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Effect of Growth Drivers on Cooperative Societies

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ABSTRACT

A cooperative society has remained a major concern especially in the developing countries like Nigeria. This study was born out of necessity to provide answers to fundamental questions raised on cooperatives societies. The objectives of this research was to ascertain the significant relationship between growth drivers and cooperative societies and to investigate significant relationship between cooperative societies and growth drivers such as interest rate, savings plan and to determine if amount borrowed has assisted to increase welfare and satisfaction of members. The primary data was gathered using structured questionnaire. The survey method was used and a cross-sectional design was adopted. The two institution chosen are the Federal University of Agriculture, Abeokuta (FUNAAB), and Covenant University (CU). Total population of the selected cooperative society in FUNAAB is 573 and the total population of the selected cooperative society in CU is 697. The data was analysed using statistical package for the social sciences, (SPSS). It also made use of analysis of variance (ANOVA), Simple linear regression analysis was used to test hypotheses one and correlation analysis was employed to test hypothesis two. The study indicate that interest rate of cooperative societies is a significant predictor of patronage of the cooperative, it was revealed that there exist a relationship between loan repayment periods, savings plan and the satisfaction of members of the cooperative The study recommended the need for the improvement in the performance of the cooperative societies.

Keywords: Growth Drivers, Interest Rate, Savings Plan, Patronage, Welfare

1. INTRODUCTION

It is an established fact that today, in an era when many people feel powerless to change their lives, cooperatives represent a strong, vibrant, and viable economic alternative. Cooperatives are formed to meet peoples' mutual needs, Anderson (1993). They are based on the powerful idea that together, a group of people can achieve goals that none of them could achieve alone. For over 160 years now, cooperatives have been an effective way for people to exert control over their economic livelihoods. Only recently worker cooperatives started gaining ground among working class citizens, most of who find it difficult to save part of their salaries/wages for the rainy day.

There are different types of cooperative societies, and they cut across different sectors, some includes Producer's cooperative societies, consumer's cooperative societies, marketing cooperative societies, credit cooperative societies, farming cooperative societies, housing cooperative societies, insurance cooperative societies and transport cooperative societies. A cooperative is defined as "an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through jointly-owned and democratically-controlled enterprise Growth drivers are the varieties of programs or events that lead to positive change in size over a period of time. (Ani et al, 2012) Growth drivers in cooperatives are those variables that ensure a positive improvement or increase in patronage of members.

Over recent decades, studying growth drivers has become of particular relevance to all types of businesses, researchers and policy makers. Among these companies that have increased their sales over a certain number of years, there is a subgroup of companies with fast growth and high profitability (Zandi & Mousiolis, 2014). The importance of cooperative societies in enhancing socio economic development especially in reducing poverty cannot be overstressed. (Martins & Ruiz, 2011). These loans are given to members to enhance investment and other forms of business activities like boosting the existing ones. Otham et al (2012) notes that the loans given to members have been the source of starting small and medium scale business in the area. He added that the loans have reduce dependence as most co-operators have expanded their businesses,

1. 1. Statement of research problems

The need for cooperative in Nigeria universities cannot be overemphasized. Cooperatives are much needed in a country where majority of the citizens are workers, civil servants. Attention has not been given to cooperatives unlike agricultural cooperative. Over the times, there have been a lot of attentions on agricultural produce with little or no emphasis on civil servants. There is need to study how these workers engage in cooperatives, the module operandi and how they satisfy members (Ani et al 2012)

According to Serief and Ismail (2010) stated that customers satisfaction are being observed as indispensable means of creating sustainable advantage in competitive environments, He further made emphasized to Comfort (2004) that investing in customer's satisfaction should be a major aim of an organization or business so this study will intend to find out the extent to which savings plan and loan repayment affects the satisfaction of members. Members derive a lot of benefits by joining a cooperative society which urges them to patronize the cooperative store. The modus of operandi of cooperatives is important to

membership of cooperatives, so this study intends on determining how modes of operation adopted by cooperatives improve or affects the membership of cooperatives.

