$$

Level Of Significance = 5% = 0.05

Calculated Value = 2.646

Critical Value = 12.59

Ogbodo, Amobi John, Onyeze, C.N., Ph.D. And Ochiaka, D.I., Ph.D.



Decision

Since The Calculated Value Is Less Than The Table Value, The Researcher Rejected The Alternative Hypothesis H_1 And Accepted The Null Hypothesis Which States That; There Are No Various Sources Of Financing Available To Cooperatives.

4.3.2 Hypothesis Two

H_0 : There Are No Finance Impacts On Cooperatives' Performance In Nsukka Lga.
 H_2 : There Are Finance Impacts On Cooperatives' Performance In Nsukka Lga.

4x3 Contingency Table

Options	Agree	Undecided	Disagree	Total
Shallom	49 (52.23)	3 (1.91)	9 (6.86)	61
Akwari	23 (21.41)	0 (0.78)	2 (2.81)	25
Fggc Lejja	31 (29.11)	1 (1.06)	2 (3.83)	34
Chinedu Farmers	34 (34.25)	1 (1.25)	5 (4.50)	40
Total	137	5	18	160

Source: Field Survey, 2018

Shallom Eha Alumona Honey Fadama Users Cooperative Society

Agree: $\frac{61 \times 137}{160} = 52.23$

Undecided: $\frac{61 \times 5}{160} = 1.91$

Disagree: $\frac{61 \times 18}{160} = 6.86$

Akwari Eha Alumona Yellow Pepper Fadama Users Cooperative

Agree: $\frac{25 \times 137}{160} = 21.41$

Undecided: $\frac{25 \times 5}{160} = 0.78$

Disagree: $\frac{25 \times 18}{160} = 2.81$

Fggc Lejja Nsukka Staff Multipurpose Cooperative Society

Agree: $\frac{34 \times 137}{160} = 29.11$

Undecided: $\frac{34 \times 5}{160} = 1.06$

Disagree: $\frac{34 \times 18}{160} = 3.83$

Chinedu Farmers Multipurpose Cooperative Society

Agree: $\frac{40 \times 137}{160} = 34.25$

Undecided: $\frac{40 \times 5}{160} = 1.25$

Disagree: $\frac{40 \times 18}{160} = 4.50$

Chi-Square (X^2)

Option	O	E	O-E	O-E ²	$\frac{(O-E)^2}{E}$
Shalom	49	52.23	-	10.43	0.200
	3	1.91	1.09	1.19	0.622
	9	6.86	2.14	4.58	0.668
Akwari	23	21.41	1.59	2.53	0.118
	0	0.78	-	0.61	0.780
	2	2.81	-	0.66	0.233
Fggc Lejja	31	29.11	1.89	3.57	0.123
	1	1.06	-	0.004	0.003
	2	3.83	-	3.35	0.874
Chinedu	34	34.25	-	0.06	0.002
	5	4.50	-	0.25	

Chinedu	1	1.25	-	0.06	0.050
Farmers			0.25		
	5	4.50	0.5	0.25	0.056
					3.729

X^2

The Degree Of Freedom For Contingency Table = 6

Level Of Significance = 5% = 0.05

Calculated Value = 3.729

Critical Value = 12.59

Decision

Since The Calculated Value Is Less Than The Table Value, The Researcher Rejected The Alternative Hypothesis And Accepted The Null Hypothesis Which States That; There Are No Financing Impacts On Cooperatives' Performance In Nsukka Lga.

Discussion Of Findings

Findings Show That There Are Various Sources Of Financing Available To Cooperatives. These Include Community Banks, People Bank Of Nigeria, Nigerian Export-Import, Money Lenders, Insurance Companies And So On

Findings Of This Study Have Also Shown That There Are Finance Impacts On Cooperatives' Performance In Nsukka Lga. It Is Obvious That No Business Thrives In Lack Of Fund. Cooperative Business Is Not Exceptional In This. Cooperatives Tend To Achieve A Lot When Adequate Funding Is Maintained. Members' Pressing Taken Care Of Adequately When Cooperative Has Enough Funds In Its Pool.

