



COOPERATIVE SOCIETY: AN INSTRUMENTS FOR SOCIO-ECONOMIC TRANSFORMATION OF NIGERIA ECONOMY

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ABSTRACT

The paper examine cooperative society as an instruments for socio-economic transformation of Nigeria economy. The aims is to identify ways in which cooperatives can be effective towards sustainable community development. The paper states that for over many years now cooperative have been very fervent and useful for the people to have control over their economic

Introduction

The motivation for this study is derived from the realization of the plight of the majority of Nigerians who remain poor from lack of strength as individual members of the society. Ironically, these same people are also ignorant of the benefits to be derived from teaming up as groups. The people include the peasants, the petty traders, the hawkers, the market women, etc. Incidentally, the Nigerian economy is dependent to a very large extent on these groups. It is this class of Nigerians that should be mobilized into groups (cooperatives) since they remain weak as individuals and can hardly be expected to continue to survive within the present socio-economic system. Governments' efforts at improving the lives of these people, particularly the peasants, have in almost all the cases failed. This is because the very people for whom the assistance is intended, hardly had any access to the facilities. Specifically, finance resources constitute a major constraint to farmers' development efforts. As individual farmers for eampe, they are shut off from such facilities.



However, members of the groups, they can become creditworthy and their projects they can therefore obtain financial credit from banks and other lending institute. Similarly, as would be seen later, even most modern agricultural inputs do not reach the peasants and small farmers because of lack of funds. It is therefore obvious that, these people need to come together as groups in order to gain access to financial and other facilities. There are examples in the different parts of the world where cooperatives have been employed to produce both agriculture and non-agricultural products as well as organizing the marketing of such products. The people were subsequently able to raise their standard of living. It is this, among others that motivates the research work.

A cooperative society is an association of persons who have voluntarily joined together to achieve a common purpose through the formation of a democratically controlled organization, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking in which members actively participate. Iyoha, and Aiya, (2015) The year 2012 was declared as the International Year of Co-operative by the United Nations General Assembly. This was done to highlight the contribution of co-operatives to socio-economic development. The United Nations also wanted to recognized “the primary impact of cooperatives on poverty reduction, employment generation and social integration”. At the conference of the International Co-operative Alliance-Africa Ministerial Conference, held between 25th and

livelihoods as they contributed increasingly towards job creation and economic growth
The paper conclude that for cooperative to be effective and successful the attitude of the people towards co-operative must receive serious attention because.
“It may be difficult, if not impossible to achieve meaning economic growth without involving and stimulating the often utilization and underutilized capacities of the poor”

Keywords:
Cooperative, Society, Contribution, Profit, management,



26th October, 2012 in Rwander, participants across the globe debated the ways of harnessing the co-operative business model and engaging with the government. The principal objective of the conference was the desire to increase public awareness about co-operatives; also their contribution to socio-economic development and the achievement of the millennium development goals. It was as well to promote the formation and growth of cooperatives amongst individuals and institutions to address common economic needs and for socio-economic empowerment, finally, to encourage governments and regulatory bodies to establish policies, laws and regulations conducive to co-operative formation and growth. Osayuware, (2015). The International Co-operatives Alliance (ICA), an organ of the United Nations Organization (UNO) is an independent non-governmental association which unites, represents and serves the cooperative movement world-wide. It has 249 member organizations from 94 countries and operates in all sectors of the economy. ICA – Africa has 22 member organizations from 14 countries out of 54 Africans States. Osayuware, (2015) Nigeria is one of the African States of the ICA – Africa. With the international recognition of the Co-operative movement, this study would examine the impact this all important society has made to the development of humanity, human life and nations, Nigeria in particular. First, let us have an insight into how the co-operative movement started. According to Dele,(2014) co-operative system has proved its ability to deal with economic changes related to increased poverty, social exclusion, exploitation of women and children affecting a large section of humanity. The Statement shows that the co-operative system is involved in activities that lead to development. The reason people become members and still aspire to be members of co-operative societies is because of the perceived gains that can enhance their standard of living, bring about socio-economic wellbeing in life. Co-operative Society has become a movement, a movement of people desiring a means to play in the economy of life and survive. As a movement, it is a vehicle for the achievement of needs



STATEMENT OF THE PROBLEM

The problems of co-operative society in Nigeria are as follows:

- 1 Problem of politics: Many of the co-operative societies can never distinguish the difference between them and political parties; they mix politics with their activities, waste a lot of money and energy on political affairs.
- 2 Mismanagement and High embezzlement rates Some few members of co-operative societies connive and use the societies money in wrong ways for their selfish benefits. there has been reports of abuse of office by officers, embezzlements of co-operative funds, this is a major problem affecting cooperative and fraudulent conversion of co-operative funds and properties.
- 3 Lack of discipline: One of the contributory factors to this lack of discipline among their members is the equalitarian nature of the societies.
- 4 Illiteracy: Majority of the members are illiterates who do not understand the workings and principles of these societies
- 5 Insufficient capital: This problem arises as a result of unwillingness of some members to pay their subscriptions.
- 6 Poor Service Condition of Staff. Many workers in the cooperative enterprises are not well cratered for in terms of welfare of staff, this is because they do not have the fund to do so. Inadequacy of capital, smallness in size, and ownership by relatively poor members result in poor conditions of services for the employees. This development do encourage the staff Izeko, (2004)
- 7 Inadequate manpower. Due to shortage of fund co-operative societies find it very impossible to employ educated people because they cannot afford to pay their salaries Because of this shortage of skilled manpower, there is high level of illiteracy among members.
- 8 Lack of Training Programme. Most co-operative societies do not have training programme for their staff. This is also due



to inadequacy of fund One can hardly see any co-operative employee. Attending any of the co-operative institutions.

Objectives of the Study

The main objective of this book is to present the cooperative institution to the general public in such a way that it would not only be just understood but be so well understood to be adopted by the masses. This is with a view to employing the organization to enhance the living standard of the generality of the people. Although many people including policy makers have been advocating for the use of cooperatives for different purposes in Nigeria, and particularly within the last decade or so, it would appear that the majority of the people do not understand what that institution is all about. On the other hand, the few people who claim to understand it and are therefore charged with the responsibility of organizing and managing the societies are often accused of exploiting the rank and file of the membership. The second objective of the study is to explore the need for cooperatives in the Nigerian society as instruments for achieving the aspiration of self-reliance of the nation. While some attention is focused on the use of cooperatives in the food sub-sector, the societies could be used to achieve self-reliance in almost all areas of human endeavour. The societies are often described as instruments for socio-economic transformation of an economy. They can be employed to achieve that goal in Nigeria. Michael S. (1996)

Definition of major terms

CO-OPERATIVE: it is the voluntary coming together of individuals with similar interest with the aim of achieving common economic goals.

SOCIETY: society can be defined as the community of people living in a particular region and having shared customs, laws and organizations together. Also, it can be seen as an organized group of persons associated together for religious, benevolent, cultural, and scientific

ORGANISATION: this can be seen as a social unit of people that is structured and managed to meet a need or to pursue collective goals. While in the administrative



sector, it can be seen as the persons (or committees or department etc.) who make up the body for the purpose of administering something.

CONTRIBUTION: contribution can be defined as the part played by a person or thing in bringing about a result or helping something to advance. Also, it is a gift or payment to common fund or collection.

MANAGEMENT: it can be seen as the organizational processes that include strategic planning, setting: objectives using available resources efficiently and effectively.

PROFIT: Profit can be defined as the difference between the purchase price and the costs of bringing market. Profit in general, is the making of gain in a business activity for the benefit of the owners of the business.

Methodology

The research adopts and explores secondary source of material in simple random selection which involves the issues of cooperatives societies in Nigeria and data from textbooks, Journals, newspapers, magazines, internets, and libraries were used.

THEORETICAL FRAMEWORK

Theory which have relationship with cooperative society, was adopted and will be used to explain it.

Development Theory

Onuoha, E. (1986) 1999.18 gives the definition of development that provides an apt framework for this study. He defines development as the ability to provide the basic necessities of life such as food, jobs, affordable and accessible health care, good, durable and motorable roads, water, electricity and education for the people within a free and participatory climate. Any human venture that engages in the provision of any or all of the basic necessities of life is developmental in its focus. Emphasizing on the concept of development, , (2001.11) stated that the goal of any development is to maximize the growth of income for the poorest groups. He posits that the first goal of development is the eradication of poverty in order to attain a sustenance level of survival. He referred to the poverty to be eliminated as physical and non physical,



so as to enhance the quality of life beyond mere sustenance for human dignity and liberty. People participation have been seen as very vital to development by the environment given for planning matters affecting them and widening the choices and opportunities available to them. In this study, emphasis is on cooperative societies and its impact on development. When cooperative societies are managed prudently their impact developmentally would be significant.

Review of Related Literatures

EARLY CO OPERATIVE MOVEMENT

The Co-operative movement came to be as an invention of necessity. It originated from the harsh effects of the Industrial Revolution of the late 18th and early 19th centuries in England (Allen: 1954). The working class at this period suffered a lot. Their wages were low, hours of work too long, and there were no safe-guards against illnesses and other hazards. Co-operative was the only answer to the problems they encountered. In order to improve their social and economic conditions, they were encouraged to pool their resources together and form Co-operative Societies. In 1844, in the town of Rochdale in Machester, England, a group of 28 (including a woman), poor working class people were the first to succeed in establishing a co-operative business enterprise. The society formed opened a store to buy and sell and organize members both as producers and consumers. Their success galvanized others and provided the inspiration to them to form more societies. This group was later known as “The Rochdale Equitable Pioneers”. The society’s aims and objectives, rules and regulations which they prepared still guide Co-operators the world over, to this day, Mammud, and Amahalu,(2009).

In Nigeria, co-operation existed in the various communities in one form or the other before the colonial period. Nigerians were already used to thrift and credit savings in different forms. Farmers worked in their neighbour’s farms in turns and there were many community duties performed according to age-grade in the various communities. Modern co-operative came to Nigeria when the British Government appointed a panel with Strickland as head with the reference;



“To study the details, the culture of the people and the geographical and economic conditions of the country with a view to recommending the types of cooperatives most suited to Nigerians”. Strickland made an investigation tour of the country, and issued this report in April 1934 summed up thus: “Not only a matter of increased or improved crops, nor even of increased credit to cultivators who wish to change their farming methods but it is also a question of urban and rural thrift, of co-operative building, of labour contracts, a forestation and prevention of erosion and the preservation and expansion of handicrafts, of the supply of electric light, the organization of individuals for a better diet, for precaution against diseases, and for sanitary measures in towns and country, of the extension of education and of group agreements for the removal of social evils and the spreading of better customs”. Michael S. (1996)

Strickland strongly recommended the formation of Co-operative Societies. Which led to the enactment of the Nigerian Co-operative Society Ordinance in the year 1935 and the following year, the regulations to guide the running of operative Societies were drawn up. The content of that report elucidates the developmental objective of Co-operatives. By the end of 1944, that is ten years later, as many as 181 co-operative societies were formed in Nigeria. In this same year, the Co-operative Federation of Nigeria (CFN) was formed. In 1951 when the country was divided into three regions, and later States, Co-operative matters came within the list of subjects under the Regional/State competence. (Idele: 2014). Yebisi, 2014 states that although co-operative societies had always been constitutionally under the concurrent legislative list, the states in reviewing their laws did not vary from the federal legislation. Edo State as at date has 12805 number of Co-operative Societies across the economy within Edo Co-operative Federal as the apex body. In recognition of the overwhelming importance and contributions of the Co-operative Movement to economic development globally and social welfare of members and the community at large, the International Co-operative Alliance (ICA) set aside a day, the first Saturday of July every year to mark and celebrate Co-operatives worldwide. Edo Co-operative Federation in celebrating year 2014 day had the theme “Co-operative Enterprise Achieves Sustainable Development



for All”. Further to the recognition of the contributions being made by the Co-operative Movement towards poverty reduction, enhancement of income of members, generation of employment opportunities, provision of housing and credit facilities to members at very affordable rate and contribution to the development of the communities in which the Co-operative Societies are located, the United Nations Organization (UNO) direct that all member nations should strive to ensure that 25% (twenty five percent) of their population are co-operators. Okosun, C. (2013). Some authors have argued that the colonial government established Co-operatives to facilitate the export of agricultural produce and to promote local marketing of agricultural produce for their own benefit, but the impressive performances of the Co-operative organization charged with that responsibility, the body of Association of Nigerian Co-operative Exporters (ANCE) is worthy of commendation. ANCE won two international awards in 1987 and 1989 as the exporter of the best quality cocoa. Idele: 2014.

Co-operative Banks Plc establishment in the Regions (States) provided loans and other financial support majority for co-operative farmers. This enabled the farmers to improve their yield and move above subsistence farming. This function, the Co-operative Bank performed creditable until the Central Bank of Nigeria (CBN) embarked on project aimed at enhancing farmers’ access to micro credits. These have contributed towards boosting food production in the country. Idele: 2014. Ijere, M. O. (1988).). observed that the Nigerian Agricultural Co-operative Marketing Organization (NAMCO) put in place an excellent co-operative channel through which it distributed farm imputes to farmers nationwide. The NAMCO excellent performance facilitated farm imputes getting early to co-operators which increased the produce of that season. This is a pointer to the fact that the cooperative channel when utilized by government would demonstrate impressive performance. In a similar role, this Co-operative Organization mitigated the excesses of middlemen in produce marketing by intervening in providing a market for Co-operators. While the above successes have been highlighted, more successes are yet unrecorded in view of the fact that no study as



of yet has been carried out on the direct impact of Co-operative Societies on development and this is what this study sets out to do.

