

The Place of Cooperative in National Development in the 21st Century

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ABSTRACT

This paper describes cooperative as an instrument for the social and economic transformation in both developed and developing economies alike. It defined it as a user-owned and democratically controlled enterprise in which benefits are earned according to use. The cooperative organizational model is a voluntary association of people and it is also autonomous as it pulls together disparate strands of resources from both members to enhance their business, economic, social and cultural wellbeing. All the members of a cooperative are in principle united by a common tie which is usually observed in their business, economic, social and cultural aspirations. The business model was introduced in Nigeria 1935 by the Colonial Administration upon the recommendation of Mr. Strickland. In 1936, the Cooperative Thrift and Credit Societies (CTCS) was formed, and it spread rapidly all over Eastern and Western Regions of Nigeria, as its form of Business Organization fitted neatly into the prevailing Indigenous Value Systems, behavioural norms and patterns of decision making, thereby providing an alternative approach to managing household finances. Since then the cooperative have contributed to economic development, social development and educational development. It has enhanced economic development by mobilizing savings and capital which have served as inputs in the production of goods and services of the less privileged members of the society. It has helped in the accumulation of natural resources and the promotion of agricultural export crop and thereby helping to increase the volume of foreign exchange. Cooperative has helped to distribute, improve and multiply local expertise, resources and capital. Again, it has helped in poverty reduction, employment creation, improved food security, women empowerment and human capital development. Socially, cooperative has championed the developing and promoting of community spirit, identity and social organization that has engendered poverty reduction, facilitating job creation and social development. The introduction of cooperative facilitated the establishment of cooperative colleges which today have grown to become polytechnics as they offer other management and financial courses that have enhanced employment generation, human capital development and also providing the needed manpower for the management of cooperative model of enterprise. It is therefore imperative for the government set up a clear-cut cooperative sector with proper regulations and guidelines aimed at developing targeted sectors of the national economy.

KEYWORDS: Cooperative, National development, Educational Development

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1. INTRODUCTION

Cooperative has been regarded as an instrument for the social and economic transformation of both developed and developing economies alike. Cooperative is described as a user-owned and democratically controlled enterprise in which benefits are earned according to use. The organizational model is a voluntary association of people and it is also autonomous as it pulls together disparate strands of resources from both members to enhance their business, economic, social and cultural wellbeing. All the members of a cooperative are in principle united by a common tie which is usually observed in their business, economic, social and cultural aspirations (Nwagbara, 2018). The business model started as an aftermath of the industrial revolution 1750 and 1850 particularly in Europe, mainly in Britain and France. During the period, the increasing mechanisation of the economy transformed society and threatened the livelihood of the displaced workers and even the survivors who are still working in the factories that sprang up in their numbers as a result of the industrial revolution (Fairbairn, 2012).

Consequently, different forms of cooperative started springing up from where they spread to other parts of the countries. The first notable cooperative was established in 1769 as a consumer cooperative when local weavers manhandled a sack of oatmeal into John Walker's whitewashed front room and began selling the contents at a discount, forming the Fenwick Weavers' Society. Following the first cooperative, came the friendly society and savings bank which was established in 1810 by Rev. Henry Duncan of the the Ruthwell Presbyterian Church in Dumfriesshire, Scotland. The savings bank was later merged into the Trustee Savings Bank between 1970 and 1985. By 1830, there were several hundred co-operatives. Some were initially successful, but most cooperatives founded in the early 19th century had failed by 1840. However, Lockhurst Lane Industrial Co-operative Society (founded in 1832 and now Heart of England Co-operative Society), and Galashiels and Hawick Co-operative Societies (1839 or earlier, merged with The Co-operative Group) still trade today. It was not until 1844 when the Rochdale Society of Equitable Pioneers established the "Rochdale Principles" on which they ran their cooperative, that the basis for development and growth of the modern cooperative movement was established.

