

Co-operative Society: A Potential Source of Unemployment Reduction in Delta State, Nigeria

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ABSTRACT: The study was conducted to assess the impact of cooperative society in reducing unemployment in Delta State, Nigeria. The list of all registered Cooperative Societies was obtained from the Ministry of Commerce and Industry. Twenty eight 28 cooperatives societies were randomly selected. The next stage was the random selection of ten respondents from each of the 28 cooperative societies comprising of 280 respondents. Both secondary and primary sources of data collection were used for the study. The primary data involved the use of structured questionnaire. Secondary data include journals, magazines and textbooks. Data was analyzed with Chi-Square. The result showed that males constitute 56 percent of the population, while the remaining 44 percent were females. On age of the respondents majority (77%) belong to the age bracket of 25-50 years. The rest were either above 50 years (19%) or below 25 years (4%). The marital status of the respondents showed that about 68 percent of them were married, 14 percent of them were single and 18 percent were either divorced or widowed. The survey of the farm income revealed that about 24 percent had less than N 100,000.00 as annual farm income, 38 percent had between N 150,000.00 and N200, 000.00, 38 percent had above N200, 000.00 annual farm incomes. The study further revealed that 71 percent of the respondents had been in cooperative business for less than 11 years, 23 percent had been member of cooperative societies for the past 11 to 20 years and the remaining 6 percent had cooperative experience of above 20 years. The average years of cooperative experience for the area was 9 year. The findings also showed that cooperative society was formed in the state with the objective of solving problems in order to meet the needs and aspiration of members through capital formation and mobilization. The result further revealed that a total of N 43,343,920.00 was generated by all the members of the 28 agricultural cooperative societies involved in the study, that is about 88 percent of the fund came from sixteen cooperative societies that make up farmers multipurpose and thrift and credit societies. The remaining 12 percent of the fund were contributed by the other twelve societies. A critical analysis of the result showed that average capital per member involve in the study was estimated to be N 61,047.77. The chi-square analysis on the impact of cooperative societies on employment generation showed that there is a significant impact (chi-square value = 51.8). Therefore, the young and agile graduates in Delta state can take advantage and reap of the substantial benefits of cooperative society in job creation especially as the unemployment situation in Delta State and Nigeria is worsening.

KEYWORDS: Cooperative, Societies, Capital, Mobilization, Unemployment.

INTRODUCTION

Unemployment is a major challenge in Delta State, Nigeria. Unemployment exist among professionals and non-professionals alike, among young school graduates, experienced professionals, tradesmen, and non-skilled workers. The consequences of unemployment are grave and may lead to increase in crime rates, loss of potential output, poverty, and loss of potential government revenue, professional studentship and family instability (Alam et al., 2009). Unemployment in Delta State has greatly affected households negatively by leading to family disintegration, the rising trends of female headed households and early and premature death.

One major source of unemployment reduction in Delta State is the formation of cooperative societies. Abia (2009) stressed that rural cooperatives played an important role in mobilizing and distributing credit to the farmers. He further stressed that cooperative provide members with a wide range of services such as credit, health, recreational and housing facilities. Agricultural cooperatives are also useful in the dissemination of information about modern practice in agriculture.

Cooperative society as a micro finance agency is a direct source of employment for members and those engaged in its management. It has been established that about 70 percent of Nigeria population is engaged in Agriculture (Nweze, 2002) while 90 percent of Nigeria total food production comes from small farms and 60 percent of the country population earn their living from these small farms (Tombola, 2009). Cooperative societies play significant role in the provision of services that enhance agricultural development. Onouha (2002), described Cooperatives as a medium through which services like provision of farm input, farm implements, farm mechanization, agricultural loans, agricultural extension, members education, marketing of members farm produce and other economic activities and services rendered to members. Regular and optimal performance of these roles will transform agriculture and rural economic development thereby generating and accelerating employment.

STATEMENT OF PROBLEM

Poverty, resulting from under development and unemployment is almost a recurring decimal in our national economy. One major source of unemployment in Nigeria is the lack of capital for investments. However, cooperative society is a veritable tool for capital mobilization and employment generation. This study intends to answer the following questions:

- i. What are the types of cooperative society in Delta State?
- ii. How can prospective investors overcome the deficiency of capital formation and mobilization in Delta State?
- iii. How can the menace of unemployment be eradicated or reduced in Delta State?

RESEARCH OBJECTIVE

The major objective of the study is to identify how cooperative society can help in reducing the problems of unemployment in the Delta State. Specifically, the study

- 1) identify the types of cooperative society in Delta State
- 2) examined how co-operative societies stimulate capital formation and mobilization
- 3) describe how cooperative society would help to create job and reduce unemployment.

RESEARCH METHODOLOGY

The study was conducted in Delta State. Nigeria, Delta State is located between latitude 7° 32'N to 8° 40'N and longitude 10° 25'E to 11° 15'E. It has twenty five local government areas and shares common boundaries with Anambra, Rivers, Bayelsa and Edo States. The estimated population figure for Delta State is 3,278,487 people which comprised of 1,691,736 males and 1,586,750 females (NPC, 2006). It is estimated that about 70% of the population lived in rural areas (Delta ADP, 2003). This population is made up of various ethnic groups, which includes; Urhobos, Ijaws, Ikas', Ishekiris' Isokos', Ukwanis' and the Aniochas'. The climatic cover of Delta State is tropical, which is divisible into two major seasons; dry season and wet season. The wet season begin towards the end of March and ends towards the end of October. In every wet season rainfall starts as late as April in some parts of the State. Dry season begins in November and lasts until late February. The harmattan wind is experienced during the dry season for about two months (December and January). The annual season daily mean temperature is 28' C, while in the hot season, the average temperature is about 35'C. High humidity is also common (Ibitoye, 2006). Important crops cultivated in the area include groundnut, maize, yam, cassava, corn, melon oil palm etc. Most of the farmers cultivate small plots of land. Farming activities usually starts around March with clearing of lands. The soils in the area consist of rich sandy loam soil. Farming activities are usually carried out through family and hired labour.

The list of all registered Cooperative Societies was obtained from the Ministry of Commerce and Industry from which twenty eight 28 cooperatives societies were randomly selected. The next stage was the randomly selection of ten respondents from each of the 28 cooperative societies comprising of 280 respondents. Both secondary and primary sources of data collection were used for the study. The primary data collected involved the use of structured questionnaire.

Secondary data used for the study include journals, magazines, news bulletin and the records of the selected cooperative societies in the state.

Data was analyzed with Chi-Square;

$$X^2 = (Fo-Fe)^2/Fe$$

Where x^2 = Chi-Square; Fo = observed frequency; Fe = Expected frequency

RESULTS AND DISCUSSION

Table I: Socio-Economic Variables of Respondents

Variables	Frequency (No)	Percentage
A. Sex		
Male	157	56
Female	123	44
Total	280	100
B. Age (years)		
Less than 25	11	4
25-50	216	77
Above 50	53	19
Total	280	100
C. Marital status		
Single	39	14
Married	190	68
Divorced/ widow	51	18
Total	280	100
D. Family Size (No.)		
Less than 5	160	57
5-10	106	38
Above 10	14	5
Total	280	100
E. Educational Status		
Illiterates	73	26
Primary	106	38
Secondary & above	101	36
Total	280	100
F. Farm Income (N)		
Less than 100,000	68	24
150,000 – 200,000	106	38
Above 200,000	106	38
Total	280	100
H. Years of Membership		
1-10	199	71
11- 20	64	23
Above 20	17	6
Total	280	100
I. Primary Occupation		
Farming	118	42
Civil servant	53	19

Field Survey 2013

The socio-economic characteristic of respondents is presented in Table I. The socio-economic variables considered for the study include; sex, age, marital status, family size, educational status, farm income and years of membership. The males constitute about 56 percent of the population, while the remaining 44 percent are females. The high percentage of female members may be due to the fact that cooperative membership is free from gender, political and religious considerations.

Age of the respondents showed that majority of the cooperative members (77%) belong to the age bracket of 25-50 years. The rest are either above 50 years (19%) or below 25 years (4%). Even though there is no age limit in the membership of agricultural cooperative societies, agricultural activities are generally strenuous. Both young and old people may not be fit enough to carry out the operations of land cultivation. This implies that majority of the cooperative farmers in the State can engage in productive activities of the societies. The marital status of the respondents showed that about 68 percent of them were married. About 14 percent of them were single and the remaining 18 percent were either divorced or widowed.

