

## EFFECT OF COHESION ON LOAN REPAYMENT IN FARMERS' COOPERATIVE SOCIETIES IN DELTA STATE, NIGERIA

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**Abstract.** This study was carried out in Delta State to assess the effect of cohesion of farmers' cooperative societies on loan repayment among members in Delta State. The members subscribed to their respective cooperative societies in order to easily access credit, extension service and inputs at cheap price. Other reasons were for direct marketing of produce; price determination and exchange of ideas/experiences. The members were generally highly satisfied with loan repayment rate of members. The various farmers' cooperative societies were highly cohesive generally. The various cooperative societies were highly satisfied with their respective management. The members of the cooperative societies were committed, attracted to the cooperatives and involved in the groups' activities. Their individual and group goals were being met and still want to be members of their respective cooperative society. An almost perfect positive relationship between rate of loan repayment perception and cohesion. It is therefore recommended that extension agents should take advantage of the effect of cohesion on loan repayment to promote cohesion in up coming cooperative societies; executives of cooperative societies should encourage cohesion; and extension training for cooperative societies' executives should include group issues.

**Keywords:** Effect, cohesion, loan repayment, farmers, cooperative societies, Delta State

### INTRODUCTION

A group is a collection of individuals among whom a set of interdependent relationship exist (Winadapo and Afolayan, 2006). Throughout life we function in groups, we are born into a family, we go to school in groups, we get married and have children to form a new group (Ogionwo and Eke, 1999).

Groups can be divided into two categories: psychological groups and social organisations. A psychological groups may be referred to as two or more persons who (i) who have independent relationship, and (ii) who share common ideology i.e. set of beliefs, values and norms which regulate their mutual conduct (David et al, 1988). Group ideology develops as member work together on common tasks and with time the ideology becomes peculiar to them as members of the group and sometimes sets the group apart from other groups. Families, political clubs, educational, work religions, recreational and neighborhood groups can be found under this category of groups (Ogionwo and Eke, 1999).

A social organization, Ogionwo and Eke (1999), can be defined as an integrated system of interrelated psychological groups formed to accomplish a stated goal. Examples include political party, leader cliques, friendship circles, cooperative societies, etc (David et al, 1988).

Taken together, we can define groups as two or more persons who are interacting

in such a way that each person influences and is influenced by each other person (Shaw, 1976) as cited by (Ogionwo and Eke, 1999). Groups are characterized by interaction, shared values and beliefs, common goal, structure and ideology. Membership of groups influences our lives because through groups we become participants in larger organisations, cultural institutions and societies as a whole.

Cooperative societies being groups are made up of members from other groups. Cooperatives society in agricultural production had been encouraged among farmers. Cooperatives all over the world are instruments of social and economic transformation (Ijere, 1992). The relevant social aspect of people from Africa, according to Ijere (1992) are those aspects that deal with their attitudes of life and themselves, their modes of behaviour and relationship with one another as well as their modes and customs. These issues should be typified by such norms as honesty, fairness, equity, democracy and mutual fellow feelings (Ofuoku et al, 2006).

People come together not only for fellow feelings, but also to help themselves. That is to say, that individuals from groups or cooperatives immediately their individual efforts are geared towards economic problems to be solved and are those of scarcity, matching wants with available resources and seeking ways to argument any short fall or optimizing the given situation by different types of combinations (Ijere, 1992).

Cohesion is often viewed from an affective perspective, as interpersonal attraction among members or to the group. However, cohesion can also be considered as “attraction to collectivity” as opposed to an attraction to the individuals who make up that grouping. Thus, cohesion moves beyond simple interpersonal liking (Ofuoku et al, 2008).groups in which member are committed to the groups are said to be highly cohesive, while groups in which there is little attraction on the part of the members are said to be low in cohesiveness.

Belonging to a group serves many functions to the individual members. Through it the individuals satisfies his wants. It may be the avenue for the achievement of social and economic goals which require group effort. Cooperative society as a group serves as the avenue through which the members meet up with their financial obligations to their investment. This is done by harnessing the financial resources of the members to meet up with the financial wants of the members. This is the major reason people subscribe to cooperative societies, be it farmers cooperative or multipurpose cooperative societies.