To achieve the objectives of the study, the following questions were formulated **(i) To what extent does interest rate of cooperatives affect the level of patronage? (ii) Does loan repayment affect the satisfaction of members of cooperative societies?**

Hypothesis

H01: Interest rate does not significantly affect the level of patronage of cooperative societies in universities in Ogun state

H02: Loan repayment and savings plan does not significantly affect the satisfaction of members of cooperative societies in universities in Ogun state

2. LITERATURE REVIEW

2. 1. The concept of cooperatives societies

Under normal circumstances, Cooperatives play significant role in the provision of financial and non-financial services that enhance growth of an organization or institution Rohana (2015) cooperatives allow members of his association to achieve their specific potentials with joint efforts which they find difficult to acquire while working as an individual Huang (2010) emphasized that cooperatives carry out the function of credit delivery to its members but evidence from research shown that members faced difficulties in obtaining credit and the problem of sourcing for capital still lingers. International Cooperative Alliance (2013) postulates that cooperatives society is characterized by informal sources of credit which is more popular among small scale business owners as a result of relative ease in obtaining credit devoid of administrative delay, non-existence of security or collateral. Bello (2005) emphasized that most employees in the institutions and organization preferred to source credit (fund) from cooperatives societies than deposit money banks; micro finance banks and other formal sources of credit to finance their needs.

Zandi & Mousiolis (2010) posit that the amount of credit disbursed to the members has no significant relationship with timely disbursement which he regarded as the maturity period and also the amount of credit to its members has not significantly influenced the amount of income they generate from their business. Employees are forced to source loan or credit from relations, money lenders and contribution clubs, all these are not effective in satisfying their desires, the last hope for employees and staffs in Nigeria is cooperatives because over the years cooperative has been seen as a better platform for effective credit delivery to staffs than other financial institutions in terms of flexibility in repayment system, credit administration system and its ability to educate member on credit management (Kareem, Arigbabu, Akintaro, and Badmus, 2012).

Rajarathan et al (2010) postulate that experience of the developed countries suggests that the key environment support for cooperatives in creating a favourable operational environment through policy framework should include:

- Tax incentives for cooperatives and organization development and expansion.
- Private policies that provide incentives to private financial institutions to lead directly to Cooperatives.

Ani et al (2012) noted that some fundamentals questions should be the concern of all cooperative societies which they highlighted below:

- What is the amount of credit you received from cooperatives?
- How long do members wait for credit to be disbursed for their needs or business after application for credit (Maturity days)?
- What are the factors that hamper the cooperative effectiveness in credit delivery to staffs and members?
- Does credit obtained from the cooperatives have any effect on the annual income generates from the members' salaries or business?
- Are they factors that facilitate loan repayment among members of cooperative?

2. 2. The concept of credit

Credit as the name implies entails empowerment through the availability of fund to low income earners in a non-formal setting, which is characterized as traditional financial institutions (TFI) (Franken & Cook, 2013). The importance of credit to staffs cannot be overemphasised because credit enables business owners to advantageously use inputs and factors of production by granting them more access to resources through removal of financial constraints. The traditional argument for the provision of credit is that additional capital can be temporarily used to enhance the level of household productive and physical capital (Martin & Guerra, 2011). Osteberg & Nilsson (2009) regarded credit has soft loans usually given to craftsmen, farmers, small and medium scale entrepreneurs and staffs as well as to increase their general welfare. Bidin (2007) observed that an increase in credit and loans to staffs will enhance improvement of employee's wellbeing.

3. RESEARCH METHOD

The primary data was gathered using structured questionnaire. A cross-sectional design was adopted for the study. The population was limited to all co-operators of the selected cooperatives societies in two (2) selected tertiary institutions in Ogun state. The two institution chosen are the Federal University of Agriculture, Abeokuta (FUNAAB), and Covenant University (CU).

The population of the study was not be limited to people of different age group, gender, educational qualification, work experience, social status or hierarchy at work. Total population of the selected cooperative society in FUNAAB is 573 and the total population of the selected cooperative society in CU is 697. This formula is concerned with applying a normal approximation with a confidence level of 95% and a limit of tolerance level (error level) of 5%. To this extent the sample size is determined by:

$$[n = \frac{N}{1 + Ne^2}]$$

where: n = the sample size

N = population

e= the limit of tolerance

Therefore, n

$$\begin{aligned} &= \frac{1270}{1+1270(0.05)^2} \\ &= \frac{1270}{1+4.619} \\ &= \frac{1270}{5.619} \\ &= 226 \end{aligned}$$

A sample size of two hundred and ninety-three (226) members out of the one thousand two hundred and seventy (1270) member population of the selected cooperatives in universities in FUNAAB and CU. The Likert-scale was used to measure opinions, where for positive questions (Strongly Agree = 5, Agree = 4, Undecided = 3, Disagree = 2, Strongly Disagree = 1), and for negative questions (Strongly Agree = 1, Agree = 2, Undecided = 3, Disagree = 4, Strongly Disagree = 5).

