Aligning Cooperative Support Services: A Case Study of Cooperative Thrift and Credit Societies in Nigeria

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ABSTRACT

Cooperative societies offer services to members but information on the link between these and business growth is scanty. An understanding of which service supports enterprise growth could improve economic development. This study examined the services accessed by Cooperative Thrift and Credit Societies' (CTCS) members and influence of these on micro, small and medium scale enterprises. A random sampling technique was used to draw 20 CTCS from the list of registered cooperatives in Ibadan North Local Government Area of Oyo State; and 80 cooperators from the CTCS. Data collected using structured questionnaires were analyzed using descriptive statistics, inferential statistics and multinomial logistic regression. The results indicate that many CTCS offer seminars, trainings and loan services but do not monitor these efficiently; members include men-56.7% and women-43.3% who were fairly educated-95%, owned enterprises of different scales-100% and preferred loan services. Regression results showed that the value of loan received and period of moratorium could enhance the growth of micro and small enterprises through assets accumulation; age and sex were also significant for micro enterprises. The study recommends a disaggregation of loan services, seminars, trainings and other services based on scales of business to enhance entrepreneurship growth and poverty alleviation.

Keywords: Cooperatives, Financial Services, Entrepreneurship, Small and Medium Scale Enterprises; Welfare Services

1.   Introduction

Cooperative societies are defined as member owned, volunteer led, self-help that provide services to their members (Aribaba, 2013; Birchall et al. 2009). They are not constituted to make profit and are openly committed to service the needs of disadvantaged communities and individuals, many of whom have been abandoned by mainstream banking (Aribaba, 2013; Birchall et al. 2009). Such societies are established by like-minded persons to pursue mutually beneficial economic interest and these societies play significant roles in enhancing agricultural development (Birchall et al. 2009; Ijere, 1985; Alufohai, 2006). The promotion of member welfare and support of business enterprise of members and jointly owned business is at the core of cooperative functional activities. In the light of this, (Alufohai, 2006; Aribaba, 2013) stated that Cooperative Thrift and Credit Societies (CTCS) offer efficient loan services towards the development of Small and Medium Scale Enterprises (SMEs) even though it is at a low volume. This, and the fact that cooperatives are seen as channels for poverty alleviation and rural development programs/projects sometimes give the impression that the business function is neglected (Virendra et al., 2015). But cooperatives have evolved to become business development promotion agents and models whose potential capabilities could be utilized to further promote the growth and sustainability of SMEs without jeopardizing members' welfare (Birchall et al. 2009; Marwa, 2015).

Underpinning the long term expectations of cooperative organizations' impact on economic growth is the social capital theory which suggests that group action enhances economic and social development of individuals and the immediate community (Anderson et al, 2002; Simkhada, 2004). The theory has been criticized as assuming a reflective development in the community from the group development; which may not occur if the majority of people in a community do not belong to such a group (Haynes, 2009; Inaba, 2013). An alternative theory is the neo-classical theory of cooperatives developed to give insights on how cooperatives behave in different markets and how they can develop strategies that are consistent with their ideals and goals (Royer, 2014a; Royer, 2014b; Marwa, 2015). Traditionally a firm will produce an additional unit of a product or an additional unit of the product will be consumed depending on the additional revenue, cost or utility that it will generate. But cooperatives behave differently from firms because the primary focus of a cooperative is typically members' welfare. This is reflected

in objectives such as maximization of member returns, maximization of patronage refund and minimization of costs. As such, the neoclassical theory needs to be applied with slight modifications to suit the expected behavior of cooperatives (Royer, 2014a; Royer, 2014b; Marwa, 2015). The CTCS offers a range of services/products which members use in business enterprises for profit generation. Assume that one service is loan; it generates loan from own capital, that is, internally; it may get loans from commercial banks for members by considering administrative costs and interest rates and loan repayment by the cooperative. The different services offered can only be sustained by the consumption of such services by members. This will be dependent on the utility attached to the service, additional revenue or cost that will be generated. These may be measured in terms of member satisfaction or additional 'profit' earned by the CTCS on such a service. Different objectives may appeal to different members; for example an offer of loan services at low interest rates may attract those whose decisions to acquire additional capital are based on comparison of interest charged by cooperatives and financial institutions such as commercial banks and micro finance institutions. The cooperative faces a downward sloping demand curve; the demand facing the cooperative represents the demand of its members for its services. The advantage of the theory according to Royer, (2014a), Royer, (2014b) and Marwa, (2015) includes insights on the economic implications of a CTCS' choice of objectives; the development of business strategies consistent with those objectives and implications for public policy based on the expected effects of cooperatives on economic welfare.

