

IMPACT OF COOPERATIVE ENTREPRENEURSHIP ON POVERTY REDUCTION IN NORTH CENTRAL NIGERIA

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Abstract

This study assessed the impact of cooperative entrepreneurship on poverty reduction among members in North- Central Zone, Nigeria. The study was premised on two key concepts cooperative entrepreneurship and poverty reduction. It adopted a mixed method approach of qualitative and quantitative techniques in order to carry out an in-depth analysis of the data. Data were obtained from primary source 1096 copies of structured questionnaires were administered on respondents, and only 828 copies of questionnaire were validly returned. In line with research objectives, multiple regression and thematic (Nvivo 12) analyses were used which brought out one themes and three sub themes to compliment the quantitative analysis. The study found out that have the responsibility of serving members and also that there is synergy between cooperative societies and their members, and all explanatory variables have significant impact on poverty reduction among cooperative members. This portends that cooperative entrepreneurship has significant relationship on socio-economic empowerment of members. The study revealed that cooperative empowerment through poverty reduction is significantly affected by cooperative entrepreneurship to the tune of 48.8% signifying that a variation in the dependent variable was explained by cooperative entrepreneurship. The thematic analysis revealed great influence of cooperative entrepreneurship through financial protection of members, large scale production and equitable resource sharing among members in aids of poverty reduction. This would enable members to generate funds for themselves by themselves through savings, share capital and other investment. It is therefore recommended that the proprietors and managers of cooperative should give adequate governance a priority by keying to all the functions of management

Keywords: Cooperative-entrepreneurship, poverty reduction, cooperative governance, cooperative education, and cooperative legislation.

Introduction

The relevance of entrepreneurship and its prospects are well pronounced in developed countries while the developing or transitional countries are also following suit in the process of imbibing the culture hook, line and sinker. Marcelo and Dong (2015), however, opine that cooperatives are seen as a veritable tool for quick response to socioeconomic failures and also for assisting in the growth and prompt revival of local communities. Cooperative entrepreneurship is a form of

organisation that can help private sector businesses, professionals or public bodies to improve their effectiveness through enhancing access to goods and services that otherwise would not have been available. Aside from the direct benefits to members, cooperatives entrepreneurship can have far reaching positive effects that can be attributed to the specific organisational characteristic of cooperatives entrepreneurship and the positive impact it has on the businesses of their members (Ravensburg, 2009).

Commission of European Communities (2004) posits that cooperative, being a particular type of business activity, is one way through which professionals or entrepreneurs build or gain power within the market as it allows them to become part of a larger system. Cooperatives are known to have played important roles in the socioeconomic development of many countries across the world. Piotr, Anna and Krzysztof (2016) explain that in the European Union, over 235,000 cooperative enterprises were prevalent and employed into the neighbourhood of 4.5 million people and had influenced the lives of 140 million inhabitants of Europe either directly or indirectly. From the seven billion world population, one billion people belong to cooperatives which account for one seventh of the human population.

Mooney (2004) opines that communities with strong cooperative experience tend to have better change of civil societal development based on the fact that cooperative movement teaches a certain way of collective thinking and acting with common goals in mind. Cooperatives help to empower individual farmers who are faced with tensions of industrial forms of food production.

Cooperative brings people together to meet a common need through the operation of a democratically controlled business and build capital in communities where they are located (Majee & Hoyt, 2015). Formal cooperative practice has been in operation for close to two centuries and has contributed significantly to various nations' economic growth. However, this field was not prominently explored by contemporary and emerging scholars, who seem to treat cooperative as inefficient and relatively ineffective organization types whose presence is typically transient and only relevant to some extent in time of crisis and thus contributing marginally to socio-economic development. This neglect is to the extent that those who are sympathetic to its course consider it to be of marginal importance (Altman, 2016). Who further observed that it was imperative to discuss the significance of cooperatives on poverty reduction.

