



# EVALUATION OF COOPERATIVE SOCIETIES IN HOUSING FINANCE IN TERTIARY INSTITUTIONS IN KWARA STATE

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## ABSTRACT

The contribution of cooperative societies as an informal institution has been lauded by various author as a vehicle to housing finance. This study therefore seek to evaluate cooperative societies in tertiary institution in Kwara State. For the purpose of this work five (5) institutional based cooperative societies was selected and the instrument of data collection was a well-developed questionnaire (359) administered to members and officials of cooperative societies but only 270 was properly filled and this formed the basis of generalization. The results indicates the level of participation activities in finance/loan, At-

## Introduction

### Background to the Study

According to Efobi (1992) housing is seen as entity that goes beyond the provision of housing. Housing involves the acts of providing shelter and covers the process of producing houses ranges from the acquisition of land for housing development to the sub-division of the layout in which cognizance is taken of all the ancillary services and community facilities.

As cited by Sulyman (2000) in Mandelker and Montgomery (1973) defined housing as a product and a process. Housing refers not only to the shell or structure of the dwelling but their design and basic built in equipment, the amount and location of space, the heating, lightning, sanitary and similar facilities. Housing as a process is more than construction it includes the dwelling design, the neighborhood layout, material manufactured and distribution, mortgage, finance, city and regional planning, public control aids and enterprises through such things as building and housing codes, mortgage insurance, housing and redevelopment authority (Sulyman, 2000).

Housing is importance to man as it plays two major roles in a man's life economically and social necessity. Economically housing constitutes an important provision to a nation and socially, housing is seen as a social necessity because good housing enhances healthy living which in return influences human labour productivity. Housing provides shelter, security, comfort and dignity to man (Ademiluyi, 2010). Given how essential housing is to human well-being, access to housing have been faced with both qualitative and quantitative housing problem. However compared to developed countries, the issues of housing problem



Taqwa cooperative societies ranks first, Kwara State College of Education Cooperative Societies ranked 2<sup>nd</sup> and Al-Hikmah Cooperatie societies ranked 3<sup>rd</sup> and BUSCOM ranked 5<sup>th</sup> with a mean of 4.067. On acquisition of land At-Taqwa Cooperative ranks 1<sup>st</sup> with a mean of 4.500, KWCOE Cooperative societies ranked 2<sup>nd</sup> with a mean of 4.472 and Al-Hikmah ranks last with a mean of 3.317. For the construction activities BUSCOM ranked 1<sup>st</sup> with a mean of 1.907 followed by At-taqwa cooperative which rank 2<sup>nd</sup> and Al-Hikmah ranked 5<sup>th</sup> with a mean of 1.366. Also, CS is statistically significance with NHF with sig level of 0.000 which is less than 0.005. (0.000<0.005). The study suggest that since it is established that CS play a significant role in housing finance, National Housing Policy of Nigeria should be reviewed by incorporating cooperative societies into the policy for a combined effect in housing finance.

**Keywords:** Informal institution, cooperative societies, finance, National Housing Fund, Tertiary institution

is more acute in a developing countries like Nigeria (Sulyman 2000). In an attempt to provide housing for its citizens, the government has launched a number of housing initiatives over the years, including the founding of Building Society of Nigeria which has since evolved into FMBN, the low income housing scheme and the establishment of National Housing Funds in 1991 to pull funds from various sources. However housing issues have persisted particularly for the nation's public servants (Sani, 2015).

The continued effort of the government in providing adequate housing units have been mar with little impact and progress (Ademiluyi & Raji, 2008; Danmola, 2004). This has made government toward shifting from financing, management and responsibility for basic societal needs of the common man through private initiatives. Experience over time has shown that non-availability of cheap and adequate finance have been the main reason why private sector developers often failed at taking up responsibility of championing the affordable housing provision in the country (Ayedun, Oloyede, Ikpefan, Akinjare & Oloke 2017).

