IMPACT OF GOVERNMENT REGULATIONS OF COOPERATIVE SOCIETY ON POVERTY REDUCTION: A STUDY OF ABEOKUTA SOUTH OGUN STATE, NIGERIA

Ola Olusegun Oyedele

Abstract: Cooperatives societies have become a veritable platform for fighting poverty. In Nigeria today, poverty has become a major problem facing the populace. Several government bodies have been set up to find solution to that. Five cooperative societies from Abeokuta south metropolis, Ogun State were selected. The research objectives among others include determining the role of cooperative Society with respect to poverty alleviation. It has among others hypothesis, cooperative society plays no significant role in poverty reduction, Rate of Bad debts recorded does not have significant effects on the credit facilities granted by cooperative society. The study extracts a sample of one hundred and twenty-five respondents through simple random sampling where one hundred and two were duly filled, collected and analyzed. Questionnaire was used as the instrument for data collection and descriptive statistics of regression and correlation analysis was used to test the hypotheses. It was concluded from the findings of this study that Cooperative Societies plays a significant role in poverty alleviation. And, the supervisory authority being the government must strive for good governance and sustainable Cooperative Societies in order to encourage more people joining and making use of the available financial products which in turn will promote productivity, improvement of social welfare, create employment, improve their business enterprises and their standard of living. Hence, it was thus recommended that Co-operative members should encourage others to join Co-operative societies so that they could have access to adequate financial and technical assistance and provision of basic inputs to alleviate their level of poverty.

Key Words: cooperative societies, poverty alleviation, credit facilities, cooperator, macro effects

1. Introduction
In Nigeria today, poverty has become a major problem facing the country. The question has been asked, how this problem of poverty which is affecting our economy can be alleviated. Several government bodies have been set up to find solution to that. However, Haja & Attahiru, S.I (2007) it is important to find out what poverty is all about and the meaning of cooperative by different scholars, and merge the two together for us to have a clearer of the purpose of this study. Cooperatives have become a veritable platform for fighting poverty (Momoh, 2012).
Cooperatives are 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, 2005).
The simple fact is that any definition of cooperative society, which does not promote the economic interest of the members, cannot be a true definition of Cooperative.
Okonkwo, (2011). This is because cooperative is first and foremost a business. It can be regarded as company and its members are shareholders. Being so, every cooperative organization is supposed to make its members richer, if this does not happen, the cooperative has no right to exist at all. Cooperatives are established by like-minded persons to pursue mutually beneficial economic interest. Researchers are of the opinion that under normal circumstance Cooperative play significant role in the provision of services that enhance agricultural development. Patrick (2005) described Cooperatives as a medium through which services like provision of farm input, farm implements, farm mechanization, agricultural loans, agricultural extension, member’s education, marketing of member’s farm produce and other economic activities and services rendered to members. Cooperative societies are based on the cooperative values of “self-help, self-responsibility, democracy and equality, equity and solidarity” and the seven cooperative principles:

- Voluntary and Open Membership
- Democratic Member Control
- Member Economic Participation
- Autonomy and Independence
- Education, Training and Information
- Cooperation among Cooperatives
- Concern for Community

Total number of registered Cooperative Societies is about 50,000 and enumerated the following social and economic impacts of cooperatives in Nigeria as:

- Employment creation
- Credit to empower members to own their own business
- Contribution to GDP, though statistics not available but impact is known
- Advocacy and lobbying for better legislation

Also, the future development of cooperatives societies as:

- Committed integration of women
- Strengthening cooperatives from within and reduced dependence on government because “assistance seekers are always vulnerable”
- Better services to members to enable them increase their income
- Improved business entrepreneurial skills
- Stronger cooperative identity by members, committee and managers.

Godwin, S. (2014) Poverty is a multi-dimensional phenomenon that affects many aspects of human conditions ranging from the physical, moral to the psychological. It is defined as the state of being poor or deficient in money or means of subsistence. The concept of basic subsistence is measured by the availability of infrastructural services, such as safe water, sanitation, solid waste collection, healthcare, schools and security.