Statement of Research Problem

There is no gainsaying in the fact that Nigeria is the eight largest oil exporting country in the world. Yet, it is engulfed in socioeconomic problems that is occasioned by myriads of poverty, among other vices. Since 2008, the economic crisis has had rippling effects across the whole nations of the world. This situation made the world leaders and their governments to look at alternative ways to create both social and economic impact in order to reduce poverty and stabilise their various economies. It is an important agenda of the less developed countries and aims at reducing powerlessness, lack of voice, lack of political participation and limited access to education and training. In fact, the growth of the country is still hampered by consumption cultures, weak institutions and fragile political structures. Hence, the report of the Human Development Index (United Nation Development Project, 2004) showed that 54.7 percent of the Nigerian population lives below the poverty line and unemployment rate is around 19.7 percent. It also ranked Nigeria 20th among the poorest countries of the world.

One of the major challenges faced by cooperative entrepreneurship has been observed to be cooperative governance and it is perceived as a great hindrance to poverty reduction. Cooperative education, legislation and concern for community have been identified as great bottleneck in quest for poverty reduction in Nigeria. Hence, the study examines the effect of / Sv cooperative entrepreneurship on poverty reduction in the study area.

Research Hypotheses

The null hypothesis in this study is stated as:

H₀₁: Cooperative entrepreneurship does not have significant effect on poverty reduction in the study area.

Literature Review

Globally, entrepreneurship is fast becoming a household name among key industry players, business owners and even within the political and government circle. It is a leverage for socioeconomic empowerment of the teeming population. The concept of entrepreneurship emanated from a French economist in the 17th and 18th centuries. It refers to the person who undertakes entrepreneur. The French economist, Jean Baptist, says that entrepreneur is the person who shift economic resources out of an area of lower productivity and profitability to an area of higher

productivity and profitability through a process value creation (Ogundele & Ijaya, 2017).

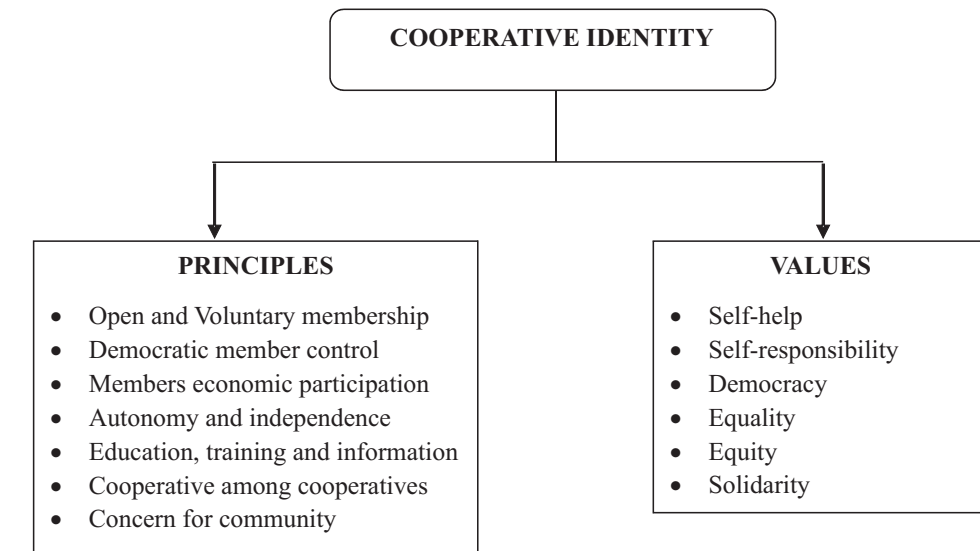


Figure 1: Statement of Cooperative Identity

All over the world, cooperatives generally operate using these seven principles as guidelines by which they put their values into practice.

Source: ICA/ILO Cooperative Principles, 2018

Open and Voluntary Membership: Cooperatives are voluntary organisations that is open to all persons who are able to use their services and willing to accept the responsibilities without gender, social, racial, political or religious discrimination.