The money borrowed by the member, if not repaid to the body will not augur well for the body as other member’s financial needs may not be met. As long as the members of cooperative societies desire to remain in the group it is expected that they will live up to expectations, norms and values of the group, loan repayment being a major one.

Cohesion is regarded as the degree to which members’ of group desire to remain in the group, that is, how closely the members interact or the resultant of all forces acting on the member to remain in the group. Cohesiveness is central to groups. It is considered vital in a group decision-making, goal attainment, identity and member satisfaction.

It is a common knowledge that farmers complain about lack of credit facilities to improve on their scale of production to meet up with the challenges of demand and improve on their standard of living. These farmers are mostly members of cooperative societies. Cooperative societies promise a lot of prospect for its members and the members are of the view that loan repayment is one of the major problems besetting cooperative societies (Ugbomeh et al,2008). It becomes necessary to investigate how committed the members of the cooperative societies in Delta State are to their various groups and affect

their commitment on loan repayment. This will help to know if the same problem of loan repayment exists among farmers cooperative societies in Delta State.

This study when completed will open up a new chapter for cooperative extension agents. It will bring to light before them, how they can take advantage of such socio-psychological factor in their facilitators' role to cooperative societies. It will also guide the ministry of cooperative in their policy formulation of the formation of cooperative societies. Without a look into the socio-psychological aspect of man, he cannot be understood to great extent and the aim of poverty alleviation will be defeated.

### MATERIAL AND METHOD

The major objectives of the study are to assess the effect of cohesion of cooperative societies on loan repayment. Specifically the study seeks to;

- i. identify their reasons for joining cooperative societies;
  - ii. ascertain the level of cohesion in the cooperative societies;
  - iii. determine the extent of members satisfaction;
  - iv. ascertain members' opinion about factors of cohesion affecting their membership;
- and
- v. determine their level of satisfaction in loan repayment rate.

**Hypothesis:** there is no significant relationship between cohesiveness and loan repayment rate.

The study will be conducted in Delta State. Delta State is one of the states that constitute Nigeria. She is located in the Niger Delta Area of Nigeria. She is made up of 25 local government areas covering a total of 24, 480 square kilometer.

Agriculture and agro-related activities are the major occupation of the people in Delta State. The climate favours the production of varieties of food and cash crops, thus is runs an agrarian economy with a vast majority of the populace taking to farming. The major crops grown in the study area include maize, cassava, yam, vegetables and cocoyam. Oil palm, rubber and a little of cocoa are the cash crops grown in the state. Animal reared include poultry, goats, sheep and fishes.

The population for the study will comprise of members of all the farmers' cooperative societies in Delta State.

Multi-stage sampling techniques was used out of the 210 registered farmers cooperative societies in Delta State to randomly select five farmers' cooperative societies from each of the agricultural zone of the state to give fifteen (15) farmers' cooperative societies. The cooperative societies were selected from the ministry of commerce and industries. Ten percent (10%) of the members were randomly selected to make the study sample as shown in table 3.1. to arrive at one hundred and twenty-one (121) respondents.

Table 1

Cooperative societies in the zones and selection of respondents			
Agricultural Zone	cooperative society selected	membership strength	10 percent
Delta north	Issele-uku farmers' coop. soc.	167	17
	Abavo farmers' coop. soc.	211	21
	Ogume women farmers' coop. soc.	76	8
	Ebu all farmers' coop. soc.	86	9
	Nsukwa farmers' coop. soc.	71	7
Delta central	Ekue farmers' coop. soc.	77	8
	Afiesere farmers' coop. soc.	70	7
	Otudu farmers' coop. soc.	81	8
	Elume farmers' coop. soc.	79	8
Delta south	Ozoro fish farmers' coop. soc.	85	9
	Patani fishers' coop. soc.	52	5
	Bomadi women's coop.	46	5
	Ubeji fish farmers' coop. soc.	64	6
	Koko women fishers' coop.	25	3
Total		1190	121

Source: Ministry of Commerce and Industry, Asaba, Delta State.

The primary data to be used were collected using structured interview schedule. There were administered by the researcher and teachers within the various locations of the farmers' cooperative societies.

The data that was obtained were analyzed with the use of descriptive statistics such as frequency percentage and means derived from 4-point likerts scale of highly cohesive (4), moderately cohesive (3), lowly cohesive (2) and not cohesive (1) and highly satisfied (4), moderately satisfied (3), lowly satisfied (2), and not satisfied (1). The hypothesis will be tested using Pearson's Product Moment Correlation.

$$r = \frac{\sum xy - (\sum x) \sum y}{n} \sqrt{\frac{[(\sum x^2) - (\sum x)^2/n][(\sum y^2) - (\sum y)^2/n]}{n}}$$

## RESULTS AND DISCUSSION

### Socio-Economic Characteristics Of Respondents

Table 2 shows that most of the respondents (58.7%) were women. This confirms Prakash (2003) who stated that women are more in food crop production than men. Most of the respondents (41.3%) were in the age range of 40-49. those in the age bracket of 30-39 constituted 25.6% of them. This is an indication that majority of them (66.9%) were within the ages of 30-49.

As for marital status, 73.6% were married. This is an indication that they have responsibilities to bear, while 53.7% of them had secondary education, 22.3% had primary education and 15.7% had tertiary education, 8.3% had no formal education. The

implication is that they had one form of formal education or the other. This is expected to reflect in their management of their respective cooperative societies.

Most of them (33.9%) had been farming from the past 11-15 years. In all they have considerable number of years of experience as farmers' and 33.9% had also subscribed to their respective cooperative societies for the past within 11-15 years. The results however indicated that they had good number of years of experience as members of cooperative societies and therefore, in good position to be used in this study.

Table 2

Percentage distribution of socio-economic characteristics of respondents		
Variables	frequency	percentage (%)
<b>Gender:</b>		
Male	50	41.3
Female	71	58.7
<b>Age:</b>		
Below 30	5	4.1
30-39	31	25.6
40-49	50	41.3
50-59	28	23.4
60 and above	7	5.8
<b>Marital Status:</b>		
Married	89	73.6
Single	12	9.9
Divorced	15	12.4
Widowed	5	4.1
<b>Level of Education:</b>		
No formal education	10	8.3
Primary school education	27	22.3
Secondary school education	65	53.7
Tertiary education	19	15.7
<b>Years of Farming Experience</b>		
Below 5	16	13.2
5-10	28	23.1
11-15	41	33.9
16-20	21	17.4
Above 20	15	12.4
<b>Years of membership of coop. Soc.</b>		
below 5	13	10.7
5-10	33	27.3
11-15	41	33.9
16-20	18	14.9
above 20	16	13.2

Source: Field Survey.

### Cooperative Society Variables

#### Reasons For Joining Farmers' Cooperative Society

The results indicate that the reasons given by the farmers for subscribing to their respective farmers cooperative societies included access to extension service (91.7%); direct marketing of produce (90.1%); produce price determination (83.5%); access to input at cheap price (93.4%); access to credit (100%) and exchange of ideas/experience (79.3%) (Table 3), access to credit being the major reason.

Individual farmers had need that they wanted to satisfy through their respective group (cooperative societies) membership. The greater the extent to which the various farmers' cooperative societies as groups satisfy the needs of their members, the more cohesive the groups will be (Ogionwo and Eke, 1999). The data implies that the members of the farmer's cooperative societies had the aforementioned need to seriously satisfy. This is in consonance with Bashorun and Olakulehin (2007) who averred that some fish farmers realized.

Table 3

## Reasons For Membership Subscription

Reasons	Frequency	Percentage (%)
Access to extension service	111	91.7
Direct marketing of produce	109	90.1
Produce price determination	101	83.5
Access input at cheap price	113	93.4
Access to credit	121	100.0
Exchange of experience/ideas	96	79.3

Source: Field Survey. Multiple responses

- their disadvantages of limited access to extension series, reliance on middlemen for marketing (who also dictate the price) of their produce, high cost of input and lack of opportunity to share experience and ideas. The dissemination of improved practices for farming is problematic for extension agents as the farmers are scattered all over the state. This is expected to affect a lot of their (farmers) operations. These aforementioned reasons served as the basis for the formation of the farmers' cooperative societies and therefore, the group objectives.

