



ABSTRACT

This study examined the effect of thrift cooperative societies on retirement investment plans of employees in Nigeria, using Staff Multipurpose Cooperative Society Ltd, Otefe Oghara and Academic Staff Union of Polytechnic (ASUP) Multi Purpose Cooperative Society Ltd, Otefe Oghara. Both of Delta

EFFECT OF COOPERATIVE SOCIETY ON RETIREMENT PLAN OF EMPLOYEES IN NIGERIA

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Introduction

Cooperative society refers to an association or group of people, in most cases, people in similar occupation, career or profession, whom come together with financial or capital resources to form a business or services providing organization for the mutual benefits and welfare of their members. A cooperative society may be involved in production activities, trading and distribution of certain commodities, provision of saving schemes and services or financial facilities for the mutual benefits of their members.

A cooperative society can be formed with a minimum of two people but has no maximum number of people. This implies that the number has no limitation, it can span to infinity. Membership is opened to certain category of people whom are in similar occupation, career or profession for which it is meant, or those who



State Polytechnic Otefe Oghara as case studies. The study adopted a survey study, using strictly only interview and observation for data collection to avoid biases in responses as the population sampled is sensitive internal environment. Thus respondents were carefully selected and patiently interviewed unknowingly, such as to enable responses to be provided unknowingly, to ensure reliability of the needed data. Tables, simple percentages were used to analyze the data collected, upon which inferences were drawn. The study revealed that cooperative societies have taken the position of the government, due to the government failure on retirees life after job disengagement, and the cooperatives have assumed the place of good partner in employees retirement investment plans. On the basis of the above findings the study recommends amongst others that employees should develop a good saving culture at the onset of their civil or public service career.

Keywords: Thrift Cooperative Society, Retirement Investment Plans, Civil or Public Service, Sensitive Internal Environment, Simple Percentages.

choose to be member by complying with conditions specified for entry and registration. The main source of fund or capital for the establishment and running of cooperative societies is membership contribution in form of share capital. Other sources include loans from members or borrowings from institutional lenders and subsequently retained earnings.

Cooperative societies are operated through democratic process. The major process of policies and decision making is through voting in their congress either statutory congress or emergency congress as may be called for when there is sensitive issues that requires urgent attention. In such voting process, principles of democracy are strictly applied, that is each member is entitled to one vote irrespective of the amount of contribution of each member.

The primary motive of forming cooperative society is not profit making, but to promote the economic interest, benefits and welfare of members. For instance, profits or surpluses generated in the course of operation of the



cooperative's business, are shared amongst members on the basis of patronage or dividends based on capital contributed by each member. In the same manner, thrift or saving cooperative societies encourage savings from members, on which they are entitled to soft loans. With these mutual empowerments, members are made to attain higher standard or living.

In the light of the above this study is designed to examine the effect of thrift cooperative societies on the welfare and retirement plans of employees, using Delta State Polytechnic Otefe Oghara Staff Multipurpose Cooperative Society Ltd and Academic Staff Union of Polytechnic (ASUP) Multipurpose Cooperative Society Ltd, Otefe Oghara Chapter, as case studies.

Research Problem

The peak of employees in civil services or public services is retirement point. Working up to a retirement point is an evidence of successful service for every civil servant or public servant. Ironically, attaining this successful level of a job career has become a phenomenon of threat to civil or public servant in Nigeria. This is because having spent the most productivity age of one's life in the civil or public services, the gratuities and retirement benefits with which the retirees up-keeping and health care are expected to be sustained, will be withheld by the relevant authorities and agencies of the government. To this end the main and most reliable hope of civil and public servant in Nigeria is the thrift or saving cooperative societies, which apparently, are designed to provide for welfare, better standard of living and promotion of investment for future and retirement plans as a hedge against the raining days. Therefore, this research work is of great importance, as it is focused on the means of survival of the civil or public servants at the point of retirement.

Objectives of the Study

The general and specific objectives of this study include:

- a) To ascertain the effect of cooperative societies on retirement investment plans of employees in Nigeria.
- b) To determine the effect of cooperative societies on living standard of employees in Nigeria.



- c) To evaluate the effect of cooperative societies on saving culture of employees in Nigeria.
- d) To examine the effect of cooperative societies on the overall welfare of employees in Nigeria.

