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ABBREVIATIONS

ILO - International Labour Organization ICA

- International Cooperative Alliance

SMEs - Small Medium Enterprises

UNWTO – United Nations of World Tourist Organization SWOT

- Strength, Weakness, Opportunity and Threats

ABSTRACT

This study is an empirical assessment of cooperative organization in the development of businesses. Despite several studies on the relationship between the activities of corporative enterprises and micro-business development, the researchers are not aware of any study on the relationship between corporative organization and micro-business development in Lagos, Nigeria. This study is intended to fill this identified gap. In pursuance of this, a model of three main functions of corporative organization to startups and small scale businesses development was constructed and empirically evaluated using Nigerian samples.

The dependent variable identified in the model was small scale business development expressed through acquisition of business assets, ownership of business and business expansion/profitability and while the independent variables was corporative society using three dimensional roles (access to fund, low interest rate, and bulk purchases for members). To test the three dimensional roles, the survey research methods was adopted using the questionnaire as data collecting instrument which were administered on a sample of 200 micro-business owners in four Lagos LGAs. The data collected for the variables of the model were subjected to descriptive statistics, chi-square, multiple regression, correlation and analysis of variance (ANOVA).

The result indicates that; role of corporative society in terms of access to fund, low interest rate, and bulk purchases for members were all positively related to micro-business development in Lagos metropolis. It is therefore, recommended that support from private sectors, government and other bodies should be given to the functioning of corporative enterprises and upcoming entrepreneurs should also be encouraged to join these corporative enterprises to quickly develop and expand their businesses.

INTRODUCTION

1.1. BACKGROUND OF STUDY

The rationale behind the need for cooperation is the belief that activities can be more effectively and economically performed by a group rather than by an individual. Hence, Cooperation became the bed rock upon which Cooperatives was built. Therefore, the Cooperation among people who had common goals and who could not individually compete with the economically stronger middle and upper class capitalists in Europe and Asia developed to Cooperatives. However, in the African setting, native (traditional) form of Cooperatives also developed from the common felt needs for mutuality beneficial assistance among individuals in performing financial and physical tasks which are of larger magnitude than what an individual can cope with. For instance, in the South Western part of Nigeria, ‘esusu’ which is a saving together arrangement, has the advantage of providing members with lump sums of money which can form a useful capital base for investment and other expenditure. This is extremely useful where it is difficult or impossible for an individual to raise enough capital for trade.

All over the world, traditional business strategy is centered around competition–win–lose models propelled by SWOT analyses, market share frameworks and protection of quantifiable private assets. In well-organized industries, cooperation is confined to supporting industry associations, focusing on issues of common concerns such as tax rules, and professional bodies, that set common technical standards (Saveri *et al.*, 2014). International Co-operative Alliance (ICA) defined cooperative thus: “A co-operative is 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” (ICA, 2005). According to ILO, a cooperative organisation is an association of persons voluntarily united to achieve a common economic end through the formation of a controlled organization, making equitable distributions to the capital required, and accepting a fair share of risk and benefits of the undertakings (ILO, 2016; Abeh *et al.*, 2018).

In a situation where most people feel powerless and helpless to change their lives, cooperatives represent a strong, vibrant, and viable economic alternative. Cooperatives are formed to meet peoples' mutual needs. They are based on the powerful idea that they put together because a group of people can achieve goals that none of them could achieve alone. Co-operatives societies are organizations based on democracy, and parity. Cooperatives regularly have social goals accomplished by investing a proportion of trading profits back into their communities. The practice of cooperative enterprise has been operated across the world (Abeh *et al.*, 2018). Cooperative organization have been a great driven force to business development across the globe especially to small business owner. Abeh, *et al.*, 2018 cited cooperative business framework has a worldwide record in assisting members become self-sufficient and achieving more equitable distribution of the gains from its business operations. The model of P2P, MLM and other business schemes are basically on cooperative organization. The stakeholders in such business schemes tend to achieve more than they will ever do on their own.

Cooperatives are based on basic values and principles. Cooperative values are general norms that cooperators, cooperative leaders and cooperative staff should share and which should determine their way of thinking and acting (Hoyt, 1996). The values, which are articulated by the ICA in a statement in 1995, include self-help, self-responsibility, democracy, equality, equity and solidarity. The values statement further articulates values of personal and ethical behaviour that cooperators actualize in their enterprises. This business framework has a worldwide record in assisting members become self-sufficient and achieving more equitable distribution of the gains from its business operations. One of the most pressing problems facing nations, particularly third world economies like Nigeria is the inadequacy of opportunities for the young population. Graduates are now aware that their future employment is significantly tie to their ability to create their own jobs since government work has ceased and there is no support from nowhere to alleviate their statuses.