**Members' level of satisfaction with release of credit in cooperative societies**

Member of the delta north farmers' cooperative societies (Table 4) were highly satisfied (mean=3.4). delta central farmers' cooperative societies members were also highly satisfied (mean=3.3). The same perception the members of delta south farmers' cooperative societies had (mean =3.0). The overall mean score of 3.3. is a confirmation that the members of the various cooperatives societies were highly satisfied? The implication is that the credit needs of individual members were being met by the group. The higher the degree to which a group fulfills the needs of its members, the more cohesive the group will be (Ogionwo and Eke, 1999).

Table 4

## Members' perception of release of credit in coop. soc.

Agricultural mean zone	highly	moderately	lowly	not	score	
	satisfied (4)	satisfied (3)	satisfied (2)	satisfied (1)	score	
Delta north	41(164)	10(3)	7(14)	4(4)	212	3.4
Delta central	19(76)	5(15)	4(8)	3(3)	102	3.3
Delta south	11(44)	7(21)	8(16)	2(2)	83	3.0

Source: Field Survey

Cur-off score = 2.5 (2.5 – 2.99 = moderately satisfied,  $\geq 3.0$  = highly satisfied; 1.5 – 2.49 = lowly satisfied;  $< 1.5$  = not satisfied)

**Level of satisfaction with loan repayment rate**

Majority of all the members of the various cooperative societies in Delta North (mean=3.4), Delta Central (mean=3.3), agricultural zones (Table 5) were highly satisfied

with the rate of loan repayment by members, but the members of the various cooperative societies in Delta South agricultural zones were moderately satisfied (mean=2.8). This implies that there is prompt repayment of loan by members in the delta north and central farmer's cooperative societies, while there is a little default on the part of members in the various farmers cooperative societies in Delta South agricultural zone.

Table 5

Agricultural mean zone	Member's perception of loan repayment rate					score
	highly satisfied (4)	moderately satisfied (3)	lowly satisfied (2)	not satisfied (1)	score	
delta north	38(152)	12(36)	8(16)	4(4)	208	3.4
delta central	16(64)	8(24)	6(12)	1(1)	101	3.3
delta south	9(36)	7(21)	10(20)	2(2)	79	2.8

Source: Field Survey, 2008. (2.5 – 2.99 = moderately satisfied;  $\geq 3.0$  = highly satisfied; 1.5 – 2.49=lowly satisfied;  $<1.50$  =not satisfied)

### Issues of Cohesion

#### Perception of Members on Cohesiveness

Cohesion can be measured through the perception of the members of the group on the factors of cohesion. Members of the various cooperative societies in delta north agricultural zone (Table 6) were of the opinion that their group was highly cohesive (mean=3.5). the cooperative societies in delta central agricultural zones were also highly cohesive (mean=3.2), while those in delta central agricultural zone were moderately cohesive (mean=2.9). The overall mean score of 3.3 means that the various farmers cooperative societies in delta state are highly cohesive generally.

This implies that their needs are met through their membership of the farmer's cooperative societies in the state. Generally, it connotes that they enjoy the group membership accept group goals, participate in group activities and there is low absenteeism. The findings agree with Ofuoku *et al* (2008) in their study on fish farmers' associations in southern Nigeria.

Table 6

Agricultural mean zone	Membership perception of cooperative society's cohesiveness					score
	highly cohesive (4)	moderately cohesive (3)	lowly cohesive (2)	not cohesive (1)	score	
Delta north	43(172)	9(27)	6(12)	4(4)	215	3.5
Delta central	14(56)	10(30)	5(10)	2(2)	98	3.2
Delta south	11(11)	5(15)	9(18)	3(3)	80	2.9

Source: Field Survey, 2008. cut-off score = 2.5 ( $>3.0$ =highly cohesive; 2.5-2.99=moderately cohesive; 1.50-2.49=lowly cohesive ; $< 1.50$ =not cohesive).