Democratic Member Control: Cooperatives are democratic organisations controlled by their members, who actively participate in setting policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives, members have equal voting rights – one member, one vote – and cooperatives at other levels are also organised in a democratic manner.

Member Economic Participation: Members contribute equally to and democratically control the capital of their cooperative. At least, part of that capital is usually the common property of the cooperative. They usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members are allocated surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least

would be indivisible benefiting members in proportion to their transactions with the cooperative and supporting other activities approved by cooperative.

Autonomy and Independence: Cooperatives are autonomous, self-help organisations controlled by their members. If they enter in to agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure that their members have democratic control while maintain their autonomy.

Education, Training and Information: Cooperatives provide education and training for their members, elected representatives, managers and employees, so that they can contribute effectively to the development of their cooperatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of cooperative.

Cooperation among Cooperatives: Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

Concern for Community: While focusing on members' needs, cooperatives must work for the sustainable development of their communities through policies accepted by their members. Various scholars have defined collective entrepreneurship from different dimensions, from advancement of theory perspectives.

Theoretical Review

This study is anchored on participatory theory. The participatory theory holds that meaning is thus enacted by way of collective decision making and participation. This study is originally proposed by a German writer: Goethe, J.W in 1802 but has been widely explicated upon in the early 1970s by a renowned historian, Prof. Richard Tarmas thus being referred to as the father of participatory theory. The theory attempts to substantially bridge the gap between the subject and object distinction, that is to say that meaning is not by modern or positive views but found solely outside of human mind in the objective world willing to be discovered (Richard, 1991). This theory has been observed by a number of scholars, with the reference to rural development, to empower the beneficiaries in the process of development. From the view of De Beer and Swanepoel (1998) and Chambers (1983), participatory theory is hinged on people-driven approach. Participation of people is very essential and germane in the process of development thus, the involvement of people cannot be over-emphasised, which is the underlying principle of cooperatives to make co-operators the initiators of their self-help businesses based on common interest and choice. Therefore, it means employment creation

orchestrated by the unemployed themselves through cooperative initiatives (Pausa, Arat and Nokia, 2015).

Empirical Evidences

ILO (2014), in the United Nation Conference on sustainable development acknowledged the role of cooperatives to social inclusion and poverty reduction in developing countries with increase in membership strength, employment opportunities and cooperative growth. In the same vein, Dogarawa (2005) and Somavia (2002) see cooperative entrepreneurship as a significant tool for decent job and income generation. Smith and Rothbaum (2013) identify cooperative enterprise as a means of achieving economies of scale to the advantage of cooperatives members.

Methodology

This study examines the impact of cooperative entrepreneurship on poverty reduction and it is explorative with the view to clarifying and defining the nature of a problem. It adopted cross-sectional analysis using survey and interview to analysis data.

Study Population and Sample Size

The entire population of the respondent was 24,600 based on the 2018 publications of Cooperative Federation Alliance Bulletin Krecje and Morgan (1970) sampling size determination was employed questionnaires were distributed to members of the cooperatives and only 826 were validly returned.

Research Instruments

The study used questionnaire for data collection. The questionnaires were self-administered using a five point Likert Rating Scale. Interview also presented a narrative data and in-depth analysis of the study on a one-on-one interaction with the respondents.

Operationalisation and Model Specification

In analysing the impact of cooperative entrepreneurship on poverty reduction in North-central, Nigeria;

Dependent Construct: poverty reduction

Independent Construct: Cooperative Entrepreneurship

The above is mathematically expressed as $Y = f(x)$

Where Y = Dependent Variable

X = Independent Variable

$$Y = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \beta_4x_4 + u$$

Where

x_1 =cooperative governance

x_2 =cooperative education

x_3 =cooperative economic participation

x_4 =cooperative legislation

Analysis and Discussion of Findings

Cooperative Entrepreneurship and Cooperative Empowerment through poverty reduction

- i. Determining the effect of cooperative entrepreneurship on poverty reduction among people of the North Central Nigeria.

H_{01} : Cooperative entrepreneurship does not have significant effect on poverty reduction among people of the North Central zone, Nigeria.