There are many benefits accrued to members of the cooperative organization. Advertisement is not needed in selling the goods and services of the members of the cooperative organization since majority of the goods are bought by their members. Education benefits are given to members in areas of production, distribution and buying and selling of goods and services through bulletins. The societies have joint pride of ownership. Thus, they are jointly owned and managed by the members. They take decisions and make policies jointly. This infuses a sense of belonging into the members, propelling them to bring out their best (Abasiekong, 1994). A form of high standard of living is encouraged among members unlike some other known business organizations. For example, the societies provide essential commodities to members at appropriate prices thereby enabling them to consume goods they would ordinarily not have been able to consume or acquire. They also encourage members to save and give credit facilities to the needy members. All these helps the standard of living of members to improve considerably.

The first documented cooperative settlement in human history was that started by the Essence at Eiricydi on the coast of the Dead Sea (Odey, 2009). All of them were free and owned everything in common. In Britain and France, workers freely organized cooperative societies of all sorts as a result of the impact of the Industrial Revolution, while intellectuals and philanthropists such as Owen in 1858, and his contemporaries initiated carefully planned, ideologically motivated corporative communities. In England, the idea of establishing cooperative organization was mooted and invigorated by Robert Owen in collaboration with his Rochdale pioneers (Ebi, 2014).

In Nigeria for instance, it gets interesting to note that after more than seven (7) decades of creating a cooperative society for small and medium enterprises, the benefits and progress of corporations have tremendously affected all the facets and segments of the Nigerian society and economy. When Nigeria was primarily operating on agro-based economy, i.e. agricultural cooperatives preceding any other type of business enterprise in the country. Anytime cooperatives are being mentioned, it starts and ends with Agro allied and agricultural produce. In Nigeria, the first thrift and loan society was organized by the Abeokuta Catholic Teachers, and the first Thrift and

Credit Societies also came into existence during the same period. By the end of 1943, there were already 180 registered cooperative societies, and by the end of the first decade of creation, cooperative societies had taken firm roots in the country (Odedoku, 1996). Cooperatives was established in Nigeria for the following reasons: to eliminate exploitation by middle men; for producers to deal directly with the entrepreneurs, producers and buyers; for members to benefit from the extension of the Department of Agriculture; other requisite know-how to produce high quality cotton, cocoa, and palm produce to get higher prices; to provide production credit to members; and to do away with high interest loans. To promote cooperative spirit in a social system that already provides the fundamental rudiments of cooperatives (Effiom, 2014).

In Africa, the cooperative sector has continued to grow, at least in a number of countries. This was in spite of the economic difficulties that have been plaguing the continent. For instance, whereas there were only 1,000 cooperatives in Ghana in 1992, this has grown to 2,850 in 2005. Likewise, Nigerian cooperatives grew from 2,900 with a membership of 2.5 million in 1992 to 5000 with a membership of 4.3 million in 2005 (Develtere and Pollet, 2008). In Kenya, the number of persons in the cooperative movement was 2.5 million in 1992 and 3.3 million in 2005. Also in Kenya, 20% of the population belongs to the cooperative movement (Vanhuynegem, 2008). South Africa as at 2002 has a total of 654 cooperative societies of various kinds with a membership of 56,501 (Philip, 2003). In Ethiopia, more than 85 per cent of Ethiopia's total inputs in rural areas are distributed through cooperatives, and over 75 per cent of its coffee is exported by cooperatives.

Many researchers view cooperative has a strong organization where different entrepreneurs of cooperators pool their resources together with the view of making profit. Others see it as voluntary economic institution in which members share the earned dividends – the financial benefit that results from doing business with or without profit. “Procedural fairness and cooperation in public-private partnerships in China,” by Zhe Zhang and Ming Jia, is a survey-based study in which the authors investigate the mediating role of formal and informal contracts in the relationship between procedural justice and quality of cooperation. The study attempts a daring

extrapolation of equity theory to make sense of public-private partnerships. The core argument presented by the authors is that private-public partnerships resorts to interpersonal relationships between boundary spanners, and that procedural justice impacts indirectly on the quality of these relationships.

1.2. RELEVANCE OF THE TOPIC

Several cooperatives failed and obviously did not completely understand their lack of managerial abilities that are crucial ingredients for success. Essentially, such cooperative organizations that can learn to develop appropriate managerial skills and strategies, while at the same time learning from previous mistakes, are those who will find success in their businesses (Ekanem and Wyer, 2007). Management strategies abound that business and cooperative organization operators can apply to smooth the progress of their operations while also mitigating risk; some of these include the forward contracting of resource inputs, distributing sales throughout the year, taking part in government programmes and insurance policies, and expanding products/services lines. Cooperation in management of business enterprises is crucial to the development of cash inflows and business growth. As it has been noted that contribution from many sole partners can generate a huge sum of synergy, cash and affiliations for growth and development.