#### Level of satisfaction of members

Members of the various cooperative societies in delta north agricultural zone were moderately satisfied (Table 7) as they polled the mean score of 2.8. those in delta central zones were highly satisfied as they had mean score of 3.5 and those in the delta south zone

were lowly satisfied (mean=2.4). The overall mean score of 2.8 implies that the members of the various farmers' cooperative societies were moderately satisfied.

The implication is that the needs of individual members were being met by the cooperative societies. This indicates clearly the benefits the cooperative societies offer the farmers in the local agricultural industry (Ofuoku, *et al*, 2008).

Table 7

Agricultural zones	Member's perception on their level of satisfaction					raw score	mean
	highly satisfied (4)	moderately satisfied (3)	lowly satisfied (2)	not satisfied (1)			
Delta north	41(124)	10(30)	7(14)	4(4)		172	2.8
Delta central	20(80)	7(21)	2(4)	2(2)		107	3.5
Delta south	7(28)	5(15)	9(18)	7(7)		68	2.4

Source: Field Survey, 2008.

Cut-off score=2.5( $\geq 3.0$ =highly satisfied; 2.5-2.99=moderately satisfied; 1.59-2.49=lowly satisfied ;< 1.59=not satisfied).

### Other Factors Of Cohesion

Table 8. indicates that most (94%) of the respondents still want to maintain membership of their cooperative societies; are committed to the cooperatives (91.7%), attracted to the cooperative (96.7%); involved in group activities (90.9%) and further opined that group goals are met (99.2%).

The implication is that there is high level of cohesion in cooperative societies in delta state. Groups in which members are committed to the group and are strongly attracted to the group are said to be high in cohesive (Feldman, 1985). Ogiunwo and Eke (1999) averred that other factors which affect group cohesiveness include satisfaction of needs, group goals, group activities and member attractiveness. Cohesion is higher when group goals are congruent with the goals of members (Lott and Lott, 2001). From the data, the group's goals were congruent with the goals of members. This is the major reason behind cohesiveness in the groups.

Table 8

	Member's opinion about other factors of cohesion affecting membership					
	Delta north (n=62)		Delta Central (n=31)		Delta South (n=28)	
	Freq.	%	freq.	%	freq.	%
Still want to be member	61	98.4	28	90.3	25	89.3
Committed to the cooperative	58	47.9	26	83.9	27	96.4
Attracted to the cooperative	60	96.7	29	93.5	28	100.0
Involved in group activities	61	98.4	21	67.7	28	100.0
Group goals are met	62	100.0	30	96.8	28	100.0

Source: Field Survey. Multiple responses.

Leadership of the cooperative societies recognized the importance of meeting up with members credit need to sustain member's interest, while realized other goals

### Test of Hypothesis

There is no significant relationship between loan repayment and cohesiveness of cooperative societies.

The test of hypothesis showed an almost perfect positive correlation between cohesion and loan repayment among members of the various farmers cooperative societies  $r=0.983$ . The implications that the higher the level of cohesion, the more members respond



to loan repayment. This translates into availability of fund for credit release by the executive of the cooperative societies. This also means that the credit needs of members are satisfied by the executives of the various cooperative societies.

Table 9

Relationship between loan-repayment and cohesion

	N	SD	Loan	Cohesion	Decision
Loan	12	9.7184	1.000	0.983**	significant
Cohesion	12	10.9665	0.983**	1.000	

\*\*correlation is significant at 001 level (2-tailed).

### CONCLUSIONS

Farmer's joined the farmers' cooperative societies mainly for access to credit. The farmers' are satisfied with the release of credit to them and they are not willing to dissociate from their various groups. A high level of positive correlation between loan repayment and cohesiveness of cooperative societies. It is therefore concluded that cohesiveness influence loan availability and repayment. Based on the findings, it is recommended that:

- i. extension agents should take advantage of the effect of cohesion on loan repayment to promote cohesion in up coming cooperative societies;
- ii. executive of cooperative societies should try to encourage cohesion in their groups;and
- iii. extension training for cooperative executive of cooperative societies should include group issues.

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