Multiple regression analysis was conducted in determining the relationship between cooperative governance and cooperative empowerment through poverty reduction.

Table 1: Model Summary^a

Model	R	R Square	Adjusted R - Square	Std. Error of the Estimate	Durbin-Watson
1	.698 ^a	.488	.487	1.82722	1.293

- Predictors: (Constant), Cooperative Entrepreneurship
- Dependent variable: Cooperative empowerment through poverty reduction

The model summary, as indicated in table 1 above, shows that R Square is 0.488 this implies that 48% of variation in the dependent variable (cooperative empowerment through poverty reduction) was explained by the constant variables (Cooperative Entrepreneurship) while the remaining 52% is due to other variables that are not included in the model. This means that the regression (model formulated) is useful for making predictions; this is cooperative entrepreneurship has the ability to determine cooperative empowerment through poverty reduction at the rate of 48%.

Table 2: ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2624.394	1	2624.394	786.046	.000 ^b
	Residual	2757.790	826	3.339		
	Total	5382.184	827			

- Dependent Variable: cooperative empowerment through poverty reduction
- Predictors: (Constant), Cooperative Entrepreneurship

Table 2 summarised the result of the analysis of variation in the dependent variable with large value of regression sum of squares (2624.394) in comparison with the residual sum of squares at the value of 2757.790. This value indicated that the model does not fail to explain a lot of the variation in the dependent variables. However, the estimated F-value (786.046), as given in the table above, with significant value of 0.000; which is less than p-value of 0.05 ($p < 0.05$) which means that the explanatory variable elements as a whole can jointly influence change in the dependent variable.

Table 3: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.447	.571		9.539	.000
	CE	.630	.022	.698	28.037	.000

- a. Dependent Variable: Cooperative Empowerment and Cooperative Entrepreneurship

The dependent variable, as shown in table 3, explains the influence of Cooperative

Entrepreneurship on Cooperative empowerment through poverty reduction. This was used as a yardstick to examine the influence between the two variables. According to the result in the table above, Cooperative Entrepreneurship-test coefficient is 9.539 and the P-value is 0.000 which is less than 0.05 (i.e. $P < 0.05$). From the above table, Beta value for Cooperative Entrepreneurship is high (i.e. 69.8%), indicating a high impact on Cooperative empowerment through poverty reduction, with p-value less than 0.05. This means that this variable is statistically significant at 5% significant level. The overall summary of this regression outcome in relations to the coefficient of Cooperative Entrepreneurship is that it has a significant influence on Cooperative empowerment through poverty reduction. This implies that the null hypothesis was rejected while (i.e., Cooperative Entrepreneurship is that it has a significant influence on Cooperative empowerment through poverty reduction). Therefore, hypothesis H_1 is supported.

Thematic Analysis of Poverty Reduction

Interview was carried out on twelve respondents for the analysis of the impact of cooperative entrepreneurship on poverty reduction with one theme and three sub-themes.