With sufficient understanding of all the parameters of one's business operations, it is essential to identify areas of weakness and probable problems. Several businesses do not have an understandable vision of their own strengths, weaknesses, and industry attractiveness that can enhance their operations for success and also lack a true understanding of their consumer/member demand (Meyer and Schwager, 2007). These factors can lead to misplaced opportunities and ultimately business failure if not corrected appropriately. Businesses have always been promoted via cooperative schemes driven by financial and human resource management with couple of other entrepreneurial skills. However, in spite of the significance of cooperativedevelopment and national growth at large in organizations, businesses are still faced with a number challenges which include lack of access to funds and poor infrastructure

among others. However, with corporate organizations running business, it is too difficult to run out of knowledge and ideas to develop the business.

1.3. PURPOSE OF THE RESEARCH

The changes in the Nigerian financial system vis-a-vis the quest for financial inclusion have drawn attention on the need to examine the financial role of cooperative organization in the economy. The main purpose of this paper is to examine the prospects of cooperative societies as vehicle for funding microenterprises and developing businesses, a topic which has received surprisingly little scholarly attention, given its implications for the effectiveness of small medium enterprise contributions to the national economy. This research will be critically examining Nigeria SMEs.

The specific objectives of this study are:

- i. the impact of cooperative organizational on industries and development of small medium enterprises in Nigeria.
- ii. to study the status of multipurpose cooperatives and its contribution to the socio-economic empowerment of Nigeria's SMEs.
- iii. to predict if corporate organization is responsible for business development or not.

1.4. SUBJECT OF THE RESEARCH

The subject of this research is basically the SMEs and small scale businesses in Nigeria. This research tends to find the impact of cooperation on Nigeria's SMEs and businesses, the economic value encouraged by Cooperative societies, and to predict the future trends effect of cooperate organizational supports on business development. The small businesses in Nigeria was chosen because they serve as the bedrock of national growth index in Nigeria. Most of them may not withstand the pressure of the ongoing economic downturn in Nigeria if they are not part of the cooperative society. Hence, there is need to find the effect of cooperation organization in developing such small scale businesses to large scale ones.

1.5. OVERVIEW OF THE PROBLEM

Cooperative has the autonomy to focus on a particular segment, adopt a particular strategic management model, and adapt itself to any environment (country or region). As with any other organization, emerging strategies can be found even if they are not clearly stated. Questions like: What is the impact, positive or negative, of the emerging strategies of an enterprise? The alleged reasons for the problems of the credit cooperatives are many, starting with the lack of resources, through lack of professionalism among leaders, lack of capitalization, financial vulnerability, bureaucratic structure, intense competition in an increasingly globalized market, ending with low participation of cooperative members in the assemblies. Hitherto, cooperative societies were thought to be associations meant only for petty traders and other very low-income earners.

Another problem of interest is the problem of youth development in Nigeria that has received lots of attention by many experts, researchers and organizations such as United Nation Organization (UNO) International Labour Organization (ILO), United Nations International Children's Emergency Fund (UNICEF), World Health Organization (WHO), Non-Governmental Organization NGO, as well as the government. This is because they constitute an invaluable asset of the nation, because of courage, innovativeness, inquisitiveness and high level of self-confidence, which is

also considered to be a main source of nation building they are not only a vital source of the state but also a change agent, the youths are pioneers of economic, social, political and cultural transformation and change driving force.

Perhaps, the major problem confronting the youth today is unemployment which leads to high rate of poverty. World Bank (2013) confirms 112 million Nigerians living below poverty line. Despite the qualities embedded in youths, Nigeria's factors have stunted their potential to even utilized their ideas in terms of creating businesses successfully. This study tries to check if cooperative organisation could help them alleviate these challenging factors, influence and motivate the youth to cope with the challenges of starting up a business, and successfully raise it to its optimum echelon. This precipitated the need to design innovative and appropriate funding alternative models for supporting Micro, Small and Medium Enterprises (MSMEs), which are perceived as a strong engine of economic growth and development across the world and particularly in Nigeria (Robu, 2013).