In Nigeria, cooperative development has had a chequered history. It has has its Pre-Colonia Era and the Colonia Era. In the Pre-Colonia Era, was characterized with the Esusu, a Rotating Savings and

Credit Association which is also called Ajo among the Yoruba Ethnic Group of Nigeria. These informal cooperative activities have served various social and economic needs and interests of the time which include but not limited to Credit, Consumer, Building, Group Farming, Craft Workers' societies. The first known of such Cooperatives is The Agege Planters' Union made of over four hundred Cocoa Farmers in 1907. However, the Colonial Government did not support their Activities, but they persisted (History of Cooperative Society in Nigeria, 2018). The post Colonia cooperative is based on the Rochdale Principles as set out by Rochdale Society of Equitable Pioneers in 1844, with the earlier stated Principles of Open Membership, Democratic Control, Political and Religious Neutrality, Dividend on Purchase, Limited interest on capital, Cash Trading, and Promotion of Member Education. Modern Cooperative system of business was later adopted by the International Cooperative Alliance of 1937.

However, the original impetus for the introduction was in agriculture in 1926 when the Ministry of Agriculture in the Colonial Government of Sir Graeme Thomson recognized and re-organized the Cocoa Producers' Cooperative of Agege Planters' Union and Egba Farmers' Union in the Cities of Abeokuta and Ibadan into Marketing Cooperatives to drive the sales of their Produce. The success of these Cooperatives was soon replicated across Western Nigeria Region, and this prompted the Government to invite Mr. C.F Strickland, a former British Cooperative Registrar in India to study the culture, geography and economic condition of the whole country and propose the best Cooperative System suited for the country. He was also to understudy the success of Cocoa Marketing Cooperatives of the Western Region with a view to enacting a Cooperative Law. He did these for a period of three months from December 1933 to March 1934, by carrying out an On-the-spot Assessment. In his Report of 1934, Mr. Strickland strongly recommended the Introduction of Cooperatives into Nigeria, and drafted a proposed Ordinance and Regulation. The Colonial Administration accepted it. On the basis of the Strickland Report, the Colonial Administration started to introduce Cooperatives in Nigeria from 1935 after appointing Mr. E.F. Haig as the Registrar of Cooperative Societies in Nigeria. In 1936, the Cooperative Thrift and Credit Societies (CTCS) was formed, and it spread rapidly all over Eastern and Western Regions of Nigeria, as its form of Business Organization fitted neatly into the prevailing Indigenous Value Systems, behavioural norms and patterns of decision making, thereby

providing an alternative approach to managing household finances (Nwagbara, 2018).

2. Cooperative and Economic Development

The Cooperative has played very significant role in terms of economic development by providing by developing and promoting community spirit, identity and social organization as cooperatives play an increasingly important role worldwide in poverty reduction, facilitating job creation, economic growth and social development (Gibson, 2005). As a help-help organization, with proper monitoring and support of the government, cooperatives has contribute to rapid economic growth because of the power of cooperatives to mobilize savings and capital which has serve as inputs in the production of goods and services of the less privileged members of the society.

The cooperative societies in Nigeria has aided the accumulation of natural resources and the promotion of agricultural export crop and thereby helping to increase the volume of foreign exchange which is needed for economic development and transformation. The major roles of the cooperatives to the rural communities include poverty reduction, employment creation, improved food security, women empowerment and human capital development. Cooperatives have helped to distribute, improve and multiply local expertise, resources and capital. Autonomous cooperatives reach most of the poorest people in the community, they offer them basic infrastructure and growth, ignored by other large businesses ((Ojelade et al, 2020).

3. Cooperative and Social Development

Cooperative in Nigeria has provided locally needed services, employment, circulate money locally and contribute to a sense of community or social cohesion. In striving for efficiency, cooperatives often tend to imitate other business, but in pursuing a social purpose they bring out the features, which make them different. Cooperatives are autonomous, self- help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy. They provide education and training for their members, elected representatives, managers, and employees so 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 cooperation. They also serve their members most effectively and strengthen the

cooperative movement by working together through local, national, regional and international structures.

