



Cooperative Societies and Rural Development: An Empirical Study

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ABSTRACT

Cooperatives play a significant role in improving the livelihoods of rural communities the world over. Conversely, poverty and infrastructural gaps are a general phenomenon in Nigeria's rural sectors. However, rural development cannot be reached except certain strategies are used. This study therefore examines the impact of cooperatives as well as government policies towards cooperatives operation on rural development. Data were gathered from selected cooperative societies within Lagelu local government area of Oyo State. A sample size of 134 was drawn from a population of 204. While a valid response rate of 102 was used in the analysis. Cooperatives was the dominant variable as its significant contribution was 59 percent against 27.8 for government policy. It was recommended that government should provide favourable atmosphere that will be conducive to cooperative activities.

Keywords: Cooperatives, Rural Development, Government Policies, Standard of Living, Family Interaction.

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1. BACKGROUND TO THE STUDY

The over-all goal of cooperative is to encourage the economic interest and over-all welfare of members in accordance with cooperative principles and values (Mohammed and Lee 2014). Bolton (2019) describes how the aim of forming Cooperatives is to ease costs for farmers by pooling resources, supporting each other with various challenges, increasing visibility, and strengthening capacity to negotiate prices and markets. Cooperatives are regarded as key instruments for enhancing the living standard of people. Since the consumers of the services they offer owned them, cooperatives make resolutions that balance the urge for profitability with the welfare of their members and the community, which they serve. According to DeAngelo and Roll (2015), cooperatives have been observed to exhibit more resilience and longer life than other forms of enterprises. This fit has always been achieved by cooperatives because of how cooperatives share risks and rewards between members and also pull resources and experiences of members into the progress of the business.

Owing to the shared ownership nature of cooperatives, it is difficult for cooperatives to fail since members are equal owners of the enterprise. According to UK National Statistics report in 2013, the survival rate of cooperatives was found to be 80 times more than other forms of enterprise. This has led to the establishment and encouragement of more cooperatives in the UK (Bernardi & Monni, 2016; Clarke, 2000). According to Karunakaran (2004), cooperative is seen as an organization that is aimed at promoting the interest and well-being of its members. It permeates the social and economic life and strives to establish a democratic order that is based on freedom and equality; where people share, care and live like family; promoting unity and common economic bond (Persson, 2010). Cooperatives have played recognizable roles in alleviating shocks that have proved to be both socially and economically sustainable.



Cooperatives have also been known to create a safe environment where members improve their self-worth, identify challenges, make decision and manage risks. Members of a cooperative are empowered and they often become change agents, entrepreneurs and promote social transformation, as a result, they improve their lives and that of their communities (Fazzi, 2011; Martin, Martin, & Martin, 2014).

According to USAID 2005 report, cooperatives are successful in increasing social participation of members in developing their drives and leadership qualities. It also encourages members into taking initiatives. Cooperatives also provide avenues for their members to partake in several income generating ventures such as trading, production, agriculture, processes, etc. Cooperative, being a self-help organization brings people together for the purpose of acquiring inputs, production and marketing. Cooperatives also access economies as producers, consumers and or service providers. Members of cooperatives are able to access some economic and development facilities that they wouldn't have been able to access individually, thus, enhancing their status and voice. Also, through cooperatives, millions of lives have been changed. Cooperatives have served as routes towards self-empowerment and development for its members, and have also contributed to the improvement of livelihood and better economic decision making (Birchall, 2013; Tesfay & Tadele, 2013).

According to Prakash (2002), cooperatives has played a very important role in empowering women economically. Therefore, it is seen as an entity that enhances the economic condition of its members by improving their bargaining power and income. Cooperatives provide opportunity for achieving economic goals in this competitive era we are in. they do these, by improving members bargaining power, helping members make bulk purchase of goods and services at a reduced prices, widening market opportunities, obtaining credits and increasing income (Bello, 2005; Dogarawa, 2010). Cooperatives have been observed to strengthen cooperation among members and the communities where they operate. They are seen as tools for job creation and income generation. Many cooperatives provide jobs and pay taxes to the authorities, the number of employees employed by cooperatives are estimated to exceed 100 million men and women worldwide (Levin, 2002).

Cooperatives are community based organizations, rooted very much in democracy and have participatory involvement of members which makes it suitable for economic development. Cooperatives development involves promoting community spirit and social organization. Cooperatives have played important roles in job creation, poverty reduction and social development (Ireji & Idowu, 2017; Mohamad & Majid, 2014). One major way of improving the living and working conditions of people over the years has been through cooperatives as agreed by several developmental economists. This has been possible because the users of the services provided by cooperatives are the members of the cooperatives, thus, making them owners and users at the same time. Therefore, their services are tailored to the needs of their members. They increase the bargaining power of their members, which often leads to higher income and improvement in their socio-economic status. Cooperatives are considered as useful mechanisms to manage risk for members and keep markets efficient (Hossein, 2017).

Cooperatives are known to enhance resilience in their members by providing micro-insurance coverage based on the principles of mutuality. They also provide social protection to unprotected workers and producers in the informal economy and in rural areas. The key tasks of the cooperatives to the rural communities consist of poverty reduction, job creation, enhanced food security, women enablement and human capital development. Three perspectives delineate a community to be rural viz, occupational, socio-cultural and ecological (Bealer, Willits & Kuvlesky, 1965). From occupational perspective rural area is associated with the primary industries, specifically farming, forestry, fishing, hunting, and mining. Thus an area is defined as rural since it has a large percentage of its labour force engaged in the primary activities or for the reason that a huge percentage of the land is utilized in agricultural activities (Bealer et al., 1965). From an ecological viewpoint, the population size is the most often utilized measures (Dunn, 1989).



1.1 Statement of Problem

Governments in developing countries have now come to the understanding that no development will be meaningful but when the rural communities are also go with the tide (Nwankwo & Okeke, (2017). This awareness is borne out of the actuality that rural inhabitants make up a major component of their populace (Nwankwo & Okeke, 2017). According to World Bank (2015), Nigeria's rural dwellers constitute 53% of the country's total population. The greater part of Nigeria's food and fibre source come from the rural areas. Before now, it has been established that the production of palm produce, cocoa, groundnut among others have long contributed meaningfully to the country's gross domestic product (GDP). Conversely, poverty and infrastructural gaps are a general phenomenon in Nigeria's rural sectors. These evidently propose the necessity for consideration to rural areas for sustainable development. With regards to the level of economic activities in rural development, it comes to be obvious that action must be taken to guarantee sustainable rural development. However, rural development cannot be reached except certain strategies are used. This study therefore examines the impact of cooperatives as well as government policies towards cooperatives operation on rural development.

1.2. Objective

1. To assess the impact played by selected cooperative societies on rural development
2. To examine the effect of various government policy frameworks towards cooperatives

2. LITERATURE REVIEW

The International Cooperative Alliance (ICA) (2005) defines a cooperative as “an autonomous association of persons united voluntarily to meet their common social, economic and cultural needs as well as their aspirations through a jointly owned and democratically controlled enterprise”. In view of the above mentioned values, cooperatives can then be referred to as a distinct, mutual-based association or group with varied capital and membership base which is democratically managed.

Henry and Schimmel (2011) described cooperatives as independent association of people who on their own accord join together to form a collectively owned and democratically controlled enterprise called cooperatives, to satisfy members' economic, social and cultural needs. Cooperative can be seen as an arrangement designed to improve the lot of individuals and enhance micro and small scale entrepreneurs both in the rural and urban areas in mobilising savings and accessing fund as loan as at when needed from the scheme. Oluyombo, (2010) define cooperative societies as privately structured association of like minds individuals who come unitedly to operate a savings and loan programme among themselves. Therefore cooperatives are owned and managed by the members who willingly come together on the basis of share value to meet members' needs. Therefore, one person, one vote is germane to cooperative societies since it is mutually owned by the members. There is standardisation in social class membership of cooperative members, in contrast to ownership of a limited company that can comprise of ordinary shareholders and preference shareholders.

2.1 Principles governing cooperatives

Kumar, Wankhede & Gena (2015) stated how the life and work of a cooperative business are administered by a number of values and seven major principles that enable cooperatives to be sustainable. These principles are as follows: the principle of voluntary and open membership; principle of democratic member control; principle of member economic participation; principle of autonomy and independence; principle of education, training and information; principle of cooperation and, principle of concern for community.



The principle of voluntary and open membership indicates that cooperatives are open to all persons that are able to use their service and willing to accept the responsibilities of membership without gender, social, racial, political or religious discrimination. The principle of concern for community is the seventh and one key principle guiding the operations and activities of cooperatives. This principle put emphasis on the fact that cooperatives should work for the sustainable development of their communities through enabling policies which are approved by their members.

2.2 The Role of Cooperative Societies in Rural Development

Membership of cooperatives cut across the spectrum of the society, the rich, the poor, the high and low, the literate and illiterate alike. However, there are different types of cooperatives as there are needs. The flexibility of cooperatives enables it to be formed in urban and rural areas. Cooperatives which are found in the rural areas are usually those that are agricultural in nature. Berko (1987) has this to say: Agricultural producer cooperatives can generally be seen as cooperatives whose members are agriculturist or agricultural producers. For agricultural producer cooperatives to be relevant in rural transformation, they have to contribute to ensure that the conditions discussed above are fulfilled. It must be made clear that agricultural producer cooperatives cannot single-handedly transform rural areas, just as even government alone cannot achieve. For cooperatives to be relevant therefore they must see themselves as possible partners of other change agents viz; the government, promotion institutions, the business houses and the citizens themselves together with their various self-help organizations.

It is common sense to state that the new lease of life which we want to attain in rural area is a function of the economic capacity of the rural dwellers. High income of farmers enables them to save and invest appropriately in their farm and other occupations. It is possible for rural people to build decent homes, pay for utilities, including medical services and their children's school expenditures; feed well, contribute financially to community development; gain self-confidence and public respect and be motivated to take part in public affairs, politics and the democratization process only when their incomes are high enough. A high level of incomes in turn is a function of reduced cost of production, high investment, high output, good storage, processing and marketing, and of course, fair and stable prices. Some of the roles of cooperative societies in rural development include: land acquisition. Mechanization, supply of inputs, supply of agricultural credits, processing of raw materials, marketing of agricultural produce among others.

The World Bank (1975) defines rural development as: A strategy designated to improve the economic and social life of a specific group of people – the rural poor. It includes prolonging the gains of development to the underprivileged amongst those who seek a livelihood in the rural areas. These sets comprise small scale farmers, occupiers and the homeless. Madu (1990) described rural development as a process whereby synergies are made in order to expedite significant increases in rural resource productivity with the overall aim of improving rural incomes and employment opportunities. It is a process that seeks not only to ensure an increase in the level of per capita income of rural areas, but also the standard of living of the rural population, it could equally be said to be a process of social, economic and institutional reconstruction in which the people are the architects of construction as well as beneficiaries.

That is to say that rural development is people oriented. Both the World Bank (1975) definition and that of Madu (1990) recognize that rural areas have labour, land and at least some capital, which if effectively mobilized, could result to a reduction in poverty rate and improvement of quality of life. Also, increased standard of living of the people will depend on such factors as food and nutrition, health, education, housing, recreation and security. Rural development does not necessarily mean agricultural development, but includes the sum total of the country's economic development efforts in the rural area.



2.3 Theoretical Framework

The theoretical framework adopted for this study is the social capital theory. This study considers the theory and adopts it as theoretical framework, useful for our insight to the role of cooperative societies. Social capital plays an important function in offering access to more information, increasing social cohesion, better civic engagement, reducing opportunistic behaviour, boosting political participation, government responsiveness and efficiency, reducing transaction costs, providing insurance against risk and uncertainties, and solving collective actions problems (Paxton, 2002; Welzel, Inglehart & Deutsch, 2005). Empirically, scholarly works have recognized the affirmative influence of social capital on health, educational outcomes, social welfare, as well as decreasing tax avoidance (UNESCO, 2002; Productivity Commission, 2003; Hombres, Rocco, Suhrcke & McKee, 2006). Accordingly, Social capital, has a likelihood to function as effective means of development.

Social capital can thus be regarded as an instrument of economic development amongst people which as well influences their environment and community (Rankin, 2002; Basargekar, 2010) either affirmatively or adversely based on their “collective action for mutual benefit” (Basargekar) of a community. The theory of social capital addresses several facets of social capital that consist of the kind of social networking, relationship and interaction which includes the guidelines, rules and standards that govern social actions and the trust among members as well as the gains that accumulate to them (Anderson, Locker & Nugent., 2002; Jainaba, Dana & Muhammadou, 2005; Basargekar, 2010) either as an individual, for the community or for the association that they belong to. Finally, Bhandari and Yasunobu (2009) asserted that enormous amount of scholarly works have established the positive correlation between social capital and development.

3. METHODOLOGY

3.1 The Research Design

This study applied the survey research design where the instrument of data collection will be questionnaire. It will also make use of a cross sectional design in terms of time horizon. The research population for this study is made up of all members of functional and registered cooperative societies within Lagelu Local Government of Oyo State. The total number of cooperative society in this locality was put at seven with a total number of two hundred and four (204) members according to the register obtained from each cooperative. 134 sample size were drawn from the population using the Raosoft sample size calculator (www.raosoft.com). The data analysis technique includes Regression analysis using statistical package for Social Science (SPSS).

4. DATA PRESENTATION AND INTERPRETATION

Table 6.1: Reliability Statistics

Cronbach's Alpha	N of Items
.793	3

Cronbach's alpha coefficient greater than 0.7 suggests that the data are reliable (Cronbach 1951). Table 6.1 shows an alpha value of .793, thus the data are reliable and fit for the analysis.



Table 6.2: Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.759 ^a	.576	.568	2.381	2.443

a. Predictors: (Constant), Coops, GovtPolicy

b. Dependent Variable: RuralDev

In the Model Summary table (Table 6.2), the R^2 (.576), which is the explained variance, is actually the square of the multiple R (.759)²

Table 6.3: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	762.810	2	381.405	67.273	.000 ^b
	Residual	561.278	99	5.669		
	Total	1324.088	101			

a. Dependent Variable: RuralDev

b. Predictors: (Constant), Coops, GovtPolicy

The ANOVA Table (Table 6.3) shows that the F-Value of 67.273 is significant at the .0001.

Table 6.4: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	7.420	1.434		5.173	.000
	Coops	.446	.056	.590	8.015	.000
	GovtPolicy	.271	.072	.278	3.772	.000

a. Dependent Variable: RuralDev

The coefficient Table (Table 6.4) helps to see which among the independent variables influences most the variance in Rural Development. Looking at the column Beta under standardized coefficients, it was discovered that the highest number in the beta is .590 for Cooperatives, which is significant at the .0001 level. In addition, Government Policy was also significant contributing .278 which is significant at .0001

5. DISCUSSION OF FINDINGS

Of the two hypotheses tested, both were substantiated. From the results of the multiple regression analysis, it is clear that cooperatives is the most influential factor in explaining rural development. Whatever is done to increase cooperatives will therefore help in developing the rural areas especially increasing their living standard. This is in line with Madu (1990) who recognized that rural areas have labour, land and at least some capital, which if effectively mobilized, could result to a reduction in poverty rate and improvement of quality of life. Also, the two independent variables have contributed 57.6 percent of the variability in rural development.



6. CONCLUDING REMARKS

The aim of the study was to examine the impact of both cooperatives and government policy towards rural development. The study found that cooperatives is the dominant predictor. This has raised awareness on the importance of cooperative activities. Government policy also show some sort of significance to the model.

7. CONTRIBUTIONS TO KNOWLEDGE

The study recommends that government should provide favourable atmosphere that will be conducive to cooperative activities. This it can do by making policies that are friendly to the activities of cooperatives

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