In Nigeria, many cooperative organisations offer several services which are deemed relevant to members and member enterprises (Nwankwo et al 2012). Such services have sustained member interest and existenc of the cooperative organisations. However, there is also a high level of atrrition of membership and death of cooeprative organisations due to poor leadership, management, a lack of trust and lack of commitment on the part of members. Although, these may be the case in some situations, the relevance of the services offered in satisfying member needs (personal and entrepreneurial) could play a role (Othman et al. 2015). The dearth of emperical information on the economic implication and relevance of cooperative organisations' and or credit thrift and cooperative societies' objecctives, bundle of services on member enterprises is the basis for this study. The core research question for this study is 'which service or services of the CTCS is attractive to its members and likely to influence business growth? This calls for an examination of the current structure and activities of the societies; the socio-economic characteristics of current clientele; and the characteristics of the business which they own. Also the cooperatives' involvement in enterprise development through the services offered is examined.

According to (Enke, 1945; Emelianoff, 1948; Conforth 2004), the decision making body are elected members who are leaders and will have to decide which objectives to pursue as such there could be internal disagreement on which objective to pursue. This research assumed the salient principles of cooperatives on terms of membership and as such there should be no conflict, over-arching objective is welfare; specific objective can vary. The justification for this study is the fact that linking the services offered by cooperative thrift and credit societies to growth in small and medium scale enterprises will enable them to align their services more effectively, place CTCS on a higher pedestal and pave the way for effective partnership with government agencies and policy makers (Oladejo, 2013). This could lead to more members becoming entrepreneurs while promoting the sustainability of existing ones. The study describes the financial and welfare activities of CTCS and noted the weakness in terms of loan recovery; it shows that cooperators run informal businesses where some amounts of the loans received are invested; and the similarities and differences with member expectations which should be realigned to make it an effective agent of transformation. The results suggest that unemployed graduates need to be enlightened on the possibility of becoming a successful small or medium scale entrepreneur by tapping into the opportunities offered by cooperative thrift and credit societies.

After this introductory section, the conceptual framework is presented in section two ; section three deals with the methodology; the results and discussions are presented in section four while section five is the concluding paragraph.

2.   THE CONCEPTUAL FRAMEWORK

The conceptual framework presented here is based on the theory of utility. Utility is basically defined as the overall level of satisfaction that consumers achieve when they consume only the required amount of a product or service.
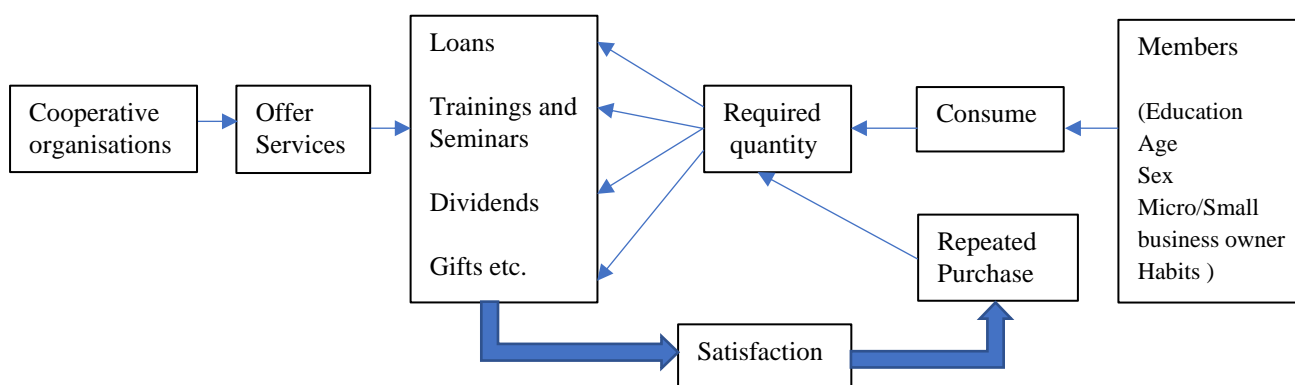
Figure 1: The Flow of Member Consumption of Cooperative Services

People chose to participate in cooperative organisations because they need the services which they offer. It is assumed that the services being offered will contribute to the relative satisfaction and well-being of the members. As such it is important for cooperative organisations to know which services are preferred by their members; and be aware of the effectiveness of their services in satisfying their members when they make repeated demand for such. The information will enhance the organisations in keeping the preferred services available in a more satisfying and sustainable manner. Although, member preferences may be influenced by the nature of the products or services offered, socio-economic status and habits, cooperatives still need to assign the right values to their products and services based on their member behaviour. Cooperatives with a fair knowledge of their member preferences will better allocate their resources in meeting members needs and as such keep them involved in the organization while becoming more sustainable.

3.0   METHODOLOGY

3.1.   Research Design
A mixed method approach was used in the study (Castro et al., 2010; Molina-Azorin et al., 2012; Molina-Azorin, 2016). A mixed method approach was used in order to enhance the understanding of the roles played by cooperative organizations and enhance the validity of the results. A sequential exploratory design was used to collect qualitative and quantitative data sets. An initial small appraisal survey was carried out and was followed by a quantitative and final survey for in-depth analysis. First a literature survey on the origin and development of cooperative organizations was carried out; after which key persons interviews were carried out. This involved talking to the leadership and key members of 13 cooperative organizations in Ibadan. The results of the interviews informed the decision to focus on credit and thrift societies in the city.