In a sustainable pattern poverty in Nigeria is caused by lack of employment, high rate of illiteracy among the citizenry, poor infrastructure, inadequate access to micro credit facilities, mismanagement of public funds, bad governance, instability of the governments and its policies. Poverty gives rise to many other serious social problems, some of which, not only impose enormous economic and social costs upon the nonporous and society in general, but also threaten the survival and stability of the society. In these, the Federal Government of Nigeria had designed several programmes
aimed at alleviating poverty and improving the living conditions of its people which include Operation Feed the Nation (OFN), Green Revolution, Structural Adjustment Programme, Better Life Programme and Family Support Programme, National Directorate of Employment (NDE), Directorate of Food, Roads and Rural Infrastructure (DFRRI), National Poverty Eradication Programme (NAPEP) and National Economic Empowerment and Development Strategy (NEEDS)

Statement of the Research Problem
Cooperative societies are faced with some challenges such as initial problem of non-prompt payment for the essential commodities given to members on credit as at when due, coping with excessive request from member, lack of trust by members at the initial stage despite constant orientation and education, lackadaisical attitude of some members, initial hostility by banks, and the right attitude and wisdom to convince the Executive members.
Also, inadequate and effective allocation of funds to business ventures hinders cooperative management, inadequate capital, and poor communication management cause a great failure in cooperative societies.

Research Objectives:
The main objective of this research work is to determine the role of cooperative Society with respect to poverty alleviation In Abeokuta South, Ogun State, Nigeria. Which will also:
1. Identify the challenges of credit facility assessment through cooperative society
2. Examine the challenges of cooperative society in recouping their credit facilities

Statement of Research Hypotheses:
For the efficiency of the study, the hypothesis is as follows:
H₀₁: cooperative society plays no significant role in poverty reduction
H₀₂: Rate of Bad debts recorded does not have significant effects on the credit facilities granted by cooperative society

Significance of the Study
This study is significant because it will produce data on cooperative societies in Ogun State, Nigeria to meet the following demands:

I. To provide more available information to student of cooperative studies, management and trainers in cooperative discipline and others who may be keen in undertaking further research in cooperative society.

II. To make available to the government and operational and decision making tool for efficient, effective and virile cooperative development. Numerous cooperators in the state will be exposed in area to exploit business

III. To the poor, to know the working of the cooperative in the Abeokuta south Ogun State. This would go a long way in assisting them to reduce poverty, by established cooperative societies.

IV. To the staffs of the cooperative society, this work can serve as a mirror which cooperative staff can see their objectives targets, achievement and importantly people perception.
2. Literature Review

Various works of other researchers were reviewed on (An evaluation of selected cooperative society in poverty alleviation) under the following framework:

Conceptual Framework

A cooperative is defined by the International Cooperative Alliance's Statement on the Cooperative Identity as "an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through jointly owned and democratically controlled enterprise". A cooperative may also be defined as a business owned and controlled equally by the people who use its services or by the people who work there. Various aspects regarding cooperative enterprise are the focus of study in the field of cooperative economics. A cooperative is a legal entity owned and democratically controlled by its members. Members often have a close association with the enterprise as producers or consumers of its products or services, or as its employees.

Poverty is a multifaceted phenomenon that hinders the satisfaction of basic life requirements; the tendency has been for some analysts to conceptualize it in narrow economic terms by insinuating that it is simply the lack of money. Poverty has various manifestations, including a 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. Our conceptual model of cooperatives as a tool for poverty reduction is presented in Figure 1.

![Figure 1. Conceptual framework: cooperatives as a tool for poverty reduction](image)

The cooperative firm works as the independent variable in the model and poverty reduction/eradication and business promotion function as the dependent variables. The social positions/status, human conditions/standard of living and the favorable environment are the intervening variables that influence the relationship of the dependent and independent variables.
Theoretical Framework
The apathy among members results to the poor co-operative development. That is, the low level of active participation by the members hinders the growth of the co-operative. So, the lower and non-challant behaviour exhibited by the member lead to poor output by the co-operation and the dividend will be low. In addition, government stifling control leading to over dependence on government handout tends to destabilize the economic growth of the nation due to the stifling control. Consequently, the top-bottom approach which leads to lack of effective national integration of the Abeokuta south co-operative member is another factor affecting the co-operative development. Then, suspicion and distraction among co-operation practitioners leading to distorted approach in co-operative matter hinders the co-operative development in our country. That is, the lack of trust found among the co-operative practitioners in which fraud and other misconduct takes place. Furthermore, the lack of qualified and trained executives or officers hinders the development of co-operative societies due to inexperience and unskilled in the management and operational methodology, the growth of co-operative sector is stunted and stagnant because of the creativity is lacked in their local government area. But government in Nigeria do not give concession to specialized banks which will enable them to extend adequate funds to co-operative societies. Thus not promoting the development of co-operative societies. Also, majority of co-operative societies are moribund and do not create the impact expected of them. That is, the non-challant attitude of co-operative in transfusing the created opportunity given to them towards reality.