1.6. RESEARCH HYPOTHESES

- i. Ho: There is effect of cooperate organization on business development in Lagos metropolis
- ii. Ho: There is no significant influence of setting up of business enterprise on the economic development of co-operators in Lagos Metropolis. Hence, cooperate organization model cannot help small businesses to strive better

SECTION 1

2.1. THEORETICAL FRAMEWORK

This segment has a number of reviews on the impact tourism will make to economic development. In favor of the research targets, substantial research and knowledge of the previous studies are investigated and collected in assessing the economic effects and tourism growth strategies. The tourism trends and forms, economic impact of tourism on national growth, organizational support made available for tourism in different geographical regions as well as the sustainable growth of tourism industries are reviewed in this chapter.

2.1.1. CONCEPTUALISATION OF COOPERATION IN ORGANISATION

Co-operative enterprises (co-ops) have a history that can be traced back to at least 1498 with the formation of the Shore Porters' Society in Aberdeen, Scotland (Shore Porters 2007). They had become well established in France and Scotland by the mid-18th Century (McFadzean 2008; Birchall 2011). By the end of the 19th Century co-ops were found throughout Europe, and around the world across a wide range of sectors (Birchall 2011). In recent years, co-ops are estimated to employ around 100 million people and support the livelihoods of a further 3 billion people across the world (ICA 2008). Chen *et al.* (1998) identify three distinct conceptualizations of cooperation as:

- (1) individuals working together to achieve a common goal;
- (2) goal-interdependent agents engaged in social interactions; and
- (3) individual actions that maximize the collective gain.



Fig. 2.1.1: Structure of Cooperative Societies in Nigeria Source: Nigeria Real Estate Hub

First and foremost, as businesses, co-operatives are subject to the same market and economic forces that affect all models of enterprise.³ Financial management and analysis, product marketing, supply chain, efficient processes and operations, competent personnel, are important to all businesses, including co-operatives. Yet co-operatives are unique businesses. They distinguish themselves from other models of enterprise in three key areas: ownership, governance and beneficiary (that is, who primarily benefits from the business, especially in terms of profit). In essence, co-operatives have members who are not only the users of the business' goods or services, but also the owners. Members control and share in the surplus generated.

The purpose of a co-operative is to provide maximum benefit to its members by engaging in economic activities or, to put it another way, by intervening in the market.⁴ Member benefits can be defined in economic, social, and psychological terms; there is usually a mix of these for most members. For example, a co-operative may provide food produce at low cost for its members, as well as supporting social initiatives in the members' community. Many co-operatives also seek to achieve environmental objectives at the request of their members (for example, the growing number of renewable energy co-operatives). This focus on providing maximum benefits of various kinds to members' contrasts with the focus in the investor-owned model of enterprise where shareholder benefits are defined exclusively in economic terms.⁵

One important concept to understand at the beginning of the entrepreneurial process is the nature of risk and reward in co-operatives. Entrepreneurs (and subsequently, shareholders) who establish investor-owned companies generally bear all of the risk and appropriate all of the reward (usually in the form of profit). Co-operatives are different in that risk and reward are shared more equitably (and sometimes equally) amongst the founders. This is especially true in relation to the distribution of surplus. Budding entrepreneurs should realize that the sharing of risk is an important advantage embedded in the process of setting up a co-operative.

The purpose of a co-operative and their values are put into practice in business development through seven principles:

1. Voluntary and open membership Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2. Democratic member control Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote), and co-operatives at other levels are also organised in a democratic manner.

3. Member economic participation Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

4. Autonomy and independence Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5. Education, training and information Co-operatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their co-operatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of co-operation.

6. Co-operation among co-operatives: Cooperatives serve their members most effectively and strengthen the co-operative movement by working together through local, regional, national and international structures.

7. Concern for community Co-operatives work for the sustainable development of their communities through policies approved by their members.

Over the years, cooperative enterprises have successfully operated locally-owned people-centered businesses while also serving as catalysts for social organization and cohesion. Cooperatives have over one billion members worldwide and can be found in sectors ranging from agriculture to finance to health (Whitman, 2011). In Germany, the cooperative business model is seen to provide stability and security in tough times, and is expanding into new fields within the SME sector.

In the USA, some of the largest health providers are consumer cooperatives; in the Pacific Northwest one cooperative provides health care for 570,000 members; in the Mid-West another has as many as 630,000 members.

2.2. CO-OPERATIVE BUSINESS MODELS AND CHARACTERISTICS

‘A business model is a firm’s plan or diagram for how it competes, uses its resources, structures its relationships, interfaces with customers, and creates value to sustain itself on the basis of the profits it earns.’ A co-operative must not only address these common business model components, but also take into account its unique organisational design, and the international values and principles (). Chaddad *et al.* (2002) posit that cooperative models are defined by a set of organizational attributes, including ownership structure, membership policy, voting scheme, governance structure, characteristics of residual claims, distribution of benefits, and competitive strategy.