The data was analysed using manual and electronic based methods through the data preparation grid and statistical package for the social sciences, (SPSS). It also made use of statistical tools which included: analysis of variance (ANOVA), correlation efficient and regression analysis in testing hypotheses if necessary. Simple linear regression analysis test for hypotheses 1 and made use of correlation analysis to test for hypothesis ii.

3. 1. Operationalization

To examine the effect of growth drivers on cooperative societies in Ogun State Universities the researcher formulate the following construct:

Dependent construct as cooperative societies in Ogun State Universities Independent construct as Growth Drivers

The above is mathematically expressed as

$$Y = F(X)$$

where: Y= dependent variable

X= Independent variable

Y= performance of cooperative societies in Ogun state Universities

X= Growth Drivers

Therefore, from the equation performance of cooperative societies in Ogun State Universities is dependent on the Growth Drivers

Performance of cooperative societies in Ogun State universities = F (Growth Drivers)

The X and Y is further broken down into

$$Y = (y1, y2, y3.....yn)$$

where: y1 = patronage

y2 = Membership
y3 = Satisfaction

Similarly, $X = (x1, x2, x3.....xn)$

where: X1 = savings plan
X2 = loan repayment
X3 = interest rate

4. PRESENTATION OF DATA AND ANALYSIS.

The research questionnaire was administered to two hundred and twenty-six (226) respondent which is the sample size representing the study population of the respondent, Nigeria. Of this lot, two hundred and twenty-six (226) questionnaires representing 95.1% were returned, and eleven (11) questionnaires representing 4.9% were not returned. The table below shows the details at a glance. Data analysis was undertaken at five percent (5%) level of significance. The results of the analysis are presented beginning demographical characteristics of the respondents as shown in tables below.

Table 1. Analysis of Response Rate.

Questionnaire	Respondents	Percentage (%)
Returned	215	95.1
Not Returned	11	4.9
Total Distributed	226	100

Source: Field Survey 2018

Table 2. Sex of Respondent.

		Frequency	Percent	Cumulative Percent
Valid	Male	119	56.4	56.4
	Female	92	43.6	100.0
	Total	211	100.0	

Source: field survey (2018).

Table 3. Age Group of Respondents

		Frequency	Percent	Cumulative Percent
Valid	21-30	23	10.9	10.9
	31-40	106	50.2	61.1
	41-50	59	28.0	89.1
	above 50	23	10.9	100.0
	Total	211	100.0	

Source: field survey (2018).

Interpretation

The table shows that respondents within 21-30 years are 10.9%, 31-40 years are 50.2% while 50 and above are 10.9%. This implies that personnel between the ages of 31-40 participated more in the research study.

Table 4. Education Qualification of Respondents.

		Frequency	Percent	Cumulative Percent
Valid	SSCE	7	3.3	3.3
	HND	60	28.4	31.8
	BSc	110	52.1	83.9
	MSc/MBA	17	8.1	91.9
	Others	17	8.1	100.0
	Total	211	100.0	

Source: field survey (2018).

Interpretation

The information in the above table shows that, 3.3% of the respondents have SSCE, 28.4% obtain HND, 52.1% of the respondents obtain BSc, 8.1% have MSc while other qualification are 8.1% of the total respondents.

Table 5. Management Category of Respondents.

		Frequency	Percent	Cumulative Percent
Valid	Lower level	112	53.1	53.1
	Middle level	80	37.9	91.0
	Top level	19	9.0	100.0
	Total	211	100.0	

Source: field survey (2018).

Interpretation

From the table above, 53.1% of the respondents have Lower level; 37.9% are Middle level staff, while 9% of the total respondents are Top level staff. It shows that majority of the respondents are Lower level staff.

Table 6. Organization of Respondents

		Frequency	Percent	Cumulative Percent
Valid	FUNAAB	129	61.1	61.1
	Covenant	82	38.9	100.0
	Total	211	100.0	

Source: field survey (2018).

Interpretation

As revealed in the above analysis 61.1% of the respondents are from FUNAAB while the remaining 38.9% are from Covenant University. This implies that majority of the respondents were drawn from FUNAAB.

Table 7. The interest rate of the society is what drives the growth of the cooperative society

		Frequency	Percent	Cumulative Percent
Valid	SA	106	50.2	50.2
	A	60	28.4	78.7

	U	15	7.1	85.8
	D	25	11.8	97.6
	SD	5	2.4	100.0
	Total	211	100.0	

Source: Field Survey (2018)

Interpretation

From the table above Strongly Agree has the highest percentage. This indicates that the interest rate of the society is what drives the growth of the cooperative society.