Promotional Efforts of the Government towards Co-Operative Development
The government takes no special interest in the co-operative movement outside providing it with the necessary legal basis for registration and under some circumstances granting minor privilege in the form of reduced tax rates. Also the government shows certain degree of active interest in the development of the movement by providing some basic facilities, assistance and incentives through measures in fiscal, economical or agricultural policy. Such as co-operative matters, provision of training facilities, allowing the use of government owned facilities, subsidies, assessable credit among others. Also, government takes active roles in organizing and controlling co-operative. Special government ministries are created to effect this direct involvement. That is, taking active part in forming and organizing co-operatives According to Margaret Digby’s quotes “what disting wished co-operative belongs partly to end and partly to means” co-operative indisputably produce effects which are ‘micro’ as well as “macro”. But it is more relevant to concentrate on the macro because of its significant and important to the development of co-operatives in Abeokuta south, Ogun State and the Nigerian society at large.

Macro Effects of Co-Operatives
The macro effects of co-operative as thus:
1. Increasing Competition: The organizational operations of co-operative societies in Abeokuta south, has brought about the increase in competition in the goods and services. For instance, the agricultural product (garri) cost will be reduced when the co-operative societies embark on the commercial cultivation of garri, thus the competition
exists among the products and its substitute at a reduced price and high quality at moderate quantity.

2. Reducing Inflation: As inflation thus means the persistent increase in price of goods and services. Co-operative societies in Abeokuta south have reduced the rate of increase in goods and services especially in the agricultural sector and labour productivity.

3. Increasing Productivity: Due to the mass involvement in production, the input results to high out. This brings about the increase in productivity. Also, this is a result of the subsidies provided as encouragement such as free machinery services leading to high production output by the co-operative society. Also, the macro effects of co-operatives in Abeokuta south could be observed in the following areas.

1. Raising the level of average income.
2. Ensuring capacity utilization of costly facilities.
3. Enlightening the masses.
4. Transfer, sharing and diversification of risks.
5. Inculcating democratic principles and community spirit.
6. Promoting rural development.
7. Introducing technical innovation.

The above and more are the ubiquitous roles played by co-operative in a developing economy. The irony of these macro effects is that the co-operative does this at no cost to the society or government. The macro effect therefore means the derived benefits of co-operative to the general society.

**Major Impact of Government On Cooperative Society To Reduce Poverty**

Legislation: The government provide the co-operative laws that give the provisional operation. Such laws was enacted in the years 1993, 1995 and 1999. Thus, guiding the existence of the co-operatives and the development of business and co-operative to flourish.

2. Supervision: The role of tied by the government to the co-operative movement towards the development of the co-operatives. Government undergoes the duties on the following sectors: Auditing, Arbitration, Inspection, Liquidation and education among others.

3. Technical Assistance: Government employees serve as extension agents, education and other specialized functions which render co-operative economics effective and efficient.

4. Financial Aid: Government fund co-operative and other specialized agencies. These funds constitute block sum in financing co-operative. This is another function which ties the hands of the movement.

5. Education: The government at all levels (local, state and federal govt.) propagate co-operative education. As various state government run their own co-operative college, polytechnics and universities where co-operative education are taught. Nnamdi Azikiwe University, Awka, Enugu State University of Science and Technology (ESUT), including Institute of Management and technology (IMT) remain excellent centres where co-operative is taught throughout West Africa. All these are under the auspices of government. In Abeokuta south, all the co-operative activities fall under government control.

Other operational role of government to co-operative includes:

1. To register co-operative societies.
2. To approve bye-laws of the societies and amendments there to.
3. To have access to all the books, papers and securities of a registered society and inspect its activities.
4. To approve the investment of co-operative funds.
5. To audit co-operative accounts.
6. To approve the sharing of net surplus and the payment of dividends.
7. To conduct enquiry into the constitution and financial condition of registered societies.
8. To call special general meetings of co-operative societies.
9. To settle disputes or appoint arbitration.
10. To make legally or appoint arbitration.
11. To wind-up a society.
12. To appoint direct and control liquidation.
13. To attach the property of persons intending to defraud.
14. To cancel the registration of liquidated societies.
15. To dispose of surplus on liquidation.

3. Methodology

Research design: The research design adopted was descriptive survey through self-administered questionnaires. It explores relationship between the dependent and independent variables and it is a field survey.

Method of Data Collection: The data for the propose study was collected through the use of questionnaire and which a five Likert scale questionnaire which were distributed to respondents for their responses.