Beyond the challenges specific to the association-enterprise duality such as, the collective-individual, the social-economic, the synergy etc., a proper cooperative management framework must allow to build an alignment between the values and purpose of the organization, the foundations of the cooperative business model and the selection of key performance indicators (KPIs). Values and purpose reflect a core ideology that is inspiring, a guide. This core ideology must be authentic, non-negotiable, natural, and define the timeless character of the organization (Cote, 2019). The co-operative business model will have to meet the challenge of differentiating

itself, reflecting values and purpose at the heart of its *raison d'être*, while demonstrating its ability to compete and support a sustainable strategic position.

The internal and external debate on cooperative values and identity has in any case regained present-day relevance and intensity. The question arises of whether there are qualitative or quantitative limitations to be placed on the operations of cooperatives to ensure protection of their identity. Cooperatives can hold shares in companies, including those quoted on the stock exchange. Even though there are few who believe that cooperatives should remain small and residual, there is discussion in Italy today about the need for limits to ensure that such shares are held with a view to the best possible pursuit of the cooperative's mutualist objectives.³

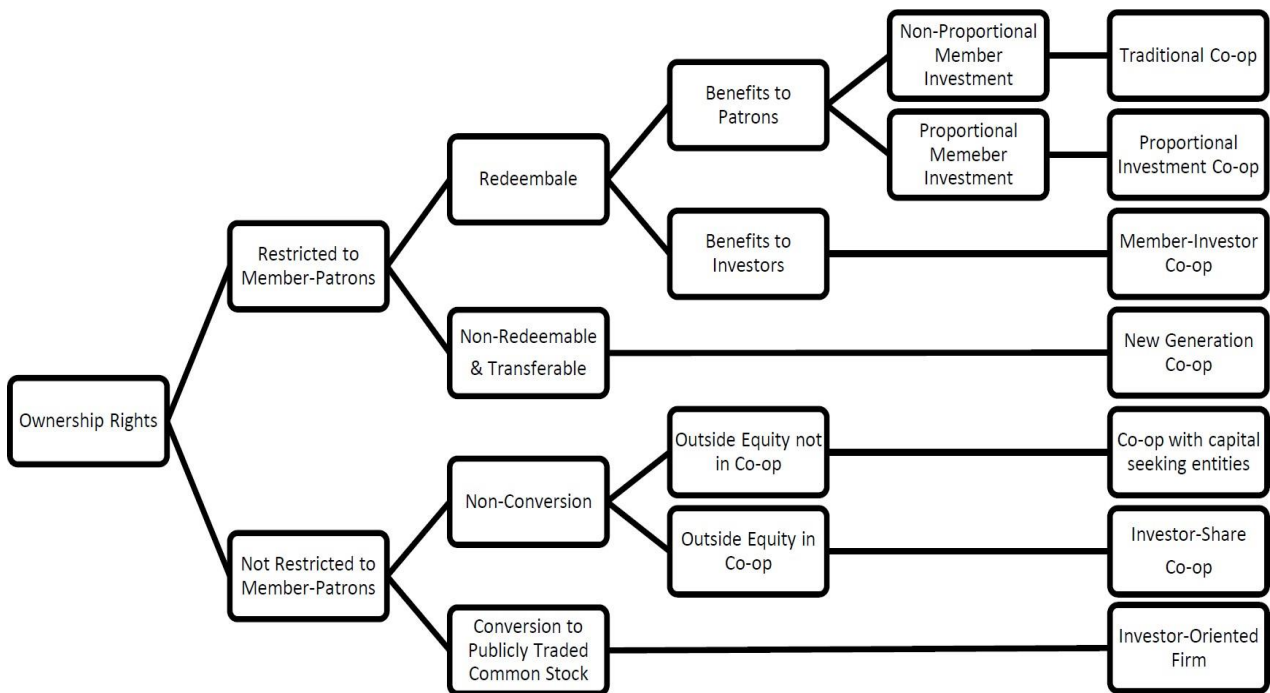


Figure 2.2.1.: Flow Structure of Cooperative

Source: Mazzarol *et al.*, 2014

2.2.2. STRUCTURE OF A CO-OPERATIVE ENTERPRISE

According to Aihonsu (2013), the management skills of an entrepreneur are said to indicate the extent to which he can understand, appreciate and perform important tasks in an enterprise. The cooperatives are in position to assist the entrepreneurs to acquire these. These skills include: (a) General Management Function: - possessing general management skills and making use of diverse information/communication technology and experts. Learning how to plan enterprises before their establishment. (b) Production/Operational Function: - Acquiring raw materials and other production factors at relatively lower prices falling from bulk purchases. Entrepreneur's awareness and knowledge of competitors is needed to outplay others in the business. (c) Financial Function: - Provision of finance or funds for the operations through appropriate loans and advances. (d) Purchasing Function: - Via cooperative bulk purchases and services of cooperative shops, as well as various essential commodities purchases arrangements. (e) Human Resource/Personnel relations function: - This involves training and retraining of members through various training seminars and workshops from time