According to Olujimi; Rotowa; Fashina; Ojo & Bello (2021) posit that the two major institution through which housing finance could be channeled are formal institution and informal institution. The failure of formal institution has led to the evolution of the informal institution (Ojo & Rotowa 2021 as cited in World Bank, 1982). The informal institution includes cooperative societies as established throughout the state. The Informal institutions comprises of money lender, voluntary savings, personal or family savings and cooperative societies. (Ojo B & Rotowa O.O 2017). Various literatures has reported/revealed that cooperatives society is a vehicle to housing finance (Ojo & Rotowa, 2017 ; Olujimi et al., 2013 ; Adedeji & Olotuah 2012) for low income and medium income earners in achieving their housing needs.

As cited by Abdulkareem S; Ogunleye M.B & Ajayi M.A. (2020) in Jibola, 2011; Oluwunmi et al., 2012; Akinyode, 2014 posit that quantitative and qualitative housing provision impact positively on the overall wellbeing and work productivity of staff of higher institution. The contribution of cooperative societies has been lauded by Sani (2015) where he compared the cooperators level of satisfaction with the National Housing Fund. It concluded that cooperative Societies have a higher level of satisfaction than the NHF as rated by the staff of the institution based



cooperative societies members. Also Abdulkareem et al., (2020) posit that cooperative societies plays an effective role in housing intervention strategies in the Southwest of Nigeria with the various strategies ranges from specific loans for purchase of land; land acquisition, layout and allocation; provision of special loans for renovation of existing buildings; and processing of building and land title documents. As a result of the failure of the government in making adequate plan in housing provision and failure or inaccessibility of formal institution in providing finance for housing development.

Aishatu; Maryam and Nneoma (2021) opined that most public servants in Nigeria have always faced housing issues, either during their tenure or after they retire. This is because the government's mechanism for addressing the housing crisis has not met their expectations. As a result, workers began to look for alternative ways to meet their housing needs. Staffs of tertiary institution has embraced the evolution of informal institution cooperative based institution societies as a way of fulfilling their aspiration of being home owners.

The evolution of cooperative societies in tertiary institution becomes necessary to staffs of Kwara State institutions. It is against this background of study that it becomes necessary to evaluate their operation with a view of ascertaining their contribution in solving housing finance among members of cooperative based institution in Kwara State.

#### **Statement of the Problem**

Housing finance are highly under-served by formal financial services providers because they either avoid such areas or fail to offer relevant sustainable financial services to the housing finance (Richter, 2011). According to a United Nations report, Nigeria has a housing shortage of about 17 million units. This means that the housing supply in Nigeria today is insufficient despite government efforts through the Federal Housing Authority.

The Nigerian housing finance sector has always been unable to accommodate the large number of loan requests from Nigerians. In fact, Nubi (2007) asserts that the mortgage financing sector has never been able to keep up with the strain of credit demands.

Also the problem of inadequate capital base for a population of about 160million Nigeria is US\$16million, whereas similar institutions in developing and developed nations with smaller population and smaller housing needs have an average capital base of US\$158million. For instance as at 2009, Hong Kong Mortgage Corporation Ltd had a capital base of US\$256.86 million while National Mortgage and Housing Corporation of South Africa in 2010 had a base of US\$117.8 million (Uchenna & Kalu 2016).

It is for this reason that this study aimed at evaluating the cooperative societies in housing finance in tertiary institution's in Kwara State and also measures the level of satisfaction of members on the impact of the societies in meeting their housing need.

#### **Research Objective**

The aim of the research is to evaluate the cooperative societies in housing finance in tertiary institution in Kwara State with the view of enhancing veritable source of housing delivery.

- (i) To examine the activities of cooperative societies in the selected tertiary institution in Kwara State
- (ii) To assess the level of cooperators satisfaction with the housing finance of the cooperative societies in the study area



### **Hypotheses of the study**

- (i) **H01:** There is no statistically significant differences in the activities of cooperative societies across three level (land acquisition, finance and construction) in the study area
- (ii) **H02 :** There is no statistically significant difference in Cooperator's level of satisfaction with housing finance of the cooperative societies in the study area.