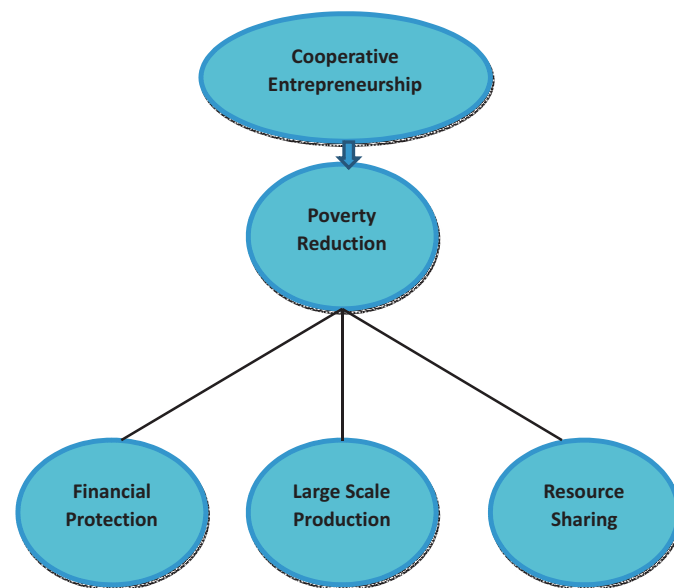


Figure 3: Thematic Analysis of Poverty Reduction

Majority of the interviewees agreed that access to fund by way of financial protection would scale them out of poverty. For instance, informant RS2 suggests “that through cooperative entrepreneurship and financial support in the form of income and wealth are created leading poverty reduction on the part of members”.

Also, informant RS1 affirms “that cooperatives in developed world have advanced in nature to the extent that they are involved in large scale production”. While corroborating this, RS4 suggests “that the composition of services being rendered by cooperative entrepreneurship in developing countries differs from the industrialised economies in the area of production, services, marketing, consultancy and education”. The thematic analysis of the interviewed signified that engagement in production would go a long way to alleviate poverty. Informant RS8 was of the opinion that when resources of cooperative societies are shared equally and equitably, members would be able to improve their economic wellbeing thereby contributing meaningfully to the community. This is an indication that cooperative members have solidified economic security and entrepreneurial behaviour and development which allowed members to contribute immensely to their households.

The study examined the effect of cooperative entrepreneurship on poverty reduction among cooperative members in North-Central zone of Nigeria. The result indicated that cooperative entrepreneurship has influences on poverty reduction to the tune of 48.8% of the coefficient of determination. It therefore implies that the higher the perceived cooperative entrepreneurship the higher the reduction in poverty.

Conclusion and Recommendations

From the results of the findings of both the deductive and inductive analysis, it was concluded that cooperative entrepreneurship significantly influence the socio-economic empowerment of the people in North central Nigeria. The proprietors and managers of cooperative must give adequate governance a priority by keying into all the functions of management. Handlers of cooperatives need equally to process the leadership qualities necessary for cooperative administration and day-to-day activities. The principle of democracy to which cooperatives are known for need to be imbibed hook, line and sinkers. By so doing, cooperative entrepreneurship will be able to discharge its responsibilities to members and by extension reduce poverty to the barest minimum among members.

The study recommends that cooperative business, as an enterprise, should improve cooperative education by ensuring that members are networked through knowledge sharing, conferences and others. It is equally imperative for cooperative organisations to ensure symbiotic relationship among members by so doing, poverty reduction would be achieved by ensuring that education is disseminated among members through regular monthly general meetings, extraordinary meetings and annual general meetings, also seminars and symposium should be sustained to enhance cooperative nexus among members. Cooperative legislation should be improved as a way of reducing poverty among members. This would enable members to generate funds for themselves by themselves through savings, share capital and other investment. This also would enable members to plan for their future projects of their individual members household businesses. The specific laws and regulation promulgated by government needs some visitation for instance section 39 of the Cooperative Act (2004) states inter-alia that loan default by members should not be regarded as a dispute touching on society. This shows that loan default cannot be regarded as breach of contract and criminal Act.

Contribution to Knowledge

The study has revealed that cooperative entrepreneurship has a positive impact on poverty reduction among members of cooperative society. To this end, the handlers of cooperative entrepreneurship should give governance activities such as management, decision making, profit sharing, voting and succession pattern some element of priority through which members would be disentangled from poverty.

Suggestion for further Studies

This study was centred on the effect of cooperative entrepreneurship on socio-economic empowerment of members in North-central zone, Nigeria. It, however, suggested that further studies could be carried out that would involve the North-West, North East, South-West, South-South and South-East or a complete study of Nigeria as a nation would suffice.

This study utilised some variables which were not exhaustive. Future research may delve into other dependent variables like mutual support, concern for community, self-reliance, income, occupation and environment while some independent variables can be ventured into like democracy, equality, equity to mention but a few. In the same vein, this study concentrated on basically secondary cooperative unions and tertiary societies in North-Central zone, Nigeria.

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