to time. (f) Marketing Functions: - assisting member entrepreneurs to identify markets for their produce and encouraging cooperative marketing which will go a long way to take advantage of the controlling the price in the market. Assistance can be obtained also in other marketing functions viz: processing, packaging, sorting and branding etc. inclusive of these is also developing efficient customer service and entrepreneur's market orientation. (g) Administrative Functions: - assistance can be obtained in the area of training the managers of business organizations with respect to knowledge acquisition in administrative functions. This also includes inculcating efficient book-keeping culture into them. (h) External relations functions: - This entails learning about public relations by the staff as well as provision of quality products and services to the outside world.

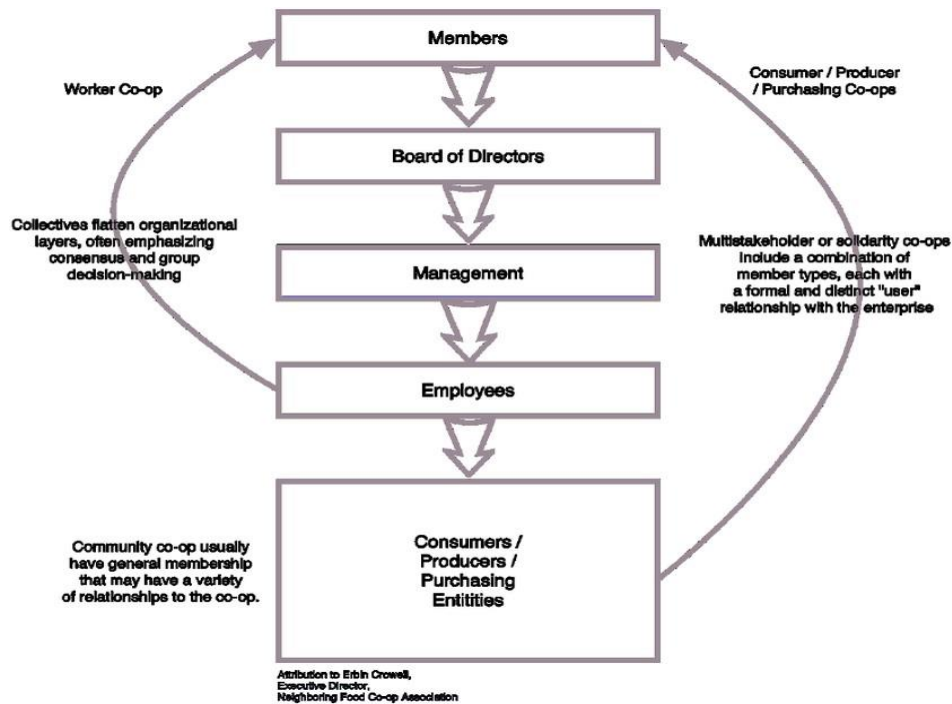


Figure 2.2.2.: Flow Structure of Cooperative

Source: Mazzarol *et al.*, 2014

The cooperative ideal has spread throughout the world and now it is present in practically all sectors of the economy. It is accepted and recognized in many countries as the most appropriate, participatory, equitable, democratic business formula and it is widely employed to meet specific needs and interests of the population. In fact, the existence of cooperative enterprises has created competitive advantages among businesses. The importance of further study in this sector is based on understanding, analyzing and studying strategies that are being used to grow considerably, thus providing an option for success and minimize disparities in obtaining results.

Table 2.2.2: The Traditional versus New Generation Co-operative

Generic Problems	Traditional Co-op	New Generation Co-op
Free Rider Problem	Individual benefits & property rights are	Investment and optimal levels of product flows

		poorly aligned. Open membership to all persons able to use their services and accept member responsibilities.	are determined before the firm begins conducting business. Closed membership.
Horizon Problem		Lack of liquidity through secondary market for shares.	Stock can be traded to allow entry and exit from co-op as desired.
Portfolio Problem		Investment decision is tied to patronage. Members often pressure co-op board to structure assets to reduce risk.	Risk is aligned with members strategic goals as the risk profile is agreed prior to the formation of the co-op. Members can trade shares and risk.
Control Problem		Information and external pressure from public share trading is absent.	NGC seek greater property rights and alignment of risk via patronage-based voting.
Influence Problem	Cost	Influence depends on centralisation of authority and member homogeneity.	NGC are centralised and limited to specific purpose.

