

WELFARE FUNDING AND COOPERATIVE SOCIETY IN NIGERIA: A STUDY OF CRAWFORD COOPERATIVE SOCIETY

by

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Abstract

Cooperative societies are social and voluntary organizations that accept and lend out funds to their cooperators at a minimal rate of interest with guarantors and not collaterals. This study examined Welfare Funding and Cooperative Societies in Nigeria with a study of Crawford Cooperative Society. The study used a sample size of 100 members from a population of 275 members. The study adopted the ordinary least square (OLS) regression as the statistical method to test the cooperative funding on individual's welfare in Crawford Cooperative. The study adopted OLS to measure the relationship between dependent and independent variables coupled with the Statistical Package for Social Sciences (SPSS) for the analysis of data. It was found out that there is a significant relationship between the cooperative funding and individuals' welfare in Crawford Cooperative and it was recommended that efforts should be made to maintain the interest on loan by the cooperative members so as not to affect their ability to pay back.

Keywords: Cooperative, Funding, Interest Rate, Guarantee and Welfare

Introduction

The history of cooperative society shows that they have been in existence for a long time and there are ageless institutions of cooperatives practiced in the spirit of trust and friendship within a community (Adjei and Arun, 2009). There has been a growing interest in the cooperative form of business around the world as individuals struggle to improve their economic wellbeing, gain access to markets or

acquire goods and services at a lower cost in an increasingly competitive global economy. The spectrum of possible members (consumers, producers, workers, nonprofits, businesses, governmental entities and other organizations) that might be involved in forming a cooperative organization are individuals being represented as cooperators (Abell, 2004).

Rural areas are highly underserved by formal financial services providers because they either avoid such areas or fail to offer relevant sustainable financial services to the rural people. The reluctance of banks to participate in rural areas and also lend to rural people aggravated the lack of access to financial services to rural enterprises which may hamper economic improvement of rural residents (Lohlein and Wehrheim, 2003).

The rural areas are the largest underserved market for financial inclusion which suggest that the rural dwellers are 'cut-off' from banking services (Richter, 2011). Moreover, “majority of cooperatives are found in rural areas of most countries and they are often the only provider of services in rural communities” and as such, there is the need to examine the effect of cooperative funding on individuals welfare in rural areas where majority lacks access to formal financial services, because financial inclusion of rural people may unlock the great economic opportunity that is available in rural areas (Henry and Schimmel, 2011).

Due to lack of formal financial providers in rural areas, semi-formal and informal financial benefactors such as cooperatives, rotational savings association, self-help group, and money lenders are major providers of financial services to rural areas. This study assess the part played by cooperative societies' loan services on participants' individuals welfare in rural area where there is no bank nor other formal financial providers (Adu, 2014).

Conceptual Clarification

Cooperative is a strong association where different financiers of cooperators pool their funds together with the view of making profit. Others see it as voluntary economic association in which members share the earned dividends. Haque and Yamao (2008) defined a cooperative

society as a commercial organization in which a group of individuals who have mutual interest, equally agree to join and form this business in order to promote their economic activities like production, distribution or marketing of goods and services, and for the provision of welfare benefits to their members. International Labour Organization ILO which states that, “cooperative is an organization of persons, usually of limited means who have voluntarily joined together to achieve a common economic end through the formation of a democratically controlled business organization making equitable contribution to the capital required, and accepting fair share of the risks and benefits of the undertaking (ILO Workers Manual, 1978). Cooperatives are defined by the International Cooperative Alliance's Statement on the Cooperative Identity as autonomous associations of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through jointly owned and democratically controlled enterprises (Birchall, 1994). Encarta (2005) viewed co-operative as a voluntary association of man and woman, organized to solve the socio-economic felt needs of members, called cooperators. Member owner often capitalize, finance, supervise, control and direct the policy of the organization. In this regard, members usually pool their resources together for their socio-economic interest. Co-operative is a voluntary organization of persons with common interests formal and operated along democratic lines, for the purpose of supplying goods and services at affordable cost to us members who contribute capital, time, and energy to the cooperatives (Davis, 2008).