3.2   Study Area
The study was carried out in Ibadan metropolis, the capital and most populous city of Oyo state, in south western Nigeria. The state is located 110km northeast of Lagos (Salami and Olajide, 2014; Olajide, 2014). Ibadan has several local government areas which are peri-urban in nature; is a major transit point between the coast and the northern part of Nigeria; and is a location for many small and medium scale enterprises, especially in the agricultural sector. It also has a huge population of 5 175 223 (2018 estimates); a factor which makes it attractive to investors. The city also boasts of many public and private sector organizations. These facts are the bases for the existence of numerous cooperatives in the state; ranging from agricultural cooperatives to workers credit and thrift societies. A brief literature review on history and development of cooperatives in Nigeria showed CTCS to be less an instrument of the state; it was also adjudged very successful because it drew upon the existing informal groups like the Yoruba group saving scheme called 'esusu'. It exists in both private (formal and informal) and state owned organizations. They are active irrespective of whether they are farmer or worker based. This study investigated the organization and activities of the cooperatives; profiled the range of services offered and examined which of the services supports the profitability and growth of small businesses in the informal sector. The research should enhance government policy in supporting cooperative organizations and business models in Nigeria.

3.3   Sampling Procedure and Data Collection

The list of registered cooperative organizations from which the sample was drawn was obtained from the cooperative unit of the state's ministry of agriculture. A random selection of 20 cooperatives was made from a list of 200 cooperative societies in the state; the existence of the cooperatives were verified and from these a sample of 80 cooperators was drawn; 4 cooperators were randomly selected from the 20 cooperative organizations; these were members who attended meetings regularly, paid their monthly dues and participated in cooperative activities. The total sample size is approximately 10 percent of the total population. The idea was to investigate and get more detailed information which could be representative of the larger population. Primary data were collected in 2015-2016 through the use of structured questionnaires administered to cooperative society leaders and a drawn sample of membership. The leadership of the cooperative organizations were interviewed in order to obtain information on the establishment and purpose of the society; the services rendered and management practices of the organization. It was necessary to talk to the leaders and members in order to understand the purpose of the organization and match against members' involvement and benefits derived. The data were collected through oral interviews with the aid of structured questionnaires. Oral interviews were used to make the process interesting; respondents were interviewed separately to avoid influence in responses. The data collected include information on cooperative characteristics, modus operandi, government relations; business enterprises, sales, costs; and members' socio-economic characteristics.

3.4   Analytical Techniques

The data were analyzed using descriptive statistics and multinomial logistic regression. The analysis was carried by classifying enterprises into 3 categories based on value of assets and the relationship between these and service offered by cooperatives was examined.

3.4.1   Descriptive Statistics

The descriptive statistics used include frequency distribution, percentages, measures of central tendency (mean) and measure of variability (standard deviation) (Babbie, 2009). These were used to summarize different statistics such as age, sex, years of education, asset base etc. in important sub-populations. These were presented in both unilabiate and bivariate analysis. The information arrived at are pointers to what could be in the population but was not used to generalize about the population.

The formula for the sample mean is given as:

$$\ddot{X} = \frac{\Sigma x1}{n}$$

The formula for the sample standard deviation is given as:

$$s^2 = \frac{\Sigma(x1 - \ddot{X})^2}{(n - 1)}$$

3.4.2   The Multinomial Logistic Regression Model

This is an extension of the binary logistics regression model (Engel, 1988). It predicts the probability of category membership on a dependent variable based on many independent variables. It allows for more than two categories of the outcome variable which can be either dichotomous or continuous such as interval or ratio in scale. The model does not assume normality, linearity, or homoscedasticity but it assumes independence among the dependent variable choices, that is, membership in one category is not related to the membership of another category (i.e., the dependent variable). It also assumes non-perfect separation; if there is a perfect separation by the independent variables, unrealistic coefficients and effect sizes will be estimated (Engel, 1988; Menard, 2002; Greene, 2012).

The model: If we assume that there are *K* possible outcomes, and we run *K*-1 independent binary logistic regression models where one outcome is selected as the base category; the other *K*-1 outcomes are regressed separately against the base outcome. If the last outcome (K) is selected as the base, then using the air transform approach (Menard, 2002; Greene, 2012), a separate set of regression coefficient for each outcome is given as:

$$Ln \frac{\text{Pr} (Yi = 1)}{\text{Pr} (Yi = k)} = \beta_1 . X_i$$

$$Ln \frac{\text{Pr} (Yi = 2)}{\text{Pr} (Yi = k)} = \beta_2 . X_i$$

$$Ln \frac{Pr\ (Yi = K - 1)}{Pr\ (Yi = k)} = \beta_{k-1}.X_i$$

Solving both sides of the equation and given that all the probabilities must sum to one, the model is reduced to:

$$Pr(Yi = K) = \frac{1}{1 + \sum_{k=1}^{k-1} e^{\beta_k.X_i}}$$

This is used to solve the other probabilities:

$$Pr(Yi = 1) = \frac{e^{\beta_1.X_i}}{1 + \sum_{k=1}^{k-1} e^{\beta_k.X_i}}$$

$$Pr(Yi = 2) = \frac{e^{\beta_2.X_i}}{1 + \sum_{k=1}^{k-1} e^{\beta_k.X_i}}$$

$$Pr(Yi = K - 1) = \frac{e^{\beta_{k-1}.X_i}}{1 + \sum_{k=1}^{k-1} e^{\beta_k.X_i}}$$

The independent variables for the relationship between cooperative business services enjoyed and enterprise class include: Age (years), Sex (0, 1), Moratorium (Years), Value of Loan (Naira), Frequency of loan (Number) and Social/welfare functions received from the organization. The social/welfare function was coded in nominal figures to include gifts=1, welfare contributions=2, seminars and trainings=3 and dividends=4.

4   RESULTS AND DISCUSSION
4.1   Profile of Credit and Thrift Societies
This section describes the existence, purpose and operations of the societies that were involved in the survey. The results show that majority of the societies have existed for at least 25 years. This indicates that initial problems associated with establishing an organization have been successfully overcome.

Table 1: Profile of Cooperative Thrift and Credit Societies

Item	Frequency	Percentage
Years of Existence		
1-10	6	30
11-20	5	25
21-30	8	40
>30	1	5
Purpose of Establishment		
Promote member's welfare	5	25
Encourage savings and capital accumulation	2	10
Offer thrift and credit services	6	30
Empowerment of members	7	35
Size of Membership		
<= 200	7	35
201-400	6	30
401-600	2	10
>600	5	25
Benefits to members		
Seminar and trainings	7	35
Financial support	10	50
Soft emergency loans	3	15
Capital Base		
<=50,000,000	6	30
51,000,000-100,000,000	8	40
10,000,001 – 150,000,000	4	20
>150,000,000	2	10

Source: Field Survey, 2016. ₦1.00 = $350

About 30 percent of the societies are young and are still in the first decade of existence. The core purpose of the societies is to empower members; a function which is closely related to underlying principles of cooperative societies-to promote members welfare. Several other reasons were advanced for establishing the organizations; such as to encourage savings and investment, for thrift and credit purposes and the promotion of members welfare. The longevity of the organization and delivery on its promise is attested to by the size of membership. The average

membership size is 300; 35 percent have 400 or more members (Table 1). Apart from loan disbursement for various purposes, the societies offer additional benefits such as 'soft' emergency loans (15 percent), seminars and trainings (35 %) and financial support (50 percent) in terms of credit purchase of food stuff, personal and household items; these are in addition to the dividends and gifts given to members at the end of the financial year.

Table 2: Loan Disbursement, Repayment and Monitoring Activities

Item	Frequency	Percentage
Average Annual Loan Disbursement (₦)		
<40000000	13	65
41000000-80000000	3	15
81000000-120000000	2	10
121000000-160000000	2	10
Extent of Loan Recovery		
<=40 Percent	1	5
41-60 Percent	5	25
61-80 Percent	11	55
>80 percent	3	15
Approach to Loan Security		
Guarantor Approach	13	65
Collateral Approach	7	35
Perceptions on Loan Recovery Process		
Hard	6	30
Easy	14	70
Difficulties in Loan Recovery		
Business failure	2	10
Diversion of funds	2	10
Transfer of members	3	15
Default	4	20
Death	9	45
Use of Loan Monitoring Strategies		
No	11	55
Yes	9	45
Constraints in Monitoring Loans		
Time/Inefficiency of Committee	10	50
Diversion of funds	7	35
Secrecy of members	3	15
Loan Monitoring Strategies		
Use of High Value Collateral	2	22.5
Automatic withdrawal from Salaries	5	55
Frequent Visits to Debtors	2	22.5

Source: Field Survey, 2016.

The profile of the organizations conform to the findings of several authors (Conforth, 2004, Nwankwo et al, 2012; Aribaba, 2013) that CTCS motivate savings behavior among their members, provide loans at a reduced rate and enhance capital formation and investments. They also create employment opportunities through the economic activities they get involved in such as cooperative retail outlets owned. According to (Blavvy et al., 2004; Nwankwo et al, 2012; Gbandi and Amissah, 2014) cooperative organizations improve economic wellbeing of the poor through optimal resource utilization as a result of group activities such as group purchases, sales and lending. That is, taking advantage of economies of scale strengthens the weak but more importantly it creates a growth avenue for micro, small and medium scale enterprises. Hence, cooperative organizations and businesses contribute to national economic growth and development; offer equitable opportunities for all (Effiom, 2013); and work towards inclusive globalization. The average capital base is ₦75,000,000.00 ($ 200,000). The figure appears to be relatively low because it is raised mainly from members' contributions, patronage and the societies' own investment. Members' need for credit or loan are augmented by loans from commercial banks. The loans were often paid back by members; the rate of repayment is generally high although some recorded less than 40 percent (Table 2).

The rate of success in loan recovery was attributed to the fact that members who took loans had to present a guarantor and or a collateral; 65 percent of the organizations favored the use of a guarantor as a means of securing the loan. It is perceived that the guarantor approach is more efficient and reduces the risk of loan disbursement but 35 percent of the societies still consider the loan recovery process as being difficult while 70 percent perceive it to be easy. The societies had difficult loan recovery process because members businesses failed (5%), diverted the funds (10%), were transferred from the work place (15%), chose to default (20 %), or died (45%). The leaders however indicated that they did not monitor the use of such loans after it had been disbursed (55 %); the reasons given for it included inefficiency on the part of the loan recovery committee, lack of time, secrecy on the part of members and the diversion of funds. These suggest a lack of transparency in the membership and lack of trust of leadership and management. The strategies used by some societies (45%) in monitoring the loan and recovering it include demand for high value collaterals, deductions from salaries and frequent visits to debtors. The results here suggest poor membership participation in terms of meeting obligations to the society and the need for a more effective customer follow up and loan tracking process (Table 2). It it is noted (Conforth, 2004; Blavvy et al., 2004; Otto and Ukpere, 2011; Oladejo, 2013), that leadership and management weaknesses hamper the efficiency and effectiveness of CTCS especially in the areas of loan delivery and recovery. This recurring problem implies the need for CTCS managers and leaders to have relevant training in cooperative business management. This is often lacking because leaders are drawn from members based on individual perceptions, popularity and sentiments (Emelianoff, 1948; Conforth, 2004).

Table 3: Socio-economic Characteristics of Cooperators

Item	Micro (n=21)		Small (n=28)		Medium (n=31)		All (n=80)	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Age (Years)								
<20	1	4.8	0	0	0	0	1	1.25
20-30	2	9.5	1	3.6	2	6.5	5	6.25
31-40	11	52.4	12	42.9	8	25.8	31	38.75
41-50	3	14.3	12	42.9	15	48.4	30	37.50
51-60	4	19	3	10.7	6	19.4	13	16.25
Sex								
Male	9	42.9	14	50	22	71	45	56.3
Female	12	57.1	14	50	9	29	35	43.7
Education (Years)								
<=6	1	4.76	1	3.57	2	6.45	4	5.00
>6<=9	0	0.00	0	0.00	1	3.23	1	1.25
>9<=12	0	0.00	5	17.85	8	25.81	13	16.25
>12<=16	15	71.43	22	78.58	12	38.71	49	61.25
>16<=19	5	23.81	0	0.00	4	12.90	9	11.25
>19	0	0.00	0	0.00	4	12.90	4	5.00
Marital Status								
Single	3	14.3	2	7.1	1	3.2	6	7.50
Married	18	85.7	26	92.9	28	90.3	72	90.5
Others	0	0	0	0	2	6.5	2	2.5
Family Size								
1-3	0	0.00	4	14.28	1	3.22	5	6.25
4-6	21	100.00	22	78.58	26	83.88	68	85.00
7-9	0	0	2	7.14	4	12.90	6	7.5
>9	0	0.00	0	0.00	0	0.00	1	1.25

Source: Field Survey, 2016.

4.2   Socio-economic Profile of CTCS Members

The descriptive analysis shows that the average age is 45 years, an indication that most of th cooperators are in the productive stage. There is a fair percentage of both men (56.3%) and women (43.7%); most (49%) of who have been to tertiary institution or have completed tertiary education. Approximately 16 percent of those with post graduate education belong to the micro and medium enterprise class. The participation of those in the micro enterprise group may be an indication of unemployment or under-employment. It also shows that membership of

the societies consist of both poorly and well-educated individuals. This implies that low or poor educational status of members can no longer be given as an excuse for why cooperatives are not integrated into business development activities at the national level (Table 3).

4.3   Profile of Enterprises Owned by CTCS Members

The results also show that few (7.5%) young people are members which suggests that they could be unaware of the opportunities that such societies offer or that the perception and operations are not attractive to them; or that they are not interested. But the cooperative business model can be a veritable instrument in combating youth unemployment and apathy to the agricultural sector through cluster farming and business ownership. As expected, over 90 percent of the cooperators are married while 7.5 percent are single and 2.5 percent are either separated, divorced or widowed. This may suggest that family responsibilities make cooperative organizations attractive to the married. Cooperators in the small and medium enterprise classes have the largest family sizes. The average family size is 5 which could suggest a high responsibility and the need for financial support and other services offered by the cooperatives. Cooperative organizations such as the CTCS are pivotal to employment creation and income generation, especially for the youth (Otto and Ukpere, 2011; Effiom, 2013). But young adults, especially singles, are hardly members of cooperatives; average age ranges between 35 to 45 years and most members are married (Otto and Ukpere, 2011; Effiom, 2013; Olarinde et al., 2020).

It has been suggested that the married are more likely to indicate interest and participate more effectively because of the need to mitigate risk, diversify income sources and improve family living standard as the family size increases or changes in structure (Altman, 2015; Katundu, 2018; Olarinde et al. 2020). The low participation of youths may be attributed to the structure and focus of the organizations; youths' poor perception and unwillingness to join, and poor visibility of the cooperatives. The CTCS in particular is noted for its high mix of participants with different levels of formal education; this plays a role in innovation adoption and enterprise development (Akerele and Adekunbi, 2018). Education and experience can drive information use, resource allocation and productivity of the firms irrespective of size. The enterprises are operated in the informal sector because they are largely unregistered; over 80 percent of the enterprises are unregistered. Though reasons for this are not given but it clearly indicates that there will be limitations in dealing with commercial banks. It could mean that the membership structure is more for consumption purposes than for business development or alternatively that welfare service overrides business services (Table 4). Also, although the organizations have existed for a long time, only about 26 percent of the enterprises have existed beyond 6 years; implying that most of the enterprises are in the first decade of existence and liable to failure if not nurtured. This could also be an indication of the structure and motive of membership as well as a pointer to an inherent weakness in the business management capacities of the individuals. Young enterprises need access to capital to support business growth; they also need training and additional information to support the business hence the training and seminar functions of the societies. Most of the respondents indicated that they had taken one form of business loan or the other but only 62 percent indicated that the loans were eventually used for business related activities. Several studies (Alho, 2015; Othman et al, 2015; Akerele and Adekunbi, 2018) have identified different types of businesses established by cooperative organizations; these include crop farming, poultry production, agro processing (for example 'garri'), aquaculture and produce marketing. These indicate members' economic interests and priorities for investment as a group it does not describe the nature and status of enterprises run by individuals. There is evidence (Aribaba, 2013; Akerele and Adejunbi, 2016) however that CTCS recognize that many of their members are entrepreneurs and that the loan and other services offered could support profitability and growth of their businesses.

4.4.   Co-operators' Enterprise Development Plan and Expectations from the CTCS

In table 5, information about steps being taken by cooperators to facilitate and support own business growth shows that the need for a loan and to expand fixed assets cuts across the asset class. It also indicates that the businesses may be at different levels even within the same class; for example about 19 percent of the micro-enterprise class see advert as a key strategy for expansion while approximately 9 percent desire new skills and knowledge. It could also be a reflection of the markets that they operate in.

Table 4: Characteristics of Enterprises Owned by Cooperators

Item	Micro (n=21)		Small (n=28)		Medium (n=31)		All (n=80)	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Registration Status								
Registered	1	4.76	1	3.57	8	25.81	10	12.5
Not registered	20	95.24	27	96.43	23	74.19	70	87.5
Years of Existence								
1-6	16	76.20	15	53.57	18	58.06	49	61.3
7-12	4	19.04	11	39.29	11	35.49	26	32.5
13-18	1	4.76	2	7.14	2	6.45	5	6.2
Value of Loan (₦)								
<=100,000	2	9.52	1	3.57	5	16.13	8	10.00
100,001-300,000	14	66.67	19	67.86	19	61.29	52	65.00
100,001-600,000	1	4.76	7	25.00	5	16.13	13	16.25
600,001-900000	3	14.29	1	3.57	1	3.22	5	6.25
>900000	1	4.76	0	0.00	1	3.22	2	2.50
Uses of Loan								
Business	16	76.20	17	60.70	21	67.70	54	67.50
Business + School fees	4	19.00	4	14.30	3	9.70	11	13.80
Business +Social functions	1	4.80	2	7.10	0	0.00	3	3.80
Fixed Assets	0	0.00	5	17.90	4	12.90	9	11.20
Personal Use	0	0.00	0	0.00	3	9.70	3	3.80
Operating Cost/Week (₦)								
<=40000	21	100.0	24	85.70	30	96.80	75	93.80
40001-80000	0	0.00	3	10.70	1	3.20	4	5.00
80001-120000	0	0.00	1	1.20	0	0.00	1	1.20
Weekly Sales (₦)								
<=40000	18	85.71	25	89.29	20	64.52	63	78.75
40001-80000	1	4.76	1	3.57	2	6.45	4	5.00
80001-120000	1	4.76	1	3.57	2	6.45	4	5.00
>120000	1	4.76	1	3.57	7	22.58	9	11.25
Daily Sales Strategy								
None	0	0.00	6	21.43	1	3.22	7	8.75
Business Discipline	5	23.81	6	21.43	5	16.13	16	20.00
Adverts/discounted sales	10	47.62	10	35.71	20	64.51	40	50.00
Good Customer Relations	1	4.76	0	0.00	1	3.22	2	2.50
Credit sales	0	0.00	2	7.14	1	3.22	3	3.75
Prayers	5	23.81	4	14.29	3	9.70	12	15.00
Support From Cooperative								
Financial Advice	16	76.19	22	78.57	24	77.42	62	77.5
Extension of Moratorium	0	0.00	2	7.14	3	9.68	5	6.25
Loan Monitoring	5	23.81	4	14.29	4	12.90	13	16.25
Profit Level								
Low	18	85.71	19	67.86	18	58.06	55	68.75
High	3	14.29	9	32.14	13	41.94	25	31.25

Source: Field Survey, 2016. ₦1.00 = $350

This pattern is repeated in the other classes. What may appear worrisome however is the fact that approximately 14 percent have not marketing strategy and over 70 percent have no sales plan. This suggests several things including the fact that expansion plans are still wishes or the enterprises just serve a savings and consumption purpose. But among those who do have business expansion as an actual goal, Business discount, business discipline, Information/research/It and adverts are seen as key marketing strategies across the enterprise classes. Sales strategies are mainly discounts and seasonal storage and sales. The information in the table suggests the need for education and capacity building in enterprise development; this would be a key area for welfare growth if the cooperative organizations could focus on it. Organizations may also have to target loan and other financial services towards different enterprise scales. A comparison of the information garnered above with the current

benefits (Table 6), shows that education and capacity building services are quite low; over 70 percent of respondents across the enterprise groups have not benefited from seminars and trainings. This may also have spilled over to the low response on moral and social function support. A move by cooperative organizations in this direction to meet members' needs could improve member participation in terms of commitment and patronage. Members do not however expect much from the organization; many have no expectations while the few who have showed interest in the financial services (loan related) such as increased period of moratorium, higher loan values, reduction of interest rates, regular loan disbursement, and monitoring of loans; others suggested a more transparent way of giving gifts; and a fair electoral process. This could be pointers to a lack of confidence in the CTCS management which may need an internal resolution.

Table 5: Co-operators' Business Promotion and Expansion Plans

	Micro (n=21)		Small (n=28)		Medium (n=31)		All (n=80)	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Expansion Strategy								
Awareness/Advert	4	19.00	5	17.86	3	9.60	12	15.00
Move to Supplies	0	0.00	1	3.57	1	3.20	2	2.50
Expand Fixed Assets	8	38.10	4	14.29	11	35.20	23	28.75
Get a loan	6	28.60	10	35.71	6	19.20	22	27.50
Open other branches	1	4.80	6	21.43	8	25.60	15	18.75
New Skills/Knowledge	2	9.50	2	7.14	2	6.40	6	7.50
Marketing Strategy								
Nothing	2	9.52	4	14.29	5	16.13	11	13.75
Advert/bonanza	5	23.81	6	21.43	3	9.68	14	17.50
Information/research/IT	5	23.81	6	21.43	2	6.45	13	16.25
Business discipline	2	9.52	4	14.29	7	22.58	13	16.25
Innovation	4	19.05	3	10.71	2	6.45	9	11.25
Business discount	3	14.29	5	17.86	12	38.71	20	25.00
Core Sales Strategy								
Nothing	15	71.44	18	64.29	26	83.87	59	73.75
Advert	1	4.76	4	14.29	2	6.45	7	8.75
Discount	1	4.76	3	10.71	0	0.00	4	5.00
Seasonal Storage	0	0.00	1	3.57	2	6.45	3	3.75
Direct marketing	2	9.52	2	7.14	0	0.00	4	5.00
Business discount	2	9.52	0	0.00	1	3.23	3	3.75

Source: Field Survey, 2016.

4.5   The Relationship between Enterprise Class and Financial Services Benefitted from CTCS

The multinomial regression analysis shows that the period of moratorium of loans received by the micro-enterprise class (asset class 1) has the likelihood of impacting it negatively. It is most likely too short. Also the value of loan accessed if increased could improve the business growth. The social/ welfare functions such as gifts, dividends, seminars and trainings, welfare contributions could contribute to business growth if better streamlined to serve such purposes (Tables 7a and 7b). Adekunle and Henson (2007) showed that cooperative education influenced the employment, business and living standard of cooperators. Such education often come in terms of trainings, seminars and peer to peer sharing of information on markets, prices and technologies related to their common interest or micro/small enterprises (Aribaba, 2013; Katundu, 2018). Altman (2015) found that enterprise class and financial services obtained from CTCS enhanced entrepreneurial activities irrespective of age, sex and education; but that gender had a significant negative influence personal agency and control while education was positive. The performance of small scale businesses is impacted positively by access to loans through asset accumulation, increased sales and profit (Aribaba, 2013; Alho, 2015; Atkinson, 2017; Beshel and Anthony, 2019). It is based on these that cooperatives are being positioned as tools for equipping women, youths and vulnerable groups with knowledge, skills and attitudes that will give them a competitive and winning edge for life.

Table 6: Co-operators' Current Benefits, Expectations and Challenges Experienced

	Micro (n=21)		Small (n=28)		Medium (n=31)		All (n-80)	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Benefits								
Loan Access								
No	1	4.76	0	0.00	1	3.33	2	2.50
Yes	20	95.24	28	100.00	30	96.77	78	97.50
Dividends								
No	7	33.33	15	53.57	12	45.16	34	42.50
Yes	14	66.67	13	46.43	19	61.29	46	57.50
Gifts								
No	5	23.81	15	53.57	15	48.39	35	43.80
Yes	16	76.19	13	46.43	16	51.61	45	56.20
Seminars								
No	20	95.24	24	85.71	28	90.32	72	90.00
Yes	1	4.76	4	14.29	3	9.68	8	10.00
Training								
No	20	95.24	21	75.00	21	67.74	62	77.50
Yes	1	4.76	7	25.00	10	32.25	18	22.50
Social Function								
No	19	90.48	23	82.14	25	80.65	67	83.80
Yes	2	9.52	5	17.86	6	19.35	13	16.20
Welfare								
Contributions								
No	18	85.71	21	75.00	24	77.42	63	78.80
Yes	3	14.29	7	25.00	7	22.58	17	21.20
Expectations								
Nothing	10	47.62	10	35.71	11	35.48	31	38.75
Loan Related	6	28.57	13	46.43	11	35.48	30	37.50
Gifts & Incentives	1	4.76	2	14.29	4	12.90	07	8.75
Business support	1	4.76	1	3.57	3	9.68	5	6.25
Electoral Process	3	14.29	2	7.14	2	6.45	7	8.75
Challenges								
Capital	5	23.81	4	14.29	3	9.68	12	15.00
Leadership	11	52.38	13	46.42	16	51.61	40	50.00
Disunity	1	4.76	4	14.29	6	19.35	11	13.80
Poor Attendance	4	19.05	7	25.00	6	19.35	17	21.20

Source: Field Survey, 2016

Table 7a: Model Fitting Information

Model	Model Criteria	Fitting	Likelihood Ratio Tests		
		-2 Log Likelihood	**Chi-Square**	**df**	**Sig.**
Intercept Only		172.357			
Final		144.85	27.508	12	0.007
Goodness-of-Fit					
Pearson			146.129	144	0.435
Deviance			143.463	144	0.497
Pseudo R-Square					
Cox and Snell		0.291			
Nagelkerke		0.328			
McFadden		0.158			

Source: Computed from field data 2016.

Table 7b: The Relationship Between Enterprise Class and Cooperative Benefits

	Asset Class	B	Std. Error	Wald	df	Sig.	Exp(B)	95% Confidence Interval for Exp (B)	
								Lower	Upper
1	Intercept	7.05	3.81	3.42	1	0.06			
	Frequency of Loan	-0.70	0.60	1.37	1	0.24	0.49	0.15	1.60
	Moratorium (Years)	-0.82	0.45	3.31	1	0.06	0.44	0.18	1.06
	Value of Loan (N)	0	0	4.51	1	0.03	1	1	1
	Sex	1.36	0.67	4.19	1	0.04	3.91	1.05	14.41
	Age	-0.13	0.05	6.00	1	0.01	0.88	0.78	0.97
	Social/Welfare function	0.31	0.23	1.82	1	0.18	1.37	0.87	2.16
2	Intercept	-0.84	2.19	0.15	1	0.70			
	Frequency of Loan	0.09	0.48	0.04	1	0.85	1.09	0.43	2.82
	Moratorium (Years)	0.13	0.08	2.98	1	0.08	1.14	0.98	1.32
	Value of Loan (N)	0	0	0.31	1	0.58	1	1	1
	Sex	0.77	0.60	1.64	1	0.2	2.17	0.66	7.08
	Age	-0.03	0.04	0.45	1	0.51	0.97	0.89	1.06
	Social/Welfare function	-0.02	0.18	0.02	1	0.89	0.97	0.68	1.39

a. The reference category is: 3.

Source: Computed from field data 2016.

5.   CONCLUSION

Cooperators derive several benefits asides loans such as free seminars and training, credit support and soft loans. The enterprises serviced are low profit making enterprises and although most people claim to use the loans for business purposes quite a number divert such loans to school fees, social functions and personal needs. The problems faced by both cooperators and cooperative societies include poor loan recovery, defaulting, diversion of funds and poor loan recovery/monitoring process. Poor leadership leading to poor response in terms of membership is a major issue faced by most cooperative organizations. The services that have the most important impact on enterprise growth are the value of the loan and the period of moratorium. In summary, socio-economic characteristics of respondents and the benefits derived from cooperatives have effect on the growth of their business in terms of asset. There is need for leadership training for management and staff of cooperative societies in order to play a more significant role in economic growth by diversifying the services which have the most impact on the profit of SMEs. Also non-cooperators, especially the young and unemployed, should endeavor to utilize the potentials inherent in cooperative societies as a suitable finance source by becoming members.

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