Conclusion

Cooperative Is Viewed As An Important Tool Of Improving The Living Conditions Of The People Through Job Creation And Making Of Funds Available To Members. Though, Cooperatives Have Failed In Nigeria Too Often For Some Important Reasons Which Include: Shortage Of Trained Managers, Lack Of Understanding Of The Principle And Approaches Of Cooperatives, And Inability Of

Cooperative Member To Cope With The Modern Methods Of Doing So. It Is Also Identified That Some Of The Problems Facing Cooperatives In Nigeria Include: Shortage Of Skilled Personnel, Inadequate Financing, Excessive Government Control And Lack Of Trust Among Members.

Recommendations

Based On The Foregoing, The Researcher Proposed The Following Recommendations:

1. Since The Findings Show That Various Sources Of Funds Does Not Exist For Cooperative Societies, It Should Be Encouraged To Improvise Alternative Sources, Get Funds So As To Enable It Make Serious And Positive Impact On Members.
2. Cooperative Societies Should Judiciously And Prudently Utilize The Funds Available To Them, Allocate Funds To Members On The Bases Of Impacting Goals So As To Leave Up To Its Very Essence Since Findings Have Shown That Financing Impact On Cooperatives' Performance.

References

- Arua, E. O. (2004). *Comparative Cooperative System*. Unpublished Departmental Mimeograph. Department Of Agricultural Economics, University Of Nigeria, Nsukka.
- Berko, S.Y., (1994) *Self-Help Organizations And Rural Development*. Enugu Computer Edge Publishers.
- Bhuyan, S., (2007). The People Factor In Cooperatives: An Analysis Of Members. *Canadian Journal Of Agricultural Economics*, 55(3): 275-298.
- Carton R. B. (2004). *Measuring Organizational Performance: An Exploratory Study*. A Dissertation Submitted To The Graduate

Ogbodo, Amobi John, Onyeze, C.N., Ph.D. And Ochiaka, D.I., Ph.D.



- Faculty Of The University Of Georgia In Partial Fulfillment Of The Requirements For The Degree Doctor Of Philosophy Athens, Georgia 2004.
- Chukwu, S.C. (1990). *Economies Of The Cooperative Business Enterprise*. Marburg: Merburg Consult For Self-Help Promotion, Germany.
- Chukwuemeka, E.O. (2002). *Research Methods And Thesis Writing*. Enugu: Hrv Book Publisher.
- Chukwuemeka, E.O., (2006). *Research Methods And Thesis Writing*; Enugu: Hrv Publishers.
- Department For International Development (Dfid) (2005) How To Leverage The Co-Operative Movement For Poverty Reduction. Dfid Growth And Investment Group. How To Note, May 2005 From [Http://Www.Caledonia.Org.Uk/Papers/How-To-Cooperatives-Dfid-2005.Pdf](http://www.Caledonia.Org.Uk/Papers/How-To-Cooperatives-Dfid-2005.Pdf) (Retrieved June 10, 2011)
- Destahun, H. (2007). *Cooperative Approach To Local Development: The Case Of Coffee Cooperative Unions In Coffee Growing Regions Of Ethiopia*, M.A Thesis, Addis Ababa University.
- Dgvr (2005). The Role And Importance Of Savings And Credit Cooperatives In Microfinancing And The Worldwide Activities Of The German Cooperative And Raiffeisen Confederation. Bonn: Dgvr - International Relations Department.
- Eboh, C.,(1998). *Social And Economic Research Principles And Method*; Lagos: Academic Publication.
- Ebonyi, V. & Jimoh, O. B., (2002). *Cooperative Movements: A Way Out Of Poverty*. Lagos: Longman Publishers.
- Ebue M. I., Onyeze C. N., Okonkwo P.C., And Onyia A. C., (2014) Causes And Effects Of Mismanagement In Cooperatives Business Enterprises: A Case Study Of Aninri Local Government Area, Enugu State Nigeria. *Caribbean Journal Of Science And Technology*, [Http://Caribjscitech.Com/](http://Caribjscitech.Com/)
- Ezeamenyi, M.V., (2014). *Facing Challenges Of The Third Millenium Through Varieties In Mathematics, Science And Computer Education*; Enugu: Cheston Agency Ltd.
- Food And Agricultural Organization (2013). Message Of The Food And Agriculture Organizatio(Fao) Of The United Nations On The 19th Un International Day Of Co-Operatives, 6th July 2013. Available At: [Http://Ica.Coop/Sites/Default/Files/Attachments/Coop%20day%202013%20fao%20Message%20-%20en.Pdf](http://Ica.Coop/Sites/Default/Files/Attachments/Coop%20day%202013%20fao%20Message%20-%20en.Pdf)
- Gavrea C., Ilies L., & Stegorean R. (2011). *Determinants Of Organizational Performance: The Case Of Romania*. Management & Marketing Challenges For The Knowledge Society. (2011) Vol. 6, No. 2.
- Ica. (2015). Co-Operative Identity, Values & Principles. International Cooperative Alliance. Retrieved: September 8, 2016 From [Https://Ica.Coop/En/Whats-Co-Op/Co-Operative-Identity-Values-Principles](https://Ica.Coop/En/Whats-Co-Op/Co-Operative-Identity-Values-Principles)