2.2.3. FORMS OF COOPERATIVE ENTERPRISES

Cooperative enterprises can be classified on different modes, depending on the forms.

a. Classification according Legal status of the Cooperatives

Cooperative is classified based on legal status by checking certain indicators such as

- (i) Registered Cooperatives: These are Societies that have been formally registered with the appropriate legal authorities.
- (ii) Unregistered Cooperatives: These are Societies which, unlike the registered ones, have not been formally registered with the appropriate legal bodies.

b. Classification according to the Type of Liability

(i) Liability limited by shares: the joint liability of the member in the event of liquidation is limited to the value of the shares held by the member irrespective of any other outstanding debts of the cooperative.

(ii) liability limited by guarantee: the joint liability of the member is limited not simply to the value of the shares held by the member, but to the value of a specified and mutually agreed multiple, (e.g. 5 times) of the value of shares held. The member thus agrees to lose not only the value of the shares held, but also guarantees further payments to the tune of additional five times the value of shares held by him as a maximum, irrespective of any other debts of the co-operative still outstanding.

(iii) Unlimited liability: the liability of the member (jointly and severally) is not limited beforehand to any specific amount and, furthermore, each member can be individually held liable for all the outstanding debts of the cooperative. This can mean loss of all the assets of the individual member held both inside and outside the co-operative. Although the extent of this form of liability can be said to be "limited" to the total size of the outstanding debts of the co-operative, in the sense

referred to here, whereas the limit of the material/monetary value of the liability is known before hand in the first two cases, this is not so in this case.

c. Classification according to Area Covered

Cooperatives can also be classified according to level of cooperation or area covered as primary cooperative and secondary cooperatives.

- i. Primary Cooperatives are the cooperatives in the rural areas.
- ii. Secondary Cooperatives are the Cooperatives that cover larger areas than the Primary Cooperatives. Secondary Cooperatives are divisible into the tiers explained below: The first, second, third and fourth tiers of Secondary Cooperatives cover the districts, regions or states, nations and international geographical boundaries respectively.

d. Classification according to Purposes

Cooperatives can also be classified according to the types of functions they perform. Base on this we have Single Purpose Cooperatives and Multi-Purpose Cooperatives.

- i. Single Purpose Cooperatives are the cooperatives formed to perform specific duties. For example, Agricultural produce cooperatives, Agricultural supply cooperatives, and Agricultural Marketing Cooperatives.
- ii. Multi-Purpose Cooperatives are the cooperatives that perform more than one functions. An example of Multi-Purpose Cooperatives is Credit, Thrift and Multi-Purpose Cooperative Societies; and Cooperative Banks.