Table 8. My experience in the cooperative society has been satisfactory

		Frequency	Percent	Cumulative Percent
Valid	SA	95	45.0	45.0
	A	88	41.7	86.7
	U	9	4.3	91.0
	D	17	8.1	99.1
	SD	2	.9	100.0
	Total	211	100.0	

Source: Field Survey (2018)

Interpretation

From the table above Strongly Agree has the highest percentage. This indicates that majority of the respondents' experiences in the cooperative society has been satisfactory.

Table 9. The repayment period of the loan given is very satisfactory

		Frequency	Percent	Cumulative Percent
Valid	SA	98	46.4	46.4
	A	82	38.9	85.3
	U	9	4.3	89.6

	D	15	7.1	96.7
	SD	7	3.3	100.0
	Total	211	100.0	

Source: Field Survey (2018)

Interpretation

From the table above Strongly Agree has the highest percentage. This indicates that the repayment period of the loan given is very satisfactory.

Table 10. The savings plan is rigid and unsatisfactory

		Frequency	Percent	Cumulative Percent
Valid	SA	7	3.3	3.3
	A	19	9.0	12.3
	U	92	43.6	55.9
	D	15	7.1	63.0
	SD	78	37.0	100.0
	Total	211	100.0	

Source: Field Survey (2018)

Interpretation

The analysis shows that Undecided is the highest percentage. This implies that majority of the respondents are indifferent about rigid and unsatisfactory of the saving plan.

Test of Hypotheses and Discussion of Results

After a careful and systematic analysis of the respondents responses to the research .questions formulated, hypothesis earlier submitted were tested using Statistical Packages for the Social Sciences (SPSS 20.0).

Hypothesis 1:

H₀: Interest rate does not affect the level of patronage of cooperative societies in universities in Ogun state

Comparism between interest rate and patronage of Cooperative societies in Universities in Ogun State

Variable	N	Mean Value	Standard Deviation	P	Tcal	DF	Decision
FUNAAB	211	1.9922	1.29600	0.000	19.482	1 209	Reject HO
Covenant		2.1220	1.36436				

F = 19.482 (DF = 1,209: P < 0.05)

ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	.843	1	.843	19.482	.0488
Within Groups	365.773	209	1.750		
Total	366.616	210			

Decision Criteria: If the P-value is less than 5% (P<0.05), the null hypothesis is rejected, otherwise accepted.

Interpretation

From the table above the value of F = 19.482 (DF = 1,209: P < 0.05) which indicates the impact of interest rate on patronage of cooperative societies in universities in Ogun state is significant at 5%. Therefore, the null hypothesis that states interest rate does not affect the level of patronage of cooperative societies in universities in Ogun state is rejected. While the alternate hypothesis that states interest rate affects the level of patronage of cooperative societies in universities in Ogun state is accepted. Hence, interest rate is a significant predictor of patronage of cooperative societies in universities in Ogun state.

Hypothesis 2:

H₀: Loan repayment and savings plan does not affect the satisfaction of members of cooperative societies in universities in Ogun state

Non-parametric Correlations

Correlations

			My experience in the cooperative society has been satisfactory	The repayment period of the loan given is very satisfactory
Spearman's rho	My experience in the cooperative society has been satisfactory	Correlation Coefficient	1.000	.746(**)
		Sig. (2-tailed)	.	.000
		N	211	211
	The repayment period of the loan given is very satisfactory	Correlation Coefficient	.746(**)	1.000
		Sig. (2-tailed)	.000	.
		N	211	211

** Correlation is significant at the 0.01 level (2-tailed).

Decision Rule: If the P-value is less than 5% ($P < 0.05$), then the null hypothesis is rejected, otherwise accepted.

Interpretation of Result

The result above shows a strong positive correlation existing between the dependent and independent variable with the r value of 0.746. Therefore, there is a significant relationship between loan repayment, savings plan and satisfaction of members of cooperative societies in universities in Ogun state.

5. EMPIRICAL FINDINGS FROM THE STUDY

- a) Research discovered the importance of cooperative society in financing and providing loans to members. Respondent tend to agree that viable cooperatives are associated with greater financial output, higher incomes, better indicators of access to health services and greater wage income opportunities. The function of cooperative societies has important implication for the alleviation of poverty.
- b) Hence, the research indicates that interest rate is a significant predictor of patronage of cooperative societies in universities in Ogun state

6. CONCLUSION

From the findings, it is evident that interest rate of cooperative societies is a significant predictor of patronage of the cooperative, it also showed that there exist a relationship between loan repayment periods, savings plan and the satisfaction of members of the cooperative society and also that the mode of operation of any cooperative society will have effect on sustaining existing member or getting new ones. The study recommended the need for the improvement in the performance of the cooperative societies.

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