Ogbodo, Amobi John, Onyeze, C.N., Ph.D. And Ochiaka, D.I., Ph.D.

Advance Journal of Management and Social Sciences

Adv. J. Man. Soc. Sci

Volume: 4; Issue: 03,

May-June, 2020

ISSN: 2383 – 6355

Impact Factor: 3.1

Advance Scholars Publication

Published by International Institute of Advance Scholars Development

<https://aspjournals.org/Journals/index.php/ajmss/index>



- Ifenkwe, G. E. (2007) Enhancing The Performance Of Cooperative Societies In Abia State, Nigeria: Critical Factors And Policy Implications. *Journal Of Agriculture And Food Sciences* Vol. 5 (1) 2007.
- Ijere, M O (1988) *New Perspectives In Financing Nigerian Agriculture*. Fourth Dimension Publishing Company, Enugu.
- International Labour Organization (Ilo) (2003). *The Role Of Cooperatives In Designing And Implementing Improved Socio-Economic Conditions Of Beneficiaries In Southwestern Nigeria*: University Of Ibadan, Nigeria.
- Kraenzle, C.A And D. Volkin (1979) "Subsidiaries Of Agricultural Cooperatives" United States Department Of Agriculture, Economic Statistics And Cooperative Service. Cooperative Research Report No. 4.
- Krishnaswamy, O. And Klandaiswamy R. (2000). *Cooperation, Concepts And Theory*: Aruda Academy, Tamilnadu.
- Kumar, S., (1976). *A Manual Of Sampling Technique*. London. Heinemann Publishers.
- Lawal, K.A.A & Oludmu, O.L (2012) Cop 318 Cooperative Education And Extension. National Open University Of Nigeria Lecture Note.
- Marshall, G. (1998). *A Dictionary Of Sociology*. New York: Oxford University Press.
- Mekonnen Kassa. Et Al. (2007). Development Of Saving And Credit Cooperatives In Ethiopia: *Occasional Paper No.19, Addis Ababa*.
- Nwankwo, F. (2016). Effect Of Cooperative Type And Age On Profit Performance: A Study Of Cooperative Societies In Awka North Lga In Anambra State, Nigeria; *An International Multi-Disciplinary Journal, Ethiopia* Vol. 10(5), Serial No.44, October, 2016.
- Nweze, N. J. (2001). Poverty, Microfinance And Cooperative Promotion In Nigeria. *Nigerian Journal Of Cooperative Studies*, (1): 2-5.
- Nwodoh, E.O. (2014). *Accounting Business Education Challenges And Prospects In Nigeria Educational System*. Retrieved On 2/02/2018 From [Http://Llacounting%....Prospect](http://Llacounting%....Prospect).
- Obodechi, O. (2005), *The Cobwebs Of Cooperative Development*. Enugu. Computer Edge Publishers.
- Oduyoye, O., Adebola S. & Binuyo, A. (2013) Business Failure And Performance Of Ogun State Cooperative Federation: An Evaluative Approach. *Arabian Journal Of Business And Management Review (Oman Chapter)* Vol. 2, No. 11; June 2013.
- Ojo. A.T And Adewunmi, A (1980) Cooperative Banking In Nigeria: Evolution. Structure And Operations, Lagos, University Of Lagos Press Monograph Series.
- Olaleye, Y. L., & Adekola, G.(2006). Impact Of Co-Operative Societies On Poverty Alleviation: A Study Of Three Main Co-Operatives Societies In Ibadan, Nigeria, *Education For Today*, 6:109-120.
- Onugu C & Abdulahi, T. (2013). The Performance Of Agricultural Cooperative Societies Under The

Ogbodo, Amobi John, Onyeze, C.N., Ph.D. And Ochiaka, D.I., Ph.D.

Advance Journal of Management and Social Sciences

Adv. J. Man. Soc. Sci

Volume: 4; Issue: 03,

May-June, 2020

ISSN: 2383 – 6355

Impact Factor: 3.1

Advance Scholars Publication

Published by International Institute of Advance Scholars Development

<https://aspjournals.org/Journals/index.php/ajmss/index>



- National Programme On Food Security In Enugu State, Nigeria. Review Of Public Administration & Management. Vol. 1, No. 2.
- Onugu, C. U. & Nwankwo, F. (2013). Savings Behaviour And Access To Credit Amongst Public Servants In Nigeria: The Role Of Financial Service Cooperatives. *African Journal Of Microfinance And Enterprise Development*, Vol. 3, Number 1 June 2013.
- Onuoha, E. (2002). *Principles Of Cooperative Enterprise*. Enugu: Express Publishing Company Ltd.
- Otto, G., & Ukpere, W. (2011). Credit And Thrift Co-Operatives In Nigeria: A Potential Source Of Capital Formation And Employment: *African Journal Of Business Management* Vol. 5(14), Pp. 5675-5680. *Psychologia*, 10 (1): 72- 84
- Parnell, E. (1999). *Reinventing Cooperation: The Challenges Of The 21st Century*, The Plunkket Foundation.
- Pearse, O. E. (2014) A Study On Co-Operative Societies, Poverty Reduction And Sustainable Development In Nigeria; *Journal Of Business And Management* Volume 16, Issue 6.
- Prakash, D. (2003). The Principles Of Cooperation - A Look At The Ica Cooperative Identity Statement. Delhi: Pamda- Network International.
- Pritchett, J. & Hine S. (2007). Profitability Benchmarks: A Tool For Cooperative Educators. *Journal Of Extension*. October 2007 Volume 45, Number 5.
- Putnam, R. (1995). Bowling Alone: America's Declining Social Capital, *The Journal Of Democracy*, Vol. 6(1), Pp. 65-78.
- Stiglitz, J.E. (1990) 'Poor Monitoring And Credit Markets' *The World Bank Economic Review* 4 (3).
- Umebali, E. (2004). *Rural Resources Farm Business Management And Rural Development*. Computer Edge Publisher, Lagos.
- Yamane, T., (1964). *Statistics: An Introductory Analysis* 3rd Ed. New York: Harper And Row Pub.
- https://En.Wikipedia.Org/Wiki/Ika_South
- <https://Explorable.Com/Research-Population>

Ogbodo, Amobi John, Onyeze, C.N., Ph.D. And Ochiaka, D.I., Ph.D.