Further, cooperatives work for the sustainable development of their communities through policies approved by their members. In the aftermath of violent social conflict, cooperatives have often emerged as sources of positive social capital, fostering a strong sense of community, participation, empowerment and inclusion among members and restoring interpersonal relationships and peace. In post genocide Rwanda, in addition to dealing with structural causes of grievances, cooperatives provided emotional support for members seeking justice. The role of cooperatives in setting and achieving organisational goals cannot be overemphasized. Cooperatives professionals are important in every society in order to aid national development (Aniodoh, 2018).

4. Cooperative and Educational Development

Education of the structural and functional characteristics of cooperative is one of the imperatives for the introduction of the cooperative colleges across the country by the Nigeria government. Suffix it to say that the establishment of cooperative colleges which today have grown to become polytechnics as they offer other management and financial courses have enhanced employment generation, human capital development and also providing the needed manpower for the management of cooperative model of enterprise. Educating, training and retraining of members in general and officers in particular are always a challenge to cooperatives especially in developing countries. A cooperative without a strong component of education is in danger of losing its essential character, that is, the human and personal characteristics which distinguish it as a cooperative. Education is of paramount importance to the cooperative sector. Unless all those responsible for cooperatives (directors, officers, members, staff) are well informed and knowledgeable, cooperatives are likely, in some countries, to become much like capitalist, profit-seeking business, or in other countries to become handmaids of the State. Education makes people easy to lead, but difficult to drive; easy to govern but impossible to enslave (Ojelade et al, 2020).

Related Empirical Studies

Ojelade, Ajayi, Sikiru & Ajayi (2020) examined the effort of cooperative societies at alleviating poverty among member of Saki Charity cooperative society in Saki metropolis, Oyo state, Nigeria. The study specifically examined the relationship between cooperatives and socio-economic development of members using descriptive survey design and a

structured questionnaire. Data collected were analysed using Multiple Regression and ANOVA. Findings of the analysis showed a multiple regression coefficient of 0.855 which is found to be highly significant. The analysis of variance (ANOVA) for the regression analysis yields an F-value of 84.023 which is significant at 0.01. This showed that the cooperative society under study has contributed to the economic base of its members and has therefore helped in alleviating poverty in the area covered in the study. Adem, Elesh and Aduku (2018) examined the contributions of cooperative societies to economic development in Kogi State, Nigeria using a descriptive survey designed. The study was carried out in Yagba East Local Government Area of Kogi State, Nigeria. The population of the study was 750 respondents. Frequency and percentages were used to answer the research questions. The findings of the study revealed that cooperative societies have been faced with the problem of inadequate financing to loan and equipping their members. The findings of the study also revealed that the major setbacks in establishing and running co-operative societies are lack of appropriate leadership and suitable management control.

Aniodoh (2018) examined the place of cooperative professionals in national development utilizing some selected cooperatives in Enugu state as a case study using inferential statistical tool like frequency and percentage table. The results of the study revealed that the activities of cooperatives professionals have significant effect on economic development of Enugu state, which is statistically significant at $p = .000 < 0.05$. The activities of cooperatives professionals have significant effect on the Political development of Enugu state, which is statistically significant at $p = .000 < 0.05$. it was therefore recommended among other things that; government should provide cooperative professionals with adequate avenue to partake in the governmental activities of the state and that cooperatives should make it as point of duty to educate the general public more on their activities and how it can be of importance to the national development as this will enable them gain more support from the government and general public. Nwagbara (2018) investigated legal perspective of the relevance of cooperative societies to the Nigerian Economy. The study relied on content analysis of extant literature. The study contend that today, cooperatives have developed strongly and indeed come to stay as alternative to Banking, a way in which people of common interest come together to chart ways of helping themselves, without having to pay much to obtain benefits from the Cooperative Societies. It has inculcated financial discipline among