### **Literature Review**

Various studies has been carried out by researchers on cooperative societies some of these Basirah (2018) assess the operations of cooperative societies and the housing provision activities in Lagos State. The study adopts an explanatory, sequential QUAN-qual mixed method design that starts with a major, quantitative study, followed by a smaller scale qualitative study. For the quantitative phase, a survey based on systematic random sampling of co-operative leaders was carried out; a total of six hundred questionnaires were distributed with response rate of seventy five percent being achieved. Findings show that co-operative societies are most active in land acquisition activities but are constrained by eight categories of constraints such as production costs, pre-construction costs, issues in member involvement and lack of external support, amongst others. Findings also show that across the three activity areas (land, finance and housing construction); employment based co-operatives are more active in the housing supply process than non-employment based cooperatives.

Similarly, Ibem & Odum (2011) in their study of "the role of cooperatives in securing land for urban housing in Nigeria: a case study of National Electric Power Authority (NEPA) district cooperative thrift and loan savings association, Enugu" they used qualitative research method in obtaining their primary data through one-on-one interview with members of the cooperative society. They found that in addition to providing credits to members, the co-operative society was also involved in scouting for land, purchasing, tilling, sub-dividing and allocating plots to beneficiaries. These ensured tenure security as beneficiaries were not subjected to double purchasing and activities of unscrupulous land agents, predator lenders and fake title vendors. They concluded that co-operative activities can play significant role in addressing urban land and housing crisis confronting low-income people, and thus should be encouraged in Nigeria and other developing countries.

Sani (2015) evaluate the contributions of cooperative societies in housing finance to workers of tertiary institution in Zaria metropolis. The author adopt a survey method in collection of data relevant to the study through the administration of questionnaire to 349 cooperators of the five higher institutions in Zaria metropolis. The method of data analysis adopted are descriptive analysis, chi-square test, content analysis and cooperator satisfaction index (CSI). To ascertain wether CS has a significant effect in provision of housing finance to worker of tertiary institution in Zaria, a comparism was drawn between CS and NHF interm of interest rate, affordability, transaction cost, availability and collateral. Findings shows that workers of tertiary institution prefer CS to NHF because the level of satisfaction in CS is higher (CSI 3.55) to CSI of National Housing Fund (1.12). This further corroborate the findings of Oyewole (2010) that the role of Cooperative Society in funding housing finance is substantially adequate. This study will also analyse the comparism between CS and NHF but will adopt a t-test analysis to drawn a conclusion whether or not CS has a significance difference with NHF.

Abdulkareem; Ogunleye & Ajayi (2020) examined the effectiveness of housing intervention strategies of Universities-based Cooperative Societies to the staff of Nigerian Universities in



Southwest Nigeria. Data were collected from 452 members and 6 officials across the 6 (six) purposively selected Federal Universities based Cooperative Societies in the South west Nigeria. A survey research method was adopted by the researchers by administering a prepared questionnaire to the 452 members and 6 officials across the six selected Federal university based cooperative societies. Reliability of the instrument was tested and a kappa value was arrived which shows the reliability of the instrument as reliable. Data were obtained on the strategies of housing intervention of these Cooperative Societies. The study revealed that the 6 (six) Cooperative Societies employed nine (9) strategies of housing intervention in the housing delivery process while specific loans for purchase of land; land acquisition, layout and allocation; provision of special loans for renovation of existing buildings; and processing of building and land title documents were the most effective housing interventions of the Cooperative Societies in meeting housing need of the University staff.

Also, Mathew Oluwole (2010) investigated the contribution of cooperative societies to housing finance for the urban low income group in Ogbomosho, Oyo state of Nigeria in order to determine the effectiveness of the societies' lending as a means of solving the housing problem among the low income group in Nigeria. Survey research design was adopted and questionnaires were administered to 120 members of eight societies of four cooperative unions selected through a random sampling technique. In total, 15 members who had benefited from the loan were surveyed in each of the societies. Data were analysed with the use of frequency distribution, percentage and measure of cooperators satisfaction index (CSI). Findings showed that 52 per cent of responding members had financed the development of their houses to completion stage, while 28 per cent had their houses still under construction. The index of satisfaction (CSI) on each attribute of "affordability", "transaction cost" and "collateral" is higher than the aggregate satisfaction on the loan. In addition, the level of satisfaction on a cooperative loan with a CSI of 3.77 is far above average (2.50) and greater than the level of satisfaction on National Housing Fund (CSI of 2.07), which is far below average. It was also discovered that membership of cooperative societies cuts across all occupations and is open to all interested members of the community irrespective of sexual or academic status. He concluded that with the popularity and effectiveness of cooperative loans in the study the government should encourage and integrate the initiative to evolve an efficient and effective national housing policy.