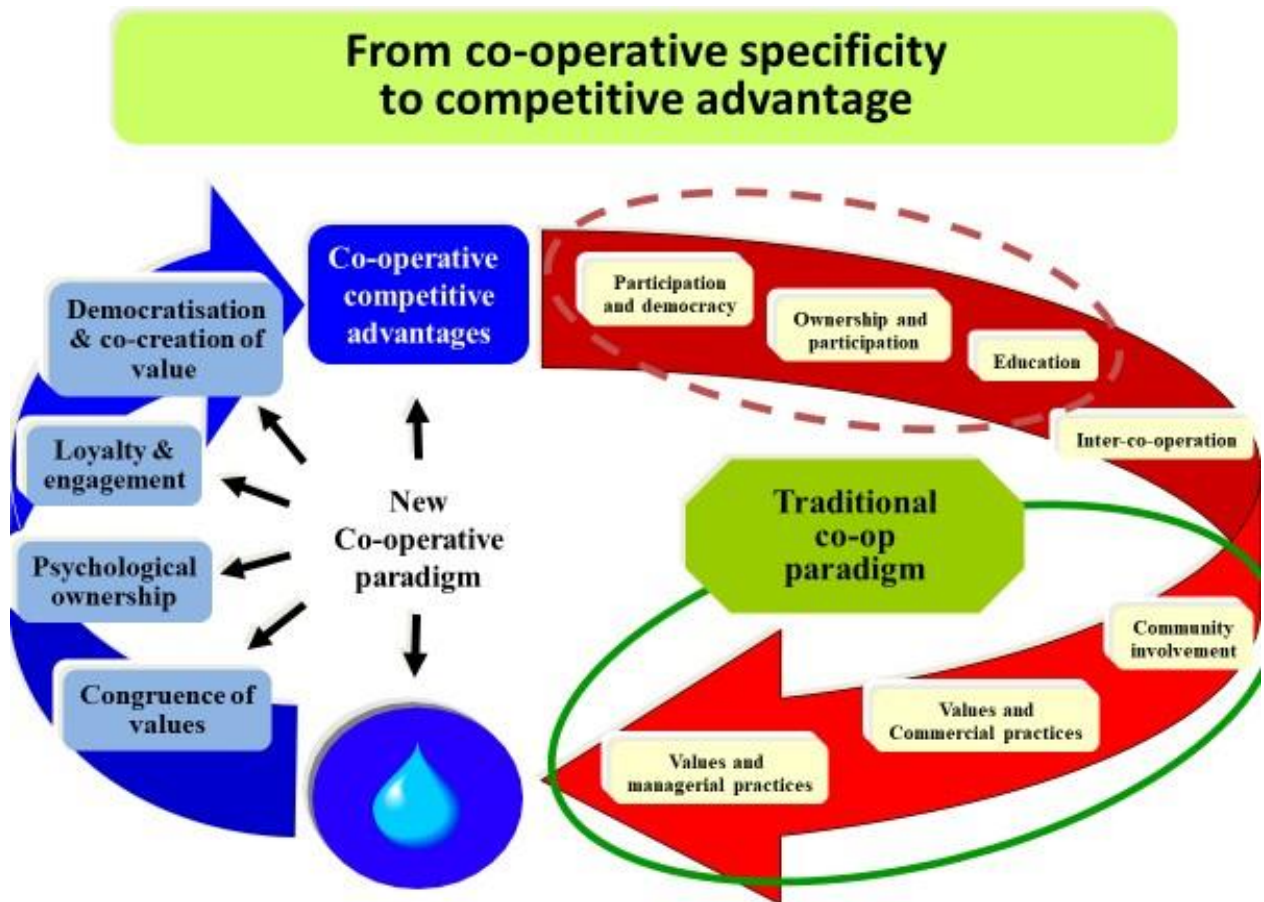


Figure 2.2.3: Illustration of New Cooperative Paradigm.

Source: Cote, 2019.

2.2.4. BENEFITS OF A CO-OPERATIVE ENTERPRISE MODEL

- **Economic Employment and wealth generation**

The worker co-operative model offers a flexible and proven vehicle for generating employment, enabling individuals to work collectively on projects whilst shaping their own careers.

- **Job security**

Co-operatives are operated for the purpose of generating benefits for their members; in the case of worker co-operatives, this means providing sustainable employment for members. Unlike investor-owned enterprises, which sometimes adopt short-term, profit maximising practices, co-operatives take a longer-term view with

regards to their operation and purpose. Research from Canada shows that co-operatives have a survival rate double that of investor-owned enterprises (40 per cent after ten years for co-ops and 20 per cent after ten years for investor-owned).¹⁰

- **Social Workplace control and dignity**

Worker co-operatives offer people the ability to exercise democratic control over their working lives, reducing exploitation and alienation by placing members at the core of how the organization is controlled.

- **Part of a movement**

Co-operatives are united by the internationally-agreed values and principles. Principle six, co-operation amongst co-operatives, is vital for the development of the movement. At local, regional, national, and international levels there are organizations whose purpose is to foster stronger ties between co-operatives and to represent their interests to a broader audience. Individuals who establish co-operatives are part of an ideological and practical community.

Starting a new cooperative takes energy and resources. By following a planned step-by-step procedure, the process can be completed in an efficient and timely manner. However, some of the main problems faced by cooperatives are the lack of resources for investment in social areas, lack of participation of the directors, lack of sufficient technology to cope with the number of active and inactive associates. Some authors, such as Jank (1997) and Yin (1994), also mention these deficiencies, among others, as factors of threat and structural problems in most of the cooperatives. More so, the cooperative sector suffers from an internal handicap of its own making: the frequent failure of various types of cooperatives to work closely together as a sector. Because of their voluntary and democratic nature, cooperatives have been reluctant to impose strict disciplines on themselves - they much prefer to act by common consent and persuasion. Often, management of cooperatives relies on relationship or is moved by sympathy to act against even the societies' bylaws. This indeed has a lot of

repercussion particularly in the developing economies and is against the 6th principle of cooperatives.

2.3. CONCEPT OF BUSINESS DEVELOPMENT

All business ventures start with an idea. There are several things to consider before venturing into a business. A solid idea that is believed to sustain the business, quick assessment on the merits of the business idea, the threats, opportunities, the provisions for solution. All these are very important in the first stage and critical to lay the foundation of the business development processes.

Business Development Services (BDS) are generally defined as:

“... services that improve the performance of the enterprise, its access to markets, and its ability to compete. The definition of 'business development service'... includes an array of business services [such as training, consultancy, marketing, information, technology development and transfer, business linkage promotion, etc.], both strategic [medium to long term issