Journal of Economics and Sustainable Development ISSN 2222-1700 (Paper) ISSN 2222-2855 (Online) Vol.8, No.22, 2017



Cooperative Societies and Managerial Competence among Small-Scale Businesses in Odukpani, Cross River State, Nigeria

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Abstract

In this 21st century, Nigeria still faces the big challenge of improving the socio-economic condition of its rural population. Low income and poverty is a perennial problem in Nigeria's rural communities. This could be attributed to poor or deficient use of the human, natural, environmental and agricultural resources which are available to the rural sector. Primarily, it is the duty of the rural community dwellers themselves to make the best use of these resources which are available to them. This study investigates how cooperative societies can be a tool or strategy for developing managerial competence among small-scale businesses in rural communities of Cross River State using Odukpani as a case study. One hypothesis is tested for the purpose of the study using Analysis of Variance. Ex-post Facto approach is adopted as research design for this study. Ex-post facto is systematic empirical enquiry in which the scientist does not have direct control of the independent variables because they are inherently not manipulable. Sample size for the purpose of this study was one hundred forty (140). Twenty persons were selected from each of the seven (7) Wards/Villages which had cooperative societies. The sampling technique used for this research was simple random sampling. In this study, the researcher used questionnaire for data collection. The findings of the study showed that membership of cooperative societies does significantly influence development of managerial competence for business among rural communities of Odukpani. Based on the findings of the study, recommendations were made.

INTRODUCTION

In this 21st century, Nigeria just like most other developing countries is still confronted with the challenge of improving the lives of her rural folks. Low income and poverty is a remains perennial problem in Nigeria's rural communities (Ebong, 2016). Nigeria as a society is still battling with the challenges of economic backwardness, mass poverty, hunger, disease and illiteracy in the rural sector. Strategies, policies, programmes and projects are still needed to better the lots of the rural communities and their residents (Ware, 2008). While the government, civil society and NGOs could be of help in bringing much needed growth and development to the rural sector, the dwellers and residents of these rural communities should be able to take some responsibility for their own growth and development. There are ready and available tools and resources that the rural sector can take advantage of. Among such are establishment small/medium scale industries and membership of cooperative societies.

By pooling resources together and functioning as a unit, a group of producers or consumers can operate at a more efficient scale and share the benefits. They may also buy in large quantity, or store and ship produce to more profitable markets. Such a functional unit with defined common goal is referred to as a cooperative society (Ebong, 2016). The International Cooperative Alliance (ICA) in its statement on the Cooperate Identity, in 1995, defines a cooperative as "an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise." It is a business voluntarily owned and controlled by its member patrons and operated for them and by them (UWCC, 2002).

The rural communities of Nigeria are well known for small-scale farming and processing of farm produce. Generally, this falls within the purview of small or medium scale enterprises (SMEs). In Nigeria, the Small and Medium Industries Enterprises Investment Scheme (SMIEIS) defines small and medium scale enterprises (SMEs) as any enterprise with a maximum asset base of N200 million excluding land and working capital and with a number of staff employed not more than 300. Nwokoye (1998) defines Small and Medium-Scale business as "any enterprise employing between five and one hundred workers with an annual turnover of about four hundred thousand Naira (N400, 000)". The Federal Ministry of Commerce and Industry defines SMEs as firms with a total investment (excluding cost of land but including capital) of up to N750, 000, and paid employment of up to fifty (50) persons. SMEs exist in the form of sole proprietorship and partnership, though some could be registered as limited liability companies, and are characterized by: simple management structure, informal employer/employee relationship, labour intensive operation, simple technology, fusion of ownership and management and limited access to capital (Agwu and Emeti, 2014).

Small-scale businesses/enterprises in the rural sector can take advantage of cooperative societies as a promising strategy to improve their businesses. By engaging in cooperative societies, owners of small-scale businesses in the rural sector can take advantage of benefits that accrue to cooperators. Usually, in the cooperative, membership is usually attached to some responsibilities (including financial/social) which in turn

would necessitate the drive to take one's business more seriously as a member of the cooperative. In the cooperative society, members are sensitized on new markets and opportunities that they can take advantage of in the business.