The survey on farm income of respondents in table 2 above showed that about 24 percent had less than N 100,000.00 as annual farm income. About 38 percent had between N 150,000.00 and N200, 000.00 as annual farm income. The remaining 38 percent had above N200, 000.00 as annual farm income. Judging by the small farm size of the respondents coupled with the general low levels of farm income, it implies that cooperative farmers in the study area are still operating at the subsistence level. This is in agreement with the opinion of Kurimoto (2002) that over 90 percent of food supply in Nigeria comes from the agricultural population who are smallholder farmers.

The result of the study revealed that about 71 percent of the respondents had been in cooperative business for less than 11 years. About 23 percent others had been member of cooperative societies for the past 11 to 20 years and the remaining 6 percent had cooperative experience of above 20 years. The mean years of cooperative experience for the areas was 9 years. The large number of membership within the recent time may be due to government decision to provide loan and incentive to farmers through the cooperative societies. The study further revealed that only 42 percent of them are full time farmers while the remaining 58 percent of them took farming as secondary occupation.

THE TYPES OF COOPERATIVE SOCIETIES IN DELTA STATE

The study further revealed that cooperative society is formed in the state with the objective of solving problems in order to meet the needs and aspiration of members through capital formation and mobilization. The report of the study also showed that there are different cooperative societies in the state, namely;

- i. Multipurpose co-operative societies
- ii. Marketing co-operative societies
- iii. Consumers co-operative societies
- iv. Processing co-operative societies
- v. Industrial co-operative societies
- vi. Supply/purchasing co-operative societies
- vii. Credits and thrift co-operative societies

These co-operative societies operate at three levels: the primary, secondary and tertiary. The primary societies operate at the level of a community, the secondary society operate at the level of the local government area, while the tertiary or apex co-operative societies operates across the local government areas but within the state.

Table 2: Capital formation and mobilization by Cooperative Societies

In Delta State		
Variables	Amount (N)	Percentage (%)
A. Capital Accumulated		
Group farming	8,113,000	3
Farmers Multipurpose	9,465,000	44
Thrift and credit	9,480,000	44
Produce – marketing	8,164,920	5
Consumer	8,121,000	4
Total	43,343,920	100
B. Loan Disbursement		
Group farming	8, 100,000	3
Farmers multipurpose	9,450,000	44
Thrift and credit	9,475,000	45
Produce – marketing	8, 160,000	5
Consumer	8,105,000	3
Total	43,290,000	100

Field Surveu 2013

Table 2 above showed that a total of N 43,343,920.00 was generated by all the members of the 28 agricultural cooperative societies including those not involved in the study were 710. The table revealed that about 88 percent of the fund came from 16 cooperative societies that make up farmers multipurpose and thrift and credit societies. The remaining 12 percent of the fund were contributed by the remaining 12 societies. A critical analysis of the table showed that average capital per member was N 61,047.77. This amount generally will make a meaningful contribution to poverty alleviation and employment generation in the state.

Table 3. Impact of co-operative societies on employment generation.

Response	Frequency				
	Fo	Fe	Fo-Fe	(Fo-Fe) ²	(Fo-Fe) ² /Fe
To a large extent	84	70	14	28	2.84
To an extent	112	70	42	252	25.2
To a little extent	49	70	-21	63	6.3
Not at all	35	70	-35	175	17.5
Total	280	280			51.8

Source: Field survey 2013

Table 3 represents the responses of respondents' and chi-square analysis on the impact of cooperative societies on employment generation. The result showed that there is a significant impact of cooperative on employment generation (chi-square value = 51.8).

Cooperative societies are organizational framework for effectively mobilizing the economic fortunes of people, especially people with low earning. As a socio-economic organization, co-operatives have enhanced the optimum utilization of resources, this is because problems and weaknesses of individuals are solved through the group effort of the co-operatives. Since resources are pulled together and the economics of such group effort are redistributed. It is a major source of capital formation for small and medium size firms which is available for the benefit of individual members. A cooperative society has employment creating impact thereby reducing unemployment rate. Therefore, the young and agile graduates in Delta state can take advantage and reap of the substantial benefits of cooperative society in job creation especially as the unemployment situation in Delta State and Nigeria is worsen.

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