The President of the World Bank Group, Dr. Jim Yong Kim (Zora) revealed that “1 billion people live in extreme poverty” in the world. In order to end extreme poverty at the targeted year of 2030, Kim said that the vast roles of the poorest – those earning less than \$1.25 a day will have to decrease by 50 million each year. Concerted efforts are therefore needed on the part of governments of nation states to enhance efforts at lifting their citizens out of poverty as a rider to prosperity. This is the very essence of the Co-operative movement.

Principles of cooperative societies

The principles of cooperatives are usually associated with the Rochdale Pioneers who are referred to as the founding fathers of modern cooperative societies. These principles are the guidelines the men laid down for managing their cooperative societies. Most of these guidelines are now incorporated into modern cooperative societies. Odigbo, (1998). They include the following

- i. Open membership
This implies that nobody should be prevented from joining the society so long as it was his wish to do so. That is, anyone who can benefit from the membership and who indicates interest should be accepted. This is to ensure that everybody, irrespective of status in the society, is eligible for membership.
- ii. Democratic Control
This principle stipulates that the members should manage and control the societies. The control is on the basis of ‘one member one vote’ irrespective of the number of shares held by a member. This principle thus underscores the fact that the primary objective of cooperatives is service rather than profits.
- iii. Limited Returns on Capital
Cooperatives are expected to exist principally to provide services to their members at the least cost and they are not expected to generate large returns from the capital. The major benefits



should therefore not be seen as resulting from returns to capital, but services to the members.

- iv. Surplus earnings shared according to patronage
Members of the societies share from the surplus (profits) according to the services rendered to the societies or according to how much they patronize the societies. This principle has been slightly modified to include sharing according to share contributions. This shows that although each member has only one vote and the management of the organization does not depend on members' shares, any savings or surplus generated is shared to members according to their share contributions. This is meant to encourage members who have ability to contribute more in terms of shares to do so.

There are other principles that are regarded as essential as the foregoing for cooperatives. These include:

- v. Political and religious Neutrality
In order to ensure that the society is democratic and self-reliant, all the members are expected to keep politics and religion out of the business of the organization. That is, politics and religion should neither be discussed in the meetings nor should they be allowed to influence their discussion on cooperative matters.
- vi. Cash trading
Members of the societies are expected to buy or sell produce strictly on cash basis. This eliminates dealing in credit and the attendant problems of such transactions.
- vii. Goods Handled at Market Price
Cooperative goods are traded at market prices. That is, the commodities are sold at the prevailing prices at the time the transaction is made. This eliminates the problems that may arise if goods are sold at prices that prevail later.
- viii. Education for continuous expansion
Cooperative societies are enjoined to provide for the education of members. This includes extension services for members of agricultural cooperatives. A cooperative society is a continuous source of education for its members. Lucille, W (1997) Some of



these principles are no longer adhered to by some cooperative societies today. For example, some cooperative societies, especially in the advanced countries are managed like limited liability companies in order to compete with similar organizations in the economy. However, all cooperative try to observe the principles of democratic control, service at cost to members, open membership and the promotion of education for members.

CONCLUSION

In conclusion, therefore, it could be emphatically envisaged that the co-operative societies in some area has concluded immensely in an attempt to bring economic development the co-operative members; individual members could always be looked upon co-operative societies in time of needs as the societies are usually willing to assist co-operative members when they are in difficulty. Finally, the co-operative societies should not relent their effort in promoting or enhancing economic development in the countries in which they operate.

RECOMMENDATIONS

We must change our strategy by changing our perception of development sustainable development in human focused, long term and enduring .There is no quick fix.

1. We must start with building the necessary social structures through a process of social engineering that will initiate's sustainable development. This is the role expected from government to put in place engendering social structure on which the people will build on Michael, S. (1996) suggested, "The grass root appeal of the co-operative system makes it an ideal means of profiting rural development" Government is therefore, advised to concentrate all its efforts to initiate and execute desirable project, in their communities as Iyoha and Aiya put it. Every country that process sustainable development put investment in people the centre of such efforts and that is why capacity building (through co-operative educating) must start with people. If government invests in the people, the people will in turn build the nation.



Development can only take place on sustainable basis if the people are empowered through education.

2. The co-operative law in Nigeria ought to be changed as they are out dated and no longer relevant in contemporary time. We should replace them with law, which will arouse in the rural poor and spirit of dynamism and challenge them to stand up and take their lives in their hands. We need vibrant laws that can wake and liberate the rural poor from lethargy and change his attitude of resigned fatalism caused by years of neglect and abuse.
3. The attitude of the people towards co-operative must receive serious attention because. “It may be difficult, if not impossible to achieve meaning economic growth without involving and stimulating the often utilization and underutilized capacities of the poor” (Monzon, J.L. & Chaves, R. (2008)

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