Similarly, Farouk; David & David, O. A. (2014) revealed that cooperators indicated their satisfaction with housing cooperative loans compared to the National Housing Fund. According to Gbadeyan (2011), cooperators were pleased with the interest rate, affordability, transaction cost, availability, and collateral for home finance. However, cooperators must be happy with housing development, labor costs, construction materials acquired, houses directly purchased, interest to be paid on housing loans, cost of loan recovery if members default, transaction costs, land and building document processes, and land assigned.

### **Research Methodology**

Research methodology according to Osuala (2005) is the systematic and analytical approach of providing satisfactory answers to research problems.

### **Research Design**

In this research work, the research design used is survey research methodology that gathers information from two main respondents (the cooperative members and cooperative officials) much like studies that have been done in the past (see Abdulkareem et al., 2020). This design



method is adopted because of its suitability to the research work in obtaining primary data necessary for the study because it focuses on people, the vital facts of people, their beliefs, opinions, attitudes, motivations and behavior on a particular issue.

### Sample Frame

The sample frame for this study represent the membership strength of cooperative societies of the institutions selected in Kwara State. The total number of cooperators numbers across all the cooperative societies are 3,532. With Unilorin BUSCOM having a members of 980, Alhikmah Cooperative Societies 520 members, Kwara State University Cooperatives Societies (Al-Halal) with a members of 650, At-Taqwa Cooperative Societies with 682 members and Kwara State College of Education cooperative Society with 700 members. This data was gotten from the official of each cooperative societies since they have the data base of their members.

### Sampling Size

In determining a representative sample from the total population of the five cooperative societies belonging to the five institutions selected members, we shall adopt the formula for determining the sample size from the total population given by Yomens (2000). The formula is given as follows;

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

Where: SS is the sample size, N is the population size and e is the tolerable error in investigating the population.

$$SS = \frac{3532}{1+3532(0.05)^2} = 359$$

The sample size arrived at would be distributed proportionately across all the cooperative societies.

### Sample and Sampling Technique

The purposive sampling technique was adopted to select real estate professionals in Ilorin Metropolis while Stratified random sampling technique was adopted in select household within all the four local government

### Research Instrument

The research instrument adopted for this study was structured questionnaire that contains information on socio economic factor affecting the rental values of accommodation in Ilorin Metropolis.

### Method of Analysis

The raw data collected was analyzed using both descriptive and inferential analysis

### Presentation of Results and Discussions

**Table 1: Summary of Questionnaire**

Cooperative Societies	Questionnaire Administered	Questionnaire Retrieved
Unilorin BUSCOM	100	75
ALHIKMAH CS	53	41
AL-HALAL CS	66	51
KWPOLY ATQ CS	69	50
KWCOE CS	71	53
TOTAL	359	270



**Table 2.: Rank of the participation of Cooperatives societies in Housing activities**

Cooperatives	Finance		Land		Housing Construction	
	Mean	Rank	Mean	Rank	Mean	Rank
BUSCOM	4.067	5 <sup>th</sup>	4.093	4 <sup>th</sup>	1.907	1 <sup>st</sup>
ALHIKMAH	4.220	3 <sup>rd</sup>	3.317	5 <sup>th</sup>	1.366	5 <sup>th</sup>
KWASU	4.1569	4 <sup>th</sup>	4.216	3 <sup>rd</sup>	1.530	4 <sup>th</sup>
AT-TAQWA	4.720	1 <sup>st</sup>	4.500	1 <sup>st</sup>	1.580	2 <sup>nd</sup>
KWCOE	4.528	2 <sup>nd</sup>	4.472	2 <sup>nd</sup>	1.566	3 <sup>rd</sup>