Population and Area of Study: The targeted population of this study consists of members from five selected cooperative societies from Abeokuta south, Ogun state which includes Paramount CMU, Onward Cooperative investment and credit society ltd, Crescent Cooperative society, Owolowo Abeokuta CMU and Oloreparapo CMU.

Sample Size and Sampling Techniques: The sampling technique used was simple random sampling and purposive sampling method whereby 125 members were chosen from the list of members in the selected societies where 20 non-executive members and 5 executive members were chosen from each cooperative society.

Method of Data Analysis: The aim of this study is to determine the evaluation of cooperative society in poverty alleviation. Data collected would be descriptively analyzed using the statistical package for social science (SPSS) version 16. The tools that were used to analyze the data are regression and correlation analysis.

4. Analysis of Data

Table 1 Analysis of Response Rate

<table>
<thead>
<tr>
<th>Questionnaire</th>
<th>Respondents</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returned</td>
<td>102</td>
<td>81.6</td>
</tr>
<tr>
<td>Not returned</td>
<td>23</td>
<td>18.4</td>
</tr>
<tr>
<td>Total distributed</td>
<td>125</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field Survey 2017
Table 2 Cooperative societies faced though challenges in recouping their credit facilities

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>strongly agree</td>
<td>25</td>
<td>24.5</td>
<td>24.5</td>
<td>24.5</td>
</tr>
<tr>
<td>Agree</td>
<td>45</td>
<td>44.1</td>
<td>44.1</td>
<td>68.6</td>
</tr>
<tr>
<td>Undecided</td>
<td>20</td>
<td>19.6</td>
<td>19.6</td>
<td>88.2</td>
</tr>
<tr>
<td>Disagree</td>
<td>7</td>
<td>6.9</td>
<td>6.9</td>
<td>95.1</td>
</tr>
<tr>
<td>strongly disagree</td>
<td>5</td>
<td>4.9</td>
<td>4.9</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>102</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Field Survey 2017

Table above classifies the opinion of respondents on cooperative societies faced though challenges in recouping their credit facilities which justifies the second hypothesis on rate of bad debt recorded. It shows that majority of the respondents 45 (44.1%) agree, 25 (24.5%) strongly agree, 20 (19.6%) undecided, 7 (6.9%) disagree and 5 (4.9%) strongly disagree.

Test of Hypotheses and Discussion of Results
Regression analysis was used to measure the effect of the independent variable to the dependent variable of hypothesis 2 and correlation was used to measure hypothesis 1 and 2 proper interpretation and analysis techniques was used to explain the hypotheses testing.

Hypothesis 1
H₀: cooperative society plays no significant role in poverty reduction

Correlations

<table>
<thead>
<tr>
<th></th>
<th>COOPERATIVE</th>
<th>POVERTY</th>
</tr>
</thead>
<tbody>
<tr>
<td>COOPERATIVE</td>
<td>Pearson Correlation</td>
<td>.336**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.001</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>102</td>
</tr>
<tr>
<td>POVERTYRED UCTION</td>
<td>Pearson Correlation</td>
<td>.336**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.001</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>102</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).
Table above represents the table of correlations. Where two variables – cooperative society and poverty reduction— are positively correlated (r = .336, p = .000). There is moderate relation between these two variables which is significant. So Hypothesis is accepted. So we can say that the cooperative society plays a significant role in poverty reduction.

**Hypothesis 2**

H₀: Rate of Bad debts recorded does not have significant effects on the credit facilities granted by cooperative society

**Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.358ᵃ</td>
<td>.128</td>
<td>.120</td>
<td>.64208</td>
</tr>
</tbody>
</table>

ᵃ. Predictors: (Constant), BADDEBT

**ANOVA**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>6.067</td>
<td>1</td>
<td>6.067</td>
<td>14.716</td>
<td>.000ᵃ</td>
</tr>
<tr>
<td>Residual</td>
<td>41.227</td>
<td>100</td>
<td>.412</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>47.294</td>
<td>101</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

ᵃ. Predictors: (Constant), BADDEBT
ᵇ. Dependent Variable: CREDIT

**Interpretation of Results**

The results from the model summary table above revealed that the extent to which the variance in bad debt can be explained by credit facilities granted is 12.8% i.e. (R square = 0.128). The ANOVA table shows the Fcal 14.716 at 0.0001 significance level. There is significant effect of bad debt on credit facilities granted.

**Coefficients**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>1.351</td>
<td>.206</td>
</tr>
<tr>
<td>BADDEBT</td>
<td>.357</td>
<td>.093</td>
</tr>
</tbody>
</table>

ᵃ. Dependent Variable: CREDIT

The coefficient table above shows the simple model that expresses how bad debt recorded has significant effect on credit facilities granted. The model is shown mathematically as follows; Y = a+bx where y is credit facilities and x is bad debt, ‘a’ is a constant factor and b is the value of coefficient. From this table therefore, credit
facilities (CF) = 1.351 +0.357

Approaching. This means that for every 100% change in bad debt, Credit facility is responsible for 35.7% of the change.

**Decision**
The significance level below 0.01 implies a statistical confidence of above 99%. This implies that rate of bad debt recorded has significant effect on credit facilities granted by cooperative societies. Thus, the decision would be to reject the null hypothesis (H₀), and accept the alternative hypothesis (H₁).

5. Summary of Findings
Cooperative method remains the vibrant economic technique of poverty eradication, wealth creation, job creation and rural development and SMEs financing. There are various problems militating against the performance of cooperative societies in Nigeria. Also the changing world of technology poses great challenges to the efficiency of cooperative societies in Nigeria. Most cooperative societies are operating with inadequate capital to cope with the need of SMEs.

The research findings of the study are analyzed below:
- Cooperative Society lacks planning of more effective cooperative education and training programmes for committees, members and employees. It is highly essential to fit with the changing environment.
- Fund channelization through the cooperative societies by the government, NGOs, and commercial banks for sustainable SMEs.
- Most cooperative societies are specialized on credit and thrift type of cooperative society and other types of cooperative society like Housing, Farmers, Agricultural, etc are not common among cooperative societies in Ogun State and this helps in alleviating poverty to enhance social and economic development.
- Cooperators owe and still willing to take more loans from cooperative society, this is a problem for the cooperative society because they will be unable to deduct the loans from affected cooperators and it causes delay of loan to other cooperators.
- Investment in Information and Communication Technology (ICT) becomes imperative for a success drive cooperatives.

6. Conclusion
It can be concluded from the findings of this study that Cooperative Societies can play a significant role in poverty alleviation. The supervisory authority being the government must strive for good governance and sustainable Cooperative Societies in order to encourage more people joining and making use of the available financial products which in turn will promote productivity and improvement of social welfare. This finding further explored the contribution of cooperatives to poverty reduction. The study has brought to light that Co-operative members have access to co-operative loans and so they could create employment, improve their business enterprises and their standard of living. By creating employment opportunities and generating income, cooperatives make available to the individual and household financial resources that are utilized to participate in activities through which a living is earned. It is in this regard that cooperatives are significantly contributing to poverty reduction.

The Supervisory authority need to emphasize adherence to good governance principles in managing Cooperative Society in order to boost members’ confidence and trust. This may help to encourage more people to join Cooperative Society. To achieve this dream,
Cooperative Society must be able to provide a variety of financial services and products to ensure institutional sustainability.

This study recommended that Co-operative members should encourage others to join Co-operative societies so that they could have access to adequate financial and technical assistance and provision of basic farm inputs to alleviate their level of poverty.

7. Recommendations

On the basis on the findings and conclusions of the study, the following recommendations have been made:

In order for greater population, people should be sensitized to form cooperative society in their areas or business organization where they can access services easily. Education and awareness campaigns by the government and interested stakeholders in poverty eradication need to be emphasized so that more people may be aware of their rights and the possibility of accessing financial services from their self-owned institutions (Cooperative Societies).

- To encourage more women involvement, there should be education and encouragement programmes as well as development of financial products in order to enhance the utilization of such facilities and benefits by marginalized segments. Access to credit facilities of Cooperative Societies can significantly raise and facilitate access and involvement of women in productive activities and also contribute towards reduction of poverty.

- There is also a need to develop tailor made facilities (products) particularly credit facilities which can suit majority of the members in the society taking into consideration the nature of their activities.

- One of the major economic activities of Nigeria is agriculture. For effective production, farmers are to be facilitated with farm implements and farm inputs. In this case, Cooperative Societies need to be developed to ensure that they offer demand driven products by offering credit facilities which fit member’s requirements. In this case, mobilization of Cooperative Societies capital from internal and external sources is important.

- The government needs to allocate a sufficient budget in order to facilitate training and purchases of transport facilities such as motor vehicles and motorcycles for easy monitoring of the Cooperative Societies which are spread over wider areas.

Reference


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[18] *The Role of Cooperative Societies in Economic Development*