Statement of the Problem

The rural sector of Nigeria still faces serious challenges such as poverty, hunger, disease, etc. Many persons in the rural sector count themselves as unemployed or poor farmers, and are looking up to people in the urban centers (cities) or the government to help them better their lot. This scenario is uncalled for; it could be likened to suffering in the midst of plenty, given the vast agricultural and environmental resources that abound to the rural sector. While the residents of rural communities engage in small holdings farming which could be classified as small-scale businesses/enterprises, it is important for them to enhance these enterprises by membership of cooperatives. Members of these rural communities can form themselves into farming cooperatives, or other forms of cooperative. The need to improve and enhance the income of residents of the rural sector by helping them acquire better managerial competence of the businesses they do has given rise to such a study as these. Better managerial competence would lead to higher efficiency which would in turn lead to better output (for individuals, households, and communities), and by extension the gross domestic product (GDP) of the country.

Objective of the Study

The objective of this study is to investigate the impact of membership of cooperative societies in building managerial competencies with owners of small-scale businesses in rural communities.

Research Question

The following research question is used to guide the study:

• To what extent does membership of cooperative societies help build managerial competence among members of cooperative societies in rural communities of Odukpani?

Statement of Hypothesis

The following hypothesis tested in this study is hereby stated in null form:

• Membership of cooperative societies does not help build managerial competence among members of cooperative societies' members in rural communities of Odukpani

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

The concept of cooperative societies

Most African countries including Nigeria have a population who are basically engaged in agro-related activities such as farming, livestock rearing, agro-forestry and fishing in the rural sector (Osinowo, 1997). With little capital to invest, it seems obvious that the process of industrialization should be based on the development of cooperatives and SMEs to link agricultural production with manufacturing activities. This require specific incentives to assist the development of cooperatives and SMEs sub-sector which include among others, easy accessibility to credit, provision of infrastructural facilities, industrial extension services and development of production capacity based on locally developed or adapted technologies (Ekpenyong, 1997). The need to promote a vibrant industrial sector has continued to be a major concern of most government worldwide, especially those in sub-Saharan Africa (including Nigeria). A booming and vibrant rural (agriculture) sector would necessarily lead to a booming manufacturing and industrial sector.

Taylor (1974) defined cooperative society as an association of persons who pool their resources together on mutual basis to solve specific socio-economic problems, which may include income-generating activities. Carvel (1968) defined a cooperative society as a business organization owned and operated by a group of individuals for their mutual benefit. Inang and Ukpong (1992) stated that cooperative societies are autonomous associations of persons united voluntarily to meet their economic, social and cultural needs and aspirations through jointly owned and democratically controlled enterprise. A cooperative may also be defined as a business owned and controlled equally by the people who use its services or by the people who work there (Carvel, 1968).

Cooperatives potentially can play a significant role in the provision of services and socio-economic development of the rural sector. Patrick (1995) described cooperatives as a medium through which services which are very important to the rural sector such as like provision of farm inputs, farm implements, farm mechanization, farm loans, agricultural extension, members' education/empowerment, marketing of members' farm produce, other economic activities, can be rendered to residents of the rural sector. Regular and optimal performance of these roles will accelerate the transformation of the rural sector into a hub of development. Ijere (1981) explains that the cooperative society is able to embrace all types of small-medium-scale enterprises in the rural sector, and a well-organised and supportive cooperative is a pillar for development for the rural sector.

The cooperative, small and medium enterprises play a critical role in both developing and developed economies. Stiglitz and Marilou (1996) argued that the East Asian countries miracle was partly as a result of a vibrant SMEs sub-sector, which triggered the upsurge in exports and subsequent development of the industrial sector. Countries like Singapore, Taiwan, South Korea, Malaysia, Indonesia and China among others were able to achieve economic growth through the activities of cooperatives and SMEs which later contributed to the transformation of the large-scale enterprises. The Republic of China over the years, despite her huge population, has been able to generate employment and income for her teeming population through the activities of cooperatives and SMEs.

The importance of the cooperatives and SMEs sub-sectors cannot be overemphasized. The sub-sector contributes significantly in achieving various socio-economic objectives, which include employment generation, contribution to national output and exports, fostering new entrepreneurships and providing a foundation for the industrial base of the economy (Inang and Ukpong, 1992). In low income countries with Gross National Product (GDP) per capita of between US\$100 and US\$500, cooperatives and SMEs account for over 60 percent of GDP and 95 percent of total employment. In Organization for Economic Cooperation and Development (OECD) countries, cooperative and SMEs contribute the majority of firms and contribute over 55 percent of GDP and 65 percent of total employment.

Cooperative societies enable people to achieve through joint effort what they are unable to achieve as individuals. They are legally established organizations on the basis of specific set of principles. Cooperative activities are some of the best methods by which rural farmers can take part in their own economic advancement and gain valuable experience of democratic procedure and business management (Akinwumi, 1998). The members make equitable contributions to the capital required, and by so doing accept a fair share of the risk and benefits of the undertakings of the organization (World Bank, 1999; Ebonyi and Jimo, 2002).

Training and retraining is a vital factor for growth and expansion. The cooperative movement is first and foremost an educative and social movement before it can be considered as a system of business. Joining a cooperative can never be a passive act, but is an act of participation. It is essential that cooperators are well informed of new technologies and opportunities in the chosen business field (Abell, 2004). Carroll et. al. (2006) acknowledged that cooperative movement in all its facets is dependent on education and training of its members. Education and training are correlated and interdependent. Cheney (2005) disclosed that the cooperative training is to enable the members to understand the importance and potentiality of cooperative action, so that they are encouraged to made greater use of their cooperatives, and in turn lend their support to the institution. It also aims at equipping the cooperators with the techniques and skills of managing their enterprises effectively to increase profitability. The objectives of cooperative society members' training are as follows:

- To create and sustain faith in the cooperative ideology
- To impress the spirit of self-help and self-reliance among the members
- Make the members feel that they are not only members of the cooperative, but also a movement (i.e. movement of ideas, new concepts, new organization of human relationships, new technologies, etc).

Theoretical Framework

According to the renowned social psychololgist, Sherif (1984) who advanced the group theory, a social group exhibits some degree of social cohesion and is more than a simple collection or aggregate of individuals, such as people waiting at a bus stop, or people waiting in a line. Characteristics shared by members of a group may include interests, values, representations, ethnic or social background, and kinship ties. Alufohai and Ahmadu (2005) explained that a social group consists of two or more individuals with similar identities who interact with one another over an appreciable period of time. Social identity is key to the formation of groups in that how people think in relation to their participation in these groups affects behaviours and operations of both established and future social systems. Characteristics of social groups may include interests, values, ethnic or social background, or kinship ties. Social interaction is arguably the defining characteristic. In other words, the elements (members) of the group are in constant and continuous interaction/relationship with each other.

The relevance of the group theory in explaining the establishment of cooperative societies is phenomenal. Edem (2016) identified cooperative societies as a social group. Cooperative societies are groups made up of individuals whose inter-related tasks and specialities enable the total aggregate to achieve set goals, perform complementary and reciprocal functions and satisfy complementary needs (Alufohai and Ahmadu, 2005; Brown, 1994). They are social groups, distinguished from other forms of gathering or aggregation of people by consciousness of membership and interaction as they accomplish set tasks and goals. In such groups, tasks are allocated according to interests and natural disposition, and this motivates members to participate in group activities and to perform well.

In the context of this study, in the rural sector, producers of goods and services who generally fall within the SME purview could organize themselves into cooperatives such that they assign tasks and set goals of building the managerial competences of their members, take advantage of group resources which singly or individually

they cannot attain, and by so doing better the lot of their members, households and communities.

Social influence comes into play when people operate as a group (Edem, 2016). This phenomenon of building ties or bonds is explained by the group theory, and is facilitated by man's speech endowment, his communicative behavior and superior intellectual capacity. Usually, higher productivity results from group work. This is as a consequence of several interactive acts and psychological means of influence (infection, imitation and suggestion) which operates within the group, as well as facilitative effect of the presence of other people on the performance within the group. In the rural sector, cooperative societies of SMEs can pull together resources to generate benefits which is shared among members. This social relationship often results in the mobilization of economic resources in other to actualize identified goals, one of which is profit maximization. Cooperative societies are therefore social and economic groupings which potentially could promote socio-economic development in the rural sector.

RESEARCH METHODOLOGY

Research Design

The research design adopted for this study is Ex-post Facto approach. According to Kerlinger (1986), Ex-post facto is systematic empirical enquiry in which the scientist does not have direct control of the independent variables because they are inherently not manipulable. In effect, there was no manipulation of the independent variables used in this study. Denga and Ali (1983) observed that Ex-post facto research design is a situation where causes are studied after variables have presumably exerted effects on other variables before the researcher got there. The variables in this study were presumed to have already impacted on the communities in Odukpani, Cross River State, Nigeria before the time of the study. Therefore there was no manipulation of the variables by the researcher only attempted a description of the effects of such variable as found in existence during the study. The design was considered most appropriate because the study was concerned with examining the impact of participation in cooperative societies in the managerial competence of indigenes, residents and dwellers of Odukpani, Cross River State, Nigeria who are engaged in small and medium scale enterprises (SMEs).

Area of study

Odukpani Local Government Area in Cross River State, Nigeria is the study area for this study. Odukpani is located in the southern senatorial district of the state. The indigenes are of the Efik tribe. Odukpani is well drained by the lower Cross River and the Calabar River with their tributaries. Located partly within the mangrove and rainforests, odukpani has the potential of producing rice, sugar cane, fruits, vegetables, maize, Cassava, etc. to mention a few.

Population of study

The population of the study is 296 persons being total number of card-carrying members of recognized and registered cooperatives as at the time of this study across the 13 Wards/Villages in the local government area (Local Government Audit Report, 2011). Not all the villages have cooperative societies. 7 villages were identified to have cooperative societies, and form these 7, the sample size was drawn.

Sample size

Sample size for the purpose of this study was one hundred forty (140). Twenty persons were selected from each of the seven (7) Wards/Villages which had cooperative societies. The 7 Wards/Villages were Adiabo Efut, Creek Town I & II, Akpab Okoyong, Ekori/Anaku, Okut Ikang, Odukpani Central and Ikoneto. From these 7 Wards/Villages, 20 members from each cooperative society were selected and used as the sample size of the study.

Sampling technique

Sampling is taking any portion of the population as a representative of the population. The sampling technique used for this research was simple random sampling. The researcher personally visited the villages used for the study. The research instrument was randomly administered to the identified members of the cooperative societies selected for the study. However, it is important to note that this was made possible after consultation with group leaders of the cooperative. In a simple random sample of a given population, all members of the population have equal chances of being selected as sample. in other words, as much as possible, biaz is reduced to the barest minimum, the sample is a fair representation of the population.

Data collection

In this study, the researcher used questionnaire for data collection. The content of Section A included socioeconomic characteristics of the respondents such as state of origin, sex, educational qualification, salary grade level, position and experience of the respondents. Section B elicited data that have to do with the variables investigated in the study from the respondents. The four-point ranking scale from Strongly Agree (SA), Agree (A), Disagree (D), and Strongly Disagree (SD).

Data Analysis

Data collected were properly checked to make sure all items were responded to. Thereafter, they were coded and analysed with appropriate statistical tool. The statistical tool used for the purpose of this study is One-way Analysis of Variance (ANOVA).

RESULTS AND DISCUSSION

Test of hypothesis

Test of hypothesis

H₀: Membership of cooperative societies does not significantly influence managerial competence among small and medium enterprises (SMEs) in rural communities of Odukpani.

H_a: Membership of cooperative societies does significantly influence managerial competence among small and medium enterprises (SMEs) in rural communities of Odukpani.

Managerial competence	Ν	х	Sd	Std.Error
Low	38	21.21	5.01	0.812
Moderate	49	22.06	5.72	0.816
High	53	24.93	5.13	0.704
total	140	22.11	5.33	0.45
Source of variation	SS	Df	MSS	F-ratio
Between groups	288.97	2	144.48	5.14*
Within groups	3658.59	137	26.71	
Total	3947.56	139		

Table 1: Analysis of Variance (ANOVA) for Capital formation

**P*<0.05, *df* 2 and 137, *Critical F* = 3.04

The variable *Managerial Competence* among cooperative society members was assigned three independent levels of being high, moderate or low. The dependent variable on the other hand is the membership of a cooperative society. The essence of the analysis of this hypothesis therefore was to determine the influence of membership of cooperative on managerial competence in the development of small scale businesses in the study area (rural communities of Odukpani, Cross River State, Nigeria). To do this with precision, one-way ANOVA statistical tool is used. The summary of the analysis is shown in Table 1 above.

As shown in Table 1, the calculated F-ratio which represents the observed influence of cooperative society membership on managerial competence among rural community dwellers is 5.14. This was found to be greater than the critical F value of 3.04 at 0.05 level of significance with 2 and 137 degrees of freedom. On the basis of this, the null hypothesis H_0 (which states that Membership of cooperative societies does not significantly influence managerial competence among SMEs in rural communities of Odukpani) is rejected while the alternative hypothesis H_a (which states that Membership of cooperative societies does significantly influence managerial competence among SMEs in rural communities of Odukpani) is accepted. The implication of this is that the level of managerial competence among members of cooperative societies in Odukpani is statistically significant. In other words, membership of cooperative societies significantly influences managerial competence of SMEs among dwellers of rural communities in Odukpani, Cross River State, Nigeria.

Discussion

From the analysis of the data collected on the hypothesis of this study, it was found that the membership of cooperative societies exert a significant influence on the level of managerial competence among small scale businesses in rural communities of Odukpani, Cross River State, Nigeria. By implication, managerial competence arising from membership of cooperative societies is significant for effective functioning of cooperative societies. Managerial competence has been viewed as a critical element for the development of Small and Medium Scale Enterprises (SMEs) in the rural sector. Previous studies have decried the limited access to financial resources available to smaller enterprises compared to larger organizations and the consequences for their growth and development (Berger and Udell, 2004; Wattanapruttipaisan, 2003; Ogujiuba et al, 2004).

The findings of this study underlines the benefit of cooperative societies to businesses (SMEs) in the rural sector. These findings are corroborated by previous studies (Edem, 2016; Edem, 2015). Managerial competence

of members of cooperatives in the running of their businesses could be related to capital formation which they enjoy by virtue of their membership of cooperatives as shown by Edem (2016). By virtue of their greater ability to generate capital, they are able to take advantage of economies of scale and by so doing optimize their businesses, thereby leading to efficiency and profitability. The findings of this study also underscores the need for people of rural communities to take more proactive role in determining the outcome and conditions of their lives, their households and communities. This is line with the findings of Edem (2015) who from his studies opined that rural communities. Membership, participation in and taking advantage of the cooperative societies could be seen as such.

CONCLUSION AND RECOMMENDATION

Conclusion

The findings of this study provide us with some evidence to reach some specific conclusion. This is that, managerial competence is as greatly encouraged and enhanced by the membership of a cooperative society is significant in the development and success of small scale businesses in rural communities of Odukpani, Cross River State, Nigeria. Small-scale businesses in rural communities require some level of managerial competence if they are to contribute meaningfully to the manufacturing and industrial sector of the state and country at large. Entrepreneurs while working only by themselves without the benefits of membership of cooperatives may be able to start of small scale business units. However, these small-scale businesses can make use of the locally available (joint) resources in the cooperative societies will accumulate to capital overtime. Knowledge gained in business by virtue of membership of the cooperative would also translate to some form of benefits for the business. The capital so accumulated can be used to expand the small scale businesses in due time, or even set up larger scale enterprises. The business knowledge acquired can be used to reduce cost, explore new markets, optimize the business, thereby leading to higher profits. This would keep the rural economy flourishing; create more income, business and employment opportunities for members of such communities. This would in turn add value (GDP) to the national economy.

Recommendation

The findings obtained from the analysis of data provide a direction for making specific recommendations such as:

- 1. Rural community dwellers should take advantage of advantage of cooperative societies. Operators of businesses in the rural sector can take advantage this to achieve more in their businesses and communities.
- 2. There is the need to create opportunities for rural community dwellers to take advantage of being a cooperator (cooperative society member) to build managerial competence among small and medium enterprises SMEs in the rural sector. This will involve providing a friendly business environment that encourages managerial competence in the cooperative movement.
- 3. Cooperative should engage in business education of their members to be able to minimize costs, explore new markets, etc. Business/managerial education should be deliberately carried by cooperative societies to their members, and members of their host or target communities. Business/managerial education should focus on high priority issues such as cost minimization, exploration of new markets, basic savings, private debt management, to mention but a few.

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