



# INFLUENCE OF COOPERATIVE SOCIETY MEMBERSHIP ON WOMEN OWNED SMEs IN WEST AFRICA

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## Introduction

A cooperative can be defined as a social enterprise or organization created voluntarily by members with the full support and assistance from members in order to cater for the economic needs and interest of members. The aim is majorly to join members' economic forces together to ease their access to finance and other social-economic resources. Cooperative societies are based on the value of self-help, self responsibility, democracy, equality, equity and solidarity (UN, 2011). They operate a significant scale in developing nations. Small and medium scale enterprises (SMEs) have been promoted greatly by Microfinance Institutions (MFI's) such as cooperatives. Based on statistics, more than 7% of African population is affiliated to cooperatives (Delvestere, 2008; Pollet, 2009). It is a general view that panacea to economic problems lies in the human factor; and that more can be achieved when people coordinate their efforts with each other and take concerns and talents of other into considerations. Cameron (1972) opined that for an economy to experience development, two conditions are necessary and sufficient. These are the presence or availability of entrepreneur and providers of external finance. Thus, there is necessity to empower the Nigerian citizen in this regard especially the women who are more prone to poverty. Pollet (2009) finds that co-operatives have a significant direct impact on women's lives through the services they deliver.

## Statement of the Problem

Most women entrepreneurs in Nigeria often operate small scale businesses due to inadequate capital as a result of their limited access to finance. In savings and credit co-operatives, it is usually difficult to accurately determine the access of women to loan facilities largely due to inability to substantially raise share and to provide collateral. Women have not fully been able to benefit from the Agricultural Co-operative Societies which play an important role in food production and distribution, and in supporting long term food security to the women. Despite the microfinance power of Cooperative Societies as an informal source of finance, it is faced with serious setbacks. One of these problems is the inadequate amount of capital that can be raised from the members of the cooperative society when compared to the need of small scale and medium scale industrialists. The perceived benefits and problems of cooperative societies in Nigeria thus is worthy of exploration. There is paucity of research in this regards in the Nigerian context.



## Research Questions

- i. Is there a significant impact of cooperative societies as a microfinance delivery channels?
- ii. Is there a significant impact of participation of women entrepreneurs in cooperative society activities on the growth their business enterprises in Nigeria?
- iii. Is there a significant impact of cooperative societies on the growth of SMEs in Nigeria?

## Objectives of the Study

In the light of the above, it is the intention of this study to examine the impact of cooperative societies as a micro-credit delivery channel, in the promotion of SMEs in Nigeria. The specific objectives to be pursued in achieving the main objective are:

- i. to investigate the participation of women in cooperative societies;
- ii. to assess the effect of cooperative societies on the growth of women owned business enterprises in Nigeria;
- iii. to assess the contribution of cooperative societies in promoting micro and medium enterprises in the Nigeria.

### **The Scope of the Study**

The study was limited to about 1,797 women entrepreneurs in poultry business in various Savings and Credit Co-operative societies registered with Poultry Association of Nigeria. All the information were drawn from the women co-operators and their views are a representation of other women owned enterprises in the Nigeria. This was because the researcher was unable to explore other countries in West African Countries. Also it could be said that Nigeria shares same characteristics with other countries in West Africa, hence, it could be concluded that what obtains in Nigeria can be general to other West African Countries. Furthermore, the scope of this study was limited to poultry business, this was because it appears that limited research has been done on poultry business SMEs and most especially the ones owned by women which is growing at a fast pace in recent times.

### **Research Hypotheses**

**H<sub>01</sub>:** There is no significant relationship between socio-economic characteristics of women and their participation in activities of cooperative societies.

**H<sub>02</sub>:** There is no significant difference in the monthly income of women before joining cooperative society and after joining cooperative society.

### **Literature Review and Conceptual Explanations**

Adelaja (2006:3) affirmed that interaction between Small and Medium Enterprises (SMEs) operators is a factor for the development of SME's in Nigeria. Anwatu (2006:3) opined that 75% of the private sector is dominated by Small and Medium Enterprises (SMEs) reiterating that Organized Private Sector (OPS) is the drive for growth, creation of wealth and employment. Osoba (1987:1-27) held that people and government had hardly explored the potentials possessed by the SMEs in Nigeria. The Nigeria Chamber of Commerce, Industry, Mines and Agriculture (NACCIMA) argued that SMEs are the engine for rapid industrialization and development of any nation. Akeredolu-Ale (1988:56-61) contend that right across Africa; from South Africa to Tunisia and from Senegal to Sudan, cooperative societies are serving their members with both necessities and its luxuries. Jinadu (1995:1-90) described cooperative organisation as informal sources, rather than capital market, that provide the bulk of financing Small Scale Enterprises (SSEs), in the rural areas, especially in the less developed nations. Onyewaku and Fabiyi (1991:23-32) contend that the peculiar characteristics of informal market is that they are far more loosely monitored and regulated than formal finance market. Nonetheless, the cooperatives, as informal capital market, perform the role of capital formation for entrepreneurial development and industrialization like the formal capital market. Most importantly, loan disbursements from the informal sources are usually timely, Asaolu (2004:2). According to Cross (1998:2) the Informal Sector (IS) describes economic activity that takes place outside the formal norms of economic transactions established by the state and formal business practices but which is not clearly illegal itself.

However, this informal source of finance to small scale industrialists has serious setbacks. For instance, the amount of capital that can be raised from the informal source like the cooperative societies is usually very small and inadequate when compared to the needs of the small scale industrialists. It is in the light of these problems that the government of most developing countries like Nigeria has initiated micro credit finance schemes. These schemes have the sole objectives of assisting small scale entrepreneurs to increase their income and to improve their living standards, taking it to be a veritable tool for redistribution of resources that will ultimately lead to wealth creation. The establishment of Community Banks, Agricultural, Cooperatives and Rural Development Banks (NACRDB), Industrial Development Centers, the defunct Peoples Banks of Nigeria, Nigerian Small and Medium Enterprises Development Agency (SMEDAN),

Nigerian Industrial Development Bank (NIDB) and Cooperative Societies were to fulfill the objectives of industrialization.

### **Significance of Cooperatives in an Economy**

Lawal (2006:155) defines a cooperative society as a form of business, registered under cooperatives law rules and regulations and by laws and should be so managed. Therefore, the management of any cooperative society should be in accordance with the existing cooperative Law and the by Law of each society. The important roles a cooperative play in an economy cannot be over emphasized. According to Akinwunmi (2006:1-2) those who introduced formal cooperatives realized that individual farmers were too small in terms of farm holdings, total production and volume supplied. Thus they encouraged cooperative which facilitated quick transfer of technical knowledge about the major commodities to groups of farmers. They demonstrated the efficacy of the cooperative approach to problem solution. They helped to nurture small groups with little financial means into larger groups by encouraging the creation of unions out of the societies. Cooperative methods are the most practical to adopt to meet the needs of the mass of the people in all spheres of development. Asaolu (2004:46) argued that cooperatives are potentially an important instrument of social transformation, especially in the rural areas. Cooperative methods have proved to be useful in achieving increased domestic production of food, industrial raw materials, manufactured products and equitable distribution of farm inputs, farm products and other commodities. A number of capital cooperative projects had been undertaken such as feed mills, block making ventures, fishing projects, transportation, inter-state cooperative marketing of food crops. According to Osuntogun (1975:15-22) in the western part of the country, consumer cooperatives were doing a flourishing wholesale and retail businesses. They provide a valuable means of stabilizing the prices of consumer goods. The thrift and loan societies are common among small traders and urban wage earners and constitute a valuable means of mobilizing small saving for productive investment.

Lawal (2006:151-155) believed that cooperatives is a household name and need not much propaganda as to its economic importance as to its economic importance. The following benefits of cooperatives were highlighted by him; Opportunities for cooperators to buildup capital to

finance their business through gradual but regular savings of money. Employment opportunities. The cooperatives are the second largest employer of labor after government. Substantial contribution to the commercial growth and development of the country by undertaking business ventures economic productions and small scale enterprises financing. Promotion of physical and social development of the country through transportation business, low-cost housing units and community development efforts. Significant contribution to the national output by way of massive production of goods and services. Promotion of workers empowerments. Many civil servants and other workers own houses, cars and other properties by virtue of being members of one cooperative society or the other. Apart from assisting members to participate in international trade, cooperatives make it possible for Nigeria, through members representing the cooperatives at international apex, to sit among the community of nations.

## **Methodology**

In this research, the study area was Nigeria. Nigeria has six geo-political zones comprising of the thirty-six states and the FCT. The population of study were women participating in commercial poultry production who are cooperators registered with Poultry Association of Nigeria (PAN). Based on data available to Poultry Association of Nigeria (PAN), a total of 1,797 women cooperators were registered with PAN. Stratified random sampling technique was used to select 20% of the women in each of the six stratum that is, in each geo-political zone. A sample size of 360 was obtained and the researcher randomly selected the 360 respondents that participated in the study across the six geo-political zones in Nigeria.

The data used for this study were collected through the instrument questionnaire and interview. Both descriptive and inferential statistics were employed to present and analyze the data. The hypotheses were tested using correlation test to assess the relationship between socio-economic characteristics of respondents and their level of participation in activities of cooperative society at 5% significance level. Also, paired samples t test was used to test the significance of the difference in the average monthly income of respondents before joining cooperative society and after joining cooperative society at 5% significance level.

### **Table 1: Distribution of respondents by location**

<b>Nigeria's geo-political zones</b>	<b>Number of women cooperators registered with PAN</b>	<b>20% of selected women registered with PAN</b>
North Central	256	51
North East	54	11
North West	113	23
South East	329	66
South- South	420	84
South West	625	125
<b>Total</b>	<b>1,797</b>	<b>360</b>

*Source: Poultry Association of Nigeria, 2016.*

## **Socio-economic characteristics of women in poultry production**

### **Age of respondents**

Only 6.9% of the women fall between 20-30 years of age. Majority of the sampled women (46.7%) in poultry farming are between 31-40 years of age. This represents a virile age bracket for participation in poultry business. 15.3% of them fall between 41-50 years of age, 21.7% fall between 51-60 years of age. 5.6% of them fall between 61-70years of age and only 3.9% of the women fall above 70 years of age. This result indicates that a high percentage of women participating in poultry business are relatively young and active people.

### **Marital status**

Also, the Table reveals the marital status of the women and only 7.2% of the women are single while vast majorities of 92.8% of the respondents are married women.

### **Household size**

Table 2 also indicated that 28.6% of the women have a household size of 2-4 people. Majority of the women have a household size 5-7 people. 6.9% of the respondents have a household size of

8-10, while only 4.4% of the women have a household of more than 10 people. This result indicates that most women have dependant household members, benefitting from poultry.

### **Education Level**

Only 4.4% of the women had no formal education, 5.3% of them had primary education, 23.3% of them had secondary education and majority (66.9%) of the women has tertiary education. From the analysis, most of the women involved in poultry business are educated.

### **Year of poultry experience**

Only 12.2% of the women had under 5 years of experience, 30.3% of them had between 5-10 years of experience while majority (57.5%) of the women have more than 10 years experience in poultry business. This analysis indicates that women that participate in poultry business in Nigeria are with adequate experience in the business.

### **Average Monthly Income**

Table 2 reveals that 23.9% of the women earn between N10, 000 – N29, 999 monthly. 33.1% of them earn between N30, 000-N49, 999 monthly, while majority of the women earn N50, 000 or more monthly. This indicates that majority of the women in poultry business in Nigeria are of fairly high income class bracket.

### **Population of bird**

17.5% of the women had less than 500 birds. Many of the women (28.3%) had between 500-999 birds, 26.1% of them had between 1,000-1,499 birds, 15% of them had between 1,500 -1,999 and only 13.1% of the women had more than 2,000 birds. This analysis indicates that women in commercial poultry farming in Nigeria are made up of farmers with small, medium and large flock size.

### **Number of employed people in poultry farm**



28.6% of the women did not employ any worker to work for them. Majority (39.2%) of the respondents employed between 1-4 workers on farm. 29.1% of the women employed between 5-6 workers to work for them, 8.6% of them employed between 7-8 workers on farm and only few (1.7%) of the women employed more than 8 people on farm. This reveals that commercial poultry business is labor intensive and with large poultry scale, the women need helping hands to work on their poultry farms.

**Table 2: Distribution of women according to their socio-economic characteristics (n = 360)**

<b>Personal Characteristics</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Age</b>		
20-30 years	25	6.9
31-40 years	168	46.7
41-50 years	55	15.3
51-60 years	78	21.7
61-70 years	20	5.6
Above 70 years	14	3.9
<b>Marital Status</b>		
Single	26	7.2
Married	334	92.8
<b>Household size</b>		
2-4	103	28.6
5-7	216	60.0
8-10	25	6.9
More than 10	16	4.4
<b>Educational Level</b>		
No formal education	16	4.4
Primary education	19	5.3
Secondary education	84	23.3
Tertiary education	241	66.9
<b>Years of poultry farming</b>		

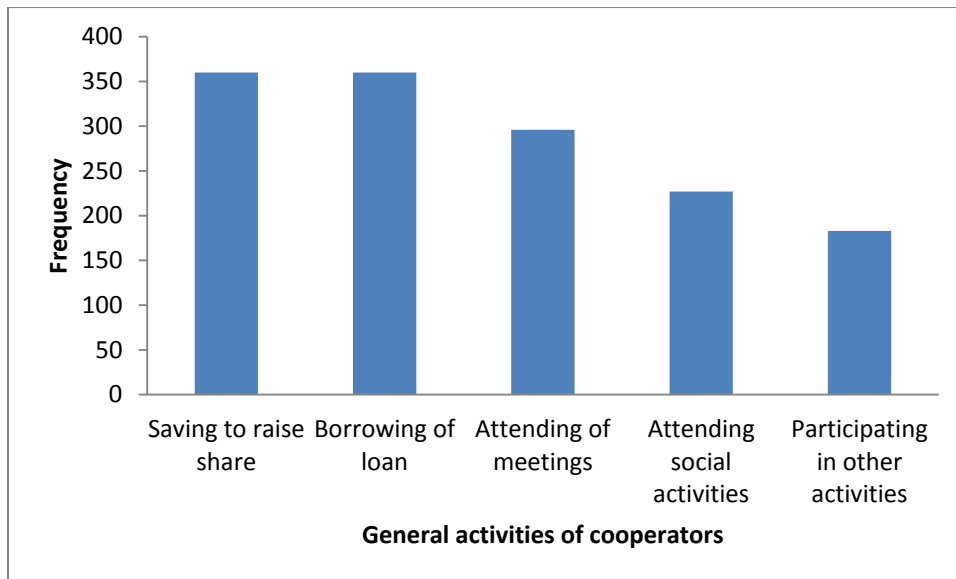
<b>experience</b>		
Under 5 years	44	12.2
5-10 years	109	30.3
Over 10 years	207	57.5
<b>Average Monthly Income</b>		
N10,000 – N29,999 (Low)	86	23.9
N30,000-N49,999 (Moderate)	119	33.1
N50,000and above (High)	155	43.1
<b>Population of bird</b>		
Less than 500	63	17.5
500-999	102	28.3
1,000-1,499	94	26.1
1,500-1,999	54	15.0
More than 2,000	47	13.1
<b>Number of people employed in poultry farm</b>		
None	103	28.6
1-4	141	39.2
5-6	79	21.9
7-8	31	8.6
More than 8	6	1.7

*Source: Field survey, 2017.*

### **Participation of women in cooperative society activities**

The bar chart reveals a relatively high participation of women in poultry business in the activities of cooperative society. This could be due to many benefits that the sampled women entrepreneurs have enumerated and how these benefits have enhanced performance of their business. The high rate of saving to raise share and borrowing of loans in the cooperative societies indicates that the women have enormous interest in growing their business enterprises through credit and other services provided by the cooperative societies.

**Fig. 1: Bar chart showing participation of women cooperators in activities of cooperative societies**



**Test of Hypotheses**

**H<sub>01</sub>:** There is no significant relationship between socio-economic characteristics of women and their participation in activities of cooperative societies.

From the correlation analysis, it was found that age ( $r = 0.418$ ), household size ( $r = 0.171$ ), farming experience ( $r = 0.633$ ), average monthly income ( $r = 0.229$ ), education level ( $r = 0.347$ ), population of birds ( $r = 0.252$ ), and number of employees on farm ( $r = 0.113$ ) all have positive relationship with women's participation in cooperative activities.

This indicates that the selected socio-economic characteristics of the women have direct effect on their level of participation in cooperative society activities. The correlation analysis also shows that the positive relationship that exists between socio-economic characteristics of women and their participation in cooperative activities are all significant at **1%** significance level with the exception of number of employees on farm which is significant at **5%** significance level.

The correlation tests conducted show that the selected socio economic characteristics of respondents all have positive relationship with women's participation in general cooperative society activities. This indicates that women's socio economic variables influence their level of participation in general activities of cooperative societies. This could be due to many benefits that the sampled women entrepreneurs have enumerated and how these benefits have enhanced performance of their business.

**Table 3: Results of correlation analysis showing degree of linear relationship between participation of women in poultry activities and socio-economic characteristics of the women.**

Socio-economic characteristics of respondents	Correlation coefficient	Coefficient of determination	Percentage of contribution	Decision
Age	0.418**	0.175	17.5	Significant
Household size	0.171**	0.029	2.9	Significant
Farming experience	0.633**	0.4	40	Significant
Average Monthly Income	0.229**	0.052	5.2	Significant
Education Level	0.347**	0.12	12	Significant
Population of birds	0.252**	0.064	6.4	Significant
Number of employees	0.113*	0.013	1.3	Significant

Source: Field survey, 2017.

No of variables	7
No of respondents	360
Degree of freedom	358
Level of significance	0.01(P<0.01)
Critical value of “r” at 0.05 and 358df =	0.104
Critical value of “r” at 0.01 and 358df =	0.137

\*\* Significant at 0.01 level

\* Significant at 0.05 level

**H<sub>02</sub>:** There is no significant difference in the monthly income of women before joining cooperative society and after joining cooperative society.

Analysis from Table 4 shows that the women earn on the average N14,128 monthly before joining cooperative society and they earn N27, 456 monthly after joining cooperative society. An average increase of approximately N13,328 was observed. This increase in the women’s average monthly income could be attributed to easy and quick access to finance provided by the cooperative societies. The women revealed that their cooperative societies allow them to save shares and take loans at low interest rates which they utilize effectively for the growth of their poultry businesses. Thus, paired samples t test was conducted to assess the significance of the difference in the average monthly income of the women before joining cooperative society and after joining cooperative society. A *p-value* of **0.000** was derived and this indicates a significant difference at **1%** significance level in the average monthly income of the women before joining cooperative society and after joining. This indicates that cooperative society caused significant increase in the monthly income of the women as a result of expansion in the output of their business enterprise. This finding corroborates the earlier work of Asaolu 2004, Lawal 2006, and Ayoola 2006, who all found that cooperative societies have significantly impacted on growth of

SMEs and that cooperative societies are significantly vibrant in fund mobilization and financial intermediation.

**Table 4: Results of paired samples t test on average monthly income of women before joining cooperative society and after joining.**

	<b>Average Monthly Income</b>	<b>Standard Deviation</b>	<b>Mean Difference</b>	<b>t</b>	<b>Sig (2-tailed)</b>	<b>Decision</b>
Average monthly income after joining cooperative society	N27,456	22569.193	13328	10.884**	0.000	Significant
Average monthly income before joining cooperative society	N14,128	6125.003				

*Source: Field survey, 2017.*

No of variable	2
No of observation	360
No of respondents	360
Degree of freedom	359
Level of significance	0.01(P<0.01)

\*\* Significant at 0.01 level

\* Significant at 0.05 level

### **Conclusion**

The findings of this study indicated that cooperative society has great impact on women enterprises in Nigeria. Cooperative societies support women through saving of shares and borrowing of loans at affordable rates, varied loan products, training and incentives, as such

women enterprises are better economically empowered. However, cooperative societies in Nigeria have not exhausted all avenues on performance of women enterprises in Nigeria.

### **Recommendation**

Based on the findings of this study, the following recommendations are made:

- (i) More awareness should be created on the impact of cooperative societies on performance of women enterprises. The public should be informed of the activities of cooperative society and how they can benefit women enterprises.
- (ii) Women cooperators need to be trained on various modes of operation of cooperative society so that women enterprises can benefit maximally from the services of cooperative society.
- (iii) SMEs in Nigeria should be encouraged to join or form cooperative societies which should embody all principles of cooperation to facilitate access to credit and promote entrepreneurship development.



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