Co-operative societies are enterprises in which owners, those who control and those who use are all the same people. Co-operative Societies like other business organizations are established to meet certain needs (Carter and Barrett, 2006). They can be classified into four broad categories, according to the tasks performed. These include marketing, purchasing, service and processing associations (Fulton and Giblings, 2001).

Theoretical Framework

The democratic theory was propounded by Robert Alan Dahi, an American political theorist in 1962. Although there is no agreed definition of democracy, even though a cursory study of the uses of the

term by modern writers and politicians shows that there is no agreed meaning. Some equate it with the rule of the majority, others emphasize the importance of protecting the rights of the minority. Some regard it as a system, which maintains certain valued institution, such as freedom of speech and association. The principal objective of this theory is to make co-operative an easy and profitable organization in which their aims and objectives are achieved. The theory provides at least some of the materials required to enable us to make a realistic assessment of decision making in retail co-operatives. The theory is applicable to this study because it stands as a bedrock upon which cooperative societies stand, and cooperative societies are democratic in nature, it is not being enforced, it is a voluntary organization with a mutual understanding.

Methodology

The study adopted the ordinary least square (OLS) regression as the statistical method to test the cooperative funding on individual's welfare in Crawford Cooperative. The study adopts OLS because it allows a measure of relationship between dependent and independent variables selected for the study. The Statistical Package for Social Sciences (SPSS) is used to analyze the data collected for the study while respondents' bio-data are presented in the tables below

Table 1 Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	35	42.7	42.7	42.7
Valid female	47	57.3	57.3	100.0
Total	82	100.0	100.0	

Source: Field survey, 2019

From table 1 above, it is shown that a total of 82 persons completed the questionnaire and out of this, 35 belong to the male category, representing 42.7% while 47 belong to the female category, representing 57.3%. This means that the population of female respondents is higher than male. **Table 2 Age**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 21-30	10	12.2	12.2	12.2
31-40	42	51.2	51.2	63.4
41-50	20	24.4	24.4	87.8
51-60	8	9.8	9.8	97.6
>60	2	2.4	2.4	100.0
Total	82	100.0	100.0	

Source: Field survey, 2019

From table 2, it is shown that 12.2% of the respondents fall within the age bracket 21-30 years, while 51.2% of the respondents are within the age bracket 31-40 years. Again, 24.4% of the respondents are within the age bracket 41-50 years, also 9.8% of the respondents are within the age bracket 51-60 years, while the remaining 2.4% of the respondents are within the age bracket of 60 and above. This simply means that the organization is centered on young and average capable working class. This gives the researcher the confidence that data gathered from these respondents will be dependable.

Table 3 Marital status

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid single	21	25.6	25.6	25.6
married	61	74.4	74.4	100.0
Total	82	100.0	100.0	

Source: Field survey, 2019

Table 3 as shown above, a greater percentage of the respondents are married, that is 74.4% of the respondents are married, 25.6% of the respondents are single. This shows that the greater percentage are engaged in marital activities, and as such, may most probably not be able to fully concentrate and focus being distracted, giving dependable answers to the variables under study.

Table 4
Educational
qualification

	Frequency	Percent	Valid Percent	Cumulative Percent
Waec/GCE/NECO	2	2.4	2.4	2.4
OND/NCE	23	28.0	28.0	30.5
HND/BSC	35	42.7	42.7	73.2
Valid MSC/MBA	18	22.0	22.0	95.1
PROFESSIONAL	1	1.2	1.2	96.3
OTHERS	3	3.7	3.7	100.0
Total	82	100.0	100.0	

Source: Field survey, 2019

Table 4 shows that 1.2% of the respondents have their professional certificates, while 42.7% of the respondents possess HND/B.Sc. degree holders. 22.0% possess MSC/MBA degrees, 2.4% possess WAEC/NECO/GCE degrees, 28.0% of the respondents possess OND/NCE degrees, and another 3.7% fall under others. From this analysis therefore, the highest frequency of respondents hold HND/B.Sc certificates.

Table 5 Status in the organization

	Frequency	Percent	Valid Percent	Cumulative Percent
teaching staff	17	20.7	20.7	20.7
Non-teaching staff	54	65.9	65.9	86.6
senior staff	11	13.4	13.4	100.0
Total	82	100.0	100.0	

Source: Field survey, 2019

From the table 5 above, 54 respondents, representing 65.9% are members of the Non-teaching staff of the organization. 11 respondents which make up 13.4% fall under the senior staff, and 17 of the respondents representing 20.7% belong to teaching staff.

Presentation of Data

This section dwells on the presentation and analysis of data collected from field survey through the questionnaire administered to respondents and collected.

Table 6 Crawford cooperative society helps to promote wealth creation amongst its members

	Frequency	Percent	Valid Percent	Cumulative Percent
SA	55	67.1	67.1	67.1
A	27	32.9	32.9	100.0
Total	82	100.0	100.0	

Source: Field survey, 2019

Table 6 shows that 67.1% strongly agree and 32.9% agreed that Crawford cooperative society helps to promote wealth creation amongst its members. Hence a cumulative of 100.0% of the respondents agreed that Crawford cooperative society helps to promote wealth creation amongst its members.

Tables 7 Crawford cooperative society enhances various individuals /group with financial support.

	Frequency	Percent	Valid Percent	Cumulative Percent
SA	53	64.6	64.6	64.6
A	24	29.3	29.3	93.9
SD	5	6.1	6.1	100.0
Total	82	100.0	100.0	

Source: Field survey, 2019

From table7, it is shown that while 29.3% agreed that Crawford cooperative society enhances various individuals/group with financial support, 64.6% strongly agreed, while 6.1% strongly disagreed. In total 93.9% of the respondents agreed that Crawford cooperative society enhances various individuals/group with financial support. Hence, it is safe to purport that the cooperative society enhances various individuals /group with financial support.

Table 8 Financial loan from society to its members reduces their effectiveness in the cooperative society.

	Frequency	Percent	Valid Percent	Cumulative Percent
A	1	1.2	1.2	1.2
D	45	54.9	54.9	56.1
SD	36	43.9	43.9	100.0
Total	82	100.0	100.0	

Source: Field survey, 2019

Table 8 shows that 1.2% agreed while 54.9% disagreed and 43.9% strongly disagreed making a cumulative of 98.8% of the respondents

disagreed that financial loan from society to its members reduces their effectiveness in the cooperative society.

Tables 9 Crawford cooperative society have financial problems in handling members welfare.

	Frequency	Percent	Valid Percent	Cumulative Percent
D	50	61.0	61.0	61.0
Valid SD	32	39.0	39.0	100.0
Total	82	100.0	100.0	

Source: Field survey, 2019

The above table indicates that 61.0% disagreed, and a further 39.0% strongly disagreed that Crawford cooperative society has financial problems in handling members welfare.

Table 10 The cooperative society enables the member to get access to loans in either in form of cash, goods, and assets thereby increasing their socio-economic status.

	Frequency	Percent	Valid Percent	Cumulative Percent
SA	56	68.3	68.3	68.3
Valid A	26	31.7	31.7	100.0
Total	82	100.0	100.0	

Source: Field survey, 2019

From table 10 above, 68.3% strongly agreed, while 31.7% agreed. Consequently, 100.0% of the respondents agreed that the cooperative society enables the member to get access to loans in either in form of cash, goods, and assets thereby increasing their socio-economic status

Table 11 The cooperative funding has significant relationship with members welfare

	Frequency	Percent	Valid Percent	Cumulative Percent
SA	38	46.3	46.3	46.3
Valid A	44	53.7	53.7	100.0
Total	82	100.0	100.0	

Source: Field survey, 2019

Conclusions

The findings showed that there is a significant relationship between the cooperative funding and individuals' welfare in form of payment of school fees of the wards of some cooperative members and improved standard of living. Also, Cooperative members get enough financial assistance from cooperative society in form of hire purchase of assets by those retired that are members of the cooperative society.

Recommendations

As for recommendation, cooperatives should continue to improve on the modes of financing their members welfare as well as their standard of living. Efforts should be made to maintain and not increase the interests on loans borrowed by the cooperative members in order to make life easy for members. Cooperatives should allow more acquisition of assets by cooperative members in order to boost contributions.

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