Source: Field Survey (2022)

From the table 4.2 above, it shows the level of participation of cooperative societies in housing activities to her members. From the activities of finance/loan At-Taqwa cooperative societies ranks first which signifies their level of participation in loan/finance to staffs of the cooperative based institution. Immediately followed by At-Taqwa is Kwara State College of Education Cooperative Societies which ranked 2<sup>nd</sup> AlHikmah Cooperatie societies ranked 3<sup>rd</sup> and BUSCOM ranked 5<sup>th</sup> with a mean of 4.067. On acquisition of land At-Taqwa Cooperative ranks 1<sup>st</sup> with a mean of 4.500, KWCOE Cooperative societies ranked 2<sup>nd</sup> with a mean of 4.472 and Al-Hikmah ranks last with a mean of 3.317. For the construction activities BUSCOM ranked 1<sup>st</sup> with a mean of 1.907 followed by At-taqwa cooperative which rank 2<sup>nd</sup> and Al-Hikmah ranked 5<sup>th</sup> with a mean of 1.366.

**Table 3: Independent T-test of Attributes of CS and NHF**

S/N	Attributes	Mean Diff	Std. Error Diff	t	Df	Sig
1.	Interest Rate	1.150	0.101	11.431	538.0	0.000
2.	Affordability	1.830	0.090	20.399	538.0	0.000
3.	Transaction Cost	2.140	0.094	23.457	538.0	0.000
4.	Availability	1.470	0.095	15.421	538.0	0.000
5.	Collateral	1.940	0.116	16.708	538.0	0.000

Source: Field Survey (2022)

The table above shows that CS is statistically significance with NHF with sig level of 0.000 which is less than 0.005. (0.000<0.005). This means that the hypotheses should be rejected and we can now say, there is a statistically significance difference in Cooperator's level of satisfaction with housing finance of the cooperative societies

**Conclusion and Recommendations**

The conclusions of the research study include:

1. From the table 4.4 it shows the level of participation of cooperative societies in housing activities to her members. From the activities of finance/loan At-Taqwa cooperative societies ranks first which signifies their level of participation in loan/finance to staffs of the cooperative based institution. Immediately followed by At-Taqwa is Kwara State College of Education Cooperative Societies which ranked 2<sup>nd</sup> Al-Hikmah Cooperatie societies ranked 3<sup>rd</sup> and BUSCOM ranked 5<sup>th</sup> with a mean of 4.067. On acquisition of land At-Taqwa Cooperative ranks 1<sup>st</sup> with a mean of 4.500, KWCOE Cooperative societies ranked 2<sup>nd</sup> with a mean of 4.472 and Al-Hikmah ranks last with a mean of 3.317. For the construction activities BUSCOM ranked 1<sup>st</sup> with a mean of 1.907 followed by At-taqwa cooperative which rank 2<sup>nd</sup> and Al-Hikmah ranked 5<sup>th</sup> with a mean of 1.366.



2. Majority of the cooperators prefer CS compared to NHF as a source of housing finance and their level of satisfaction is high than NHF. Hence, the formulated null hypothesis  $H_02$  is rejected and it's concluded there is statistically significance difference on cooperators level of satisfaction with CS compared to NHF.

### **Recommendation**

1. Since it is established that CS play a significant role in housing finance, National Housing Policy of Nigeria should be reviewed by incorporating cooperative societies into the policy for a combined effect. This will go a long way in saving public workers from the stress and pains of owning their own houses because as noted by Olotuah, (2009) the National Housing Policy of 1991 and its subsequent amendment in 2006 was the development of a housing finance system geared towards the provision of an enabling environment for the generation of housing finance; with the private sector as a main source. However, this has been an unfortunate system due to its inability to address the issue of lack of housing to the Nigerian workers.
2. The study also recommended that the government should contribute significantly to improve cooperative performance by facilitating access of cooperatives support services and their human resource development.

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