Research Hypothesis

- a) Cooperative societies have no significant effect on investment plans of employees in Nigeria.
- b) Cooperative societies have no significant effect on living standard of employees in Nigeria.
- c) Cooperative societies have no significant effect on the culture of savings of employees in Nigeria.
- d) Cooperative societies have no significant effect on the overall welfare of employees in Nigeria.

Review of Related Literature

Conceptual Framework

The overall motive of the establishment of cooperative societies is promotion of welfare and economic interest of members as have been discussed in the introductory section. To this end, cooperative societies vary in nature in their operations in accordance to their various area of focus. As such, cooperative societies have been variously classified by scholars; some of the most popular classifications are hereunder stated and briefly discussed.

These include:

- a) Consumers Cooperative Society
- b) Producers Cooperative Society
- c) Thrift or Credit Cooperative Society

a) Consumers Cooperative Society

This is an association of individuals or consumers whom agreed to acquire certain essential commodities in bulk directly from the producers. The purpose is to bypass distributors, wholesalers including retailers in order to procure the commodities at prices much lower than the prevailing market



prices. This type of cooperative society thrives more in period where disparities between producers prices and the prevailing market prices are significantly high.

b) Producers Cooperative Society

This is a type of cooperative society in which producers in similar industry combine resources to acquire relevant factors of production such as machineries and equipments, fertilizers, animal feeds, drugs, raw materials, seeds etc, in large scale or quantity. The machineries, such as tractors and other equipments are rented amongst members at minimum cost to promote their productivity. While the other materials are distributed amongst members at prices much lower than the prevailing market prices, which in turn reduce their cost of production reasonably. This type of cooperative society is more common among farmers and other producers in similar industries.

c) Thrift or Credit Cooperative Society

This is a type of cooperative society in which members are encouraged to make savings in regular intervals, such as weekly or monthly contributions. Members whom are in need of funds for their personal or business use are allowed loans at an interest rate which is usually lower than commercial banks' lending rate. In some arrangements, the total contributions in each interval are collected by members in form of advances on a rotative basis or in turns. This arrangement provides the members with the opportunity of mutual financial assistance which does not involve reasonable cost of fund (i.e. interest rate) compared to banks loans which is encumbered with exorbitant interest rate, huge collateral requirements and such other restrictions which limits operational flexibility of the borrowers.

Theoretical Framework

According to Kepha (2017) The sum total of earnings in all available sources to an individual is what is refer to as his or her income. The level of an individual's consumption, savings and investments is a function of his or her income. Thus a good retirement plan demands early savings which will provide opportunity to accumulate large savings for investments against retirement days. There are certain theories which provide discussion on these issues. (Kepha, 2017)



These include:

- a) The Planned Behaviour Theory
- b) Liquidity Preference Theory of Interest
- c) Lifecycle Theory of Consumption

a) The Planned Behaviour Theory

According to this theory, the attitude of an individual is a function of his beliefs and behaviour. It propounded that people undertake certain pattern of financial discipline because they believe in it and their behaviours are tailored towards it. As such, retirement planning is guided by the beliefs of the individual which propel the behaviour and attitude in the direction of prudence and investments against the future (Griffin, Leo & Hesketh, 2012)

b) Liquidity Preference Theory of Interest

The theory of liquidity preference is concerned with the desire to hold asset or wealth in cash, and that interest must be paid for liquid asset or cash to be obtained from the holder. To the end, investing in long term assets involves sacrificing current liquidity in order to accumulate investment assets. Therefore for saving to be made for investments against retirement, current liquidity must be surrendered and this depends on the level of the liquidity preferences of the individual. (Kepha, 2017)

c) Lifecycle Theory of Consumption

This theory is of the view that every individual in an attempt to maximize their personal utility and self well-being, they balance their life time stream of income with their life time pattern of consumption. To this end, at early age the wealth of the individual is relatively small, at average age it grows at a reasonable rate and at the peak, the wealth of the individual is at the possible maximum in line with it's possibility cycle. At retirement age, the individual relies on the wealth accumulated over the productive age for necessary upkeeps. The implication is that, at the productive age every effort must be made for maximum saving toward retirement investment plans. (Deaton, 2012)

Though, the three theories discussed above are meaningful for realization of a good retirement plan, however, the Lifecycle theory of consumption is more appealing in the opinion of the authors. To this end, the Lifecycle Theory of Consumption is the theory on which this study is anchored.



Empirical Review

Ojong, Emeka, Agba & Eshitong (2021) Examined the determinants of attitude of civil servants towards preparation for retirement in Ebonyi State. Data were obtained by questionnaire, and were analyzed using frequency, simple percentages and incidence index analysis. Findings showed that civil servants exhibited a negative attitude toward retirement, some of are anxious about retirement plan. They live by fate that God will help, some are apathetic and rarely prepare adequately against retirement. This is partly due to poor education, low salary and income, and large family.

Edino & Abraham (2021) Investigated governance, public sector pension schemes and retirement planning lesson for retirees. Documentary research method was adopted for the study, and hence, literature review combining government enactments on pension scheme and other related literature were used. It was revealed amongst others that in spite of several pension reforms in Nigeria, retirees and pensioners are still faced with problems such as delays in processing and payment of retirement benefits, hunger, starvation, protracted ill-health and avoidable death.

Ajayi, Dada & Folorunso (2021) Evaluated Effect of cooperative membership on the savings and borrowing attitude among staff of Ekiti State University Survey Research design was employed including quantitative and qualitative research methods. Progressive Multipurpose Cooperative Society of the university was purposely sampled, with a total of 200 registered members. Findings shown that cooperative membership affects noticeably the socioeconomic position of the members. And that cooperative societies give responsive attention to the financial needs of its members with fair conditions.

Kepha (2017) Examined Financial factors affecting retirement planning by saving and credit cooperative societies of employees in Nakuru town, Kenya. Descriptive survey research design was adopted, stratified random sampling technique was used to draw a sample of 96 respondents out of a population of 126 SACCO employees working in Nakuru town in Kenya. Findings shown that income level, liquidity preference of individuals and financial literacy has no effect on retirement planning of SACCO employees in Kenya. And that there is a general apathy in discussing the important concept of retirement planning among the youth.

Owena (2014) Examined the effect of cooperative societies as dependable partners in retirement planning. The author adopted the approach of updating available information in order to bridge the gap between what is available and what is missing. Findings shown that cooperative societies are good partners



in retirement planning of cooperators, and that they are useful in helping cooperators to obtain desired benefits in accomplishing life dreams and providing needed services in areas of housing, utilities, finance, health care, and small business in order to be dependable in retirement planning.

Oseni, Ogumiyi & Sanni (2012) Examined the fairness of Cooperative Societies investment and retiring members practices in Polytechnic of Ibadan Oyo State Nigeria. An empirical investigation was undertaken, using the Chi-Square analysis. Findings shown that department of cooperative society members are not satisfied with the present system relating to withdrawal or disengagement from the society. The study concluded that investments of cooperative societies, in the current market value of the shares, should be taken into consideration, when members are to be paid their entitlements when withdrawing from the cooperative societies at retirement.

Materials and Methods

This research work is designed to carry out a survey on the effect of cooperative society on the retirement plan of employees using the Staff Multipurpose Cooperative Ltd, Otefe Oghara and academic Staff Union of Polytechnic (ASUP) Multipurpose Cooperative Society Otefe, Oghara Chapter. Both of Delta State Polytechnic, Otefe Oghara as case studies. The population of the study ideally is the entire members of both cooperative societies. However, the authors have carefully selected key members of both cooperatives representing both genders, to be interviewed patiently unknowingly such that they can provide the needed responses also unknowingly, in order to avoid biased responses, since the research exercise is an internal affair. And that is the main reason why questionnaires were not involved in the process of data collection.

Data Collection and Analysis

Method of data collection in this study were mainly interview and observation, while tables and simples percentages served as method of data analysis and testing of hypotheses, due to the nature and environment of the population surveyed and ease of understanding.

Data Presentation

The data sourced from field work are in this section presented in tables and simple percentages, showing the distribution of respondents according to their cooperative and gender for detail analysis and hypotheses testing.



Table One: Distribution of Respondents

S/N	Respondents	Sex	TP	TR	%
1	Cooperative A	F	10	40	25%
2	Cooperative A	M	10	40	25%
3	Cooperative B	F	10	40	25%
4	Cooperative B	M	10	40	25%

Source: Authors' Computation

Key:

TP= Total portion or number of each group of respondents in the overall total number of respondents sampled.

TR= Total number of respondents sampled in this study.

OR= Overall percentage

From the table above, it is clearly indicated that every component of the respondents are equally represented, with a weight of 25% for each component, out of the total forty (40) respondents interviewed.

Test of Hypotheses

Hypothesis One

Corporate societies have no significant effect on retirement investment plane of employees in Nigeria.

Table Two: Responses of Respondents

S/N	Respondents	Sex	Yes	%	No	%	OR %
1	Cooperative A	F	8	80%	2	20%	100%
2	Cooperative A	M	7	70%	3	30%	100%
3	Cooperative B	F	7	70%	3	30%	100%
4	Cooperative B	M	6	60%	4	40%	100%

Source: Authors' Computation

From the above table, 80% of female respondents in Cooperative A agreed that cooperative society has a significant effect on employees retirement investment plan in Nigeria. The male respondents positive response is 70%, while in Cooperative B, the female respondents has 70% positive response and the male respondents has 60% positive response. To this effect the implied alternative hypothesis is hereby validated.

Hypothesis Two

Cooperative societies have no significant effect on living standard of employees in Nigeria.



Table Three: Responses of Respondents

S/N	Respondents	Sex	Yes	%	No	%	OR %
1	Cooperative A	F	9	90%	1	10%	100%
2	Cooperative A	M	8	80%	2	20%	100%
3	Cooperative B	F	8	80%	2	20%	100%
4	Cooperative B	M	8	80%	2	20%	100%

Source: Authors' Computation

From the table above 90% of the female respondents agreed that cooperative society has a significant effect on living standard of employees in Nigeria, 80% of the male respondents have a positive response also. Then 80% of the female respondents in Cooperative B agreed with those in Cooperative A. while 80% of the male respondents also have a positive response. In the light of the above the implied alternative hypothesis two is also accepted.

Hypothesis Three

Cooperative societies have no significant effect on the culture of savings of employees in Nigeria.

Table Four: Responses of Respondents

S/N	Respondents	Sex	Yes	%	No	%	OR %
1	Cooperative A	F	5	50%	5	50%	100%
2	Cooperative A	M	4	40%	6	60%	100%
3	Cooperative B	F	6	60%	4	40%	100%
4	Cooperative B	M	6	60%	4	40%	100%

Source: Authors' Computation

From the table above 50% of female respondents agreed that cooperative societies has a significant effect on saving culture of employees in Nigeria. 60% of the male respondents disagreed. While in Cooperative B 60% of both female and male respondents has positive responses. To this end, the effect of cooperative societies on saving culture of employees in Nigeria appears to be dependent on individual preferences. However, the alternative hypothesis three is also accepted.

Hypothesis Four

Cooperative societies have no significant effect on the overall welfare of employees in Nigeria.



Table Five: Responses of Respondents

S/N	Respondents	Sex	Yes	%	No	%	OR %
1	Cooperative A	F	10	100%	NIL	NIL	100%
2	Cooperative A	M	10	100%	NIL	NIL	100%
3	Cooperative B	F	10	100%	NIL	NIL	100%
4	Cooperative B	M	10	100%	NIL	NIL	100%

Source: Authors' Computation

From the table above all respondents, both female and male, agreed in 100% that cooperative society has a significant effect on the overall welfare of employees in Nigeria. The implied alternative hypothesis four is hereby overwhelmingly accepted.

Conclusion

From the analysis above, it is obvious that the alternative retirement investments plans partner is the cooperative society, as reliance on government retirement plans are no longer relevant. The study has revealed that cooperative societies can be relied upon for provision of necessary retirement investment plan base on the necessary compliance of the employees. The living standard, saving culture and overall welfare of the employee can be enhanced on the basis of the compliance of the employees with cooperative rule and regulation. Therefore, it is the conclusion of this study that cooperative societies are good partners to employees in retirement investment plans.

Recommendations

On the basis of the above findings, this study recommends as follows:

- a) Employees should make it a point of duty to embrace saving culture as early as possible, at the assumption of their career in the civil or public services.
- b) Employees must ensure that all their savings with their cooperative society must not be directed towards ostentatious goods such as cars and other luxuries, but be built on retirement investments plans, and ensure that their investments are groomed to maturity and functional before the age of retirement.
- c) Though a good living standard is partly a requirement for good health, however, employees should control their consumption pattern to avoid waste.
- d) Management of cooperative should be prudent in the operation of the cooperative societies, in order to ensure the satisfactory financial well-



being of the cooperatives under their stewardship, as good name, they say, is better than ill gotten wealth.

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