many people in the Society who ordinarily had poor savings culture. People who are members of Cooperative Societies now resort less to banks for loans, and this is a good development in any Economy. The total number of Loan applications in Nigerian Banks today by private individuals and corporate entities is scary, and could have been much more if there were no cooperative societies or cooperative concept known to citizens. What makes commercial banks collapse and fall out of business is largely as a result of corruption, when loans are given out contrary to central bank of Nigeria's policies on lending. Inadequate collaterals are sometimes collected in place of very huge sums of money, most of which Debtors default in paying back. There is no doubt that the Nigerian Economy would have been far worse off today if there were no Cooperative Societies.

Okwara & Uhuegbulem (2017) examined the roles of cooperatives in economic and rural empowerment in imo State, Nigeria. The purpose was to investigate ways in which cooperatives act as tools towards sustainable rural and economic empowerment in Imo state, Nigeria. The research method adopted was exploratory and reveals that cooperatives have alternative business models for local businesses that are both responsive to rural needs which can stimulate economic development by giving people control over their livelihoods create job opportunities and provide a channel for the overall growth of the Nigerian economy. The results showed that cooperatives contribute to economic and rural empowerment through the procurement of farm inputs for members, giving vocational skills and fighting social exclusion in the rural areas. The results also revealed that the gains of cooperation have not been fully realised in the study area especially in job creation. Effiom (2014) investigated the impact of cooperative societies in national development and the Nigerian economy with the aim of looking into their origin, history, formation and development. The study also looked at the impact of cooperative on rural communities, especially in the grass root, urban and national development. The study argued that commercial financial institutions such as banks and insurance companies could play greater roles in the advancement of rural development than the cooperative societies. This is so because of the enormous contribution of these financial houses to the rapid, social and economic development of the people, and urbanization. The study further reviews the various obstacles and challenges confronting the effective performance of cooperative societies in Nigeria, and proffer ways of forestalling these problems. The study contents that that as many as

these societies may be in form, formation and groups, with their various tags, aims and objectives, government should aid and encourage these organizations to enable them stand and perform effectively since they are all contributing to the economic development and growth of Nigeria. Ahmad Bello (2005) examined the role of cooperative societies in economic development. The aim is to investigate the ways in which cooperatives can act as agents towards sustainable community development. The study was a descriptive survey, which involved the collection of data for the purpose of describing the role of cooperative societies in economic development. The study posited that for over 160 years now cooperatives have been an effective way for people to exert control over their economic livelihoods as they play an increasingly important role in facilitating job creation, economic growth and social development.

5. Conclusion

The paper has x-rayed the place of cooperative in national development in the 21st century. The Business in the 21st century has been marked by an increase in the use of technology to create new ideas, market those ideas to consumers and communicate the message of a brand to those around the world. As a result of this increase in computerized resources, the economy has become more global than ever before. This therefore, presents more opportunities and open doors for the cooperative business model for external and international linkages for growth and cooperation. Arguably, the best and most promising businesses in the 21st century will be those that have the entrepreneur as their main employee. This employee should be hardworking, creative and committed. On a practical note, they should be physically fit and able to stand for long hours, thus, giving the unique nature and basic characteristics and principles of cooperative has the comparative advantage of exploring all sectors of the economy including information technology, health care, financials, consumer discretionary, communication services, industrials, consumer staples, energy, utilities, real estate, and materials. Graduates of cooperatives can therefore seek opportunities in these sectors by developing cooperative model of business and by so doing they will contribute to national development by means of poverty reduction, employment creation, improved food security, women empowerment and human capital development. Hence, setting up a clear-cut cooperative sector with proper regulations and guidelines aimed at developing targeted sectors of the national economy is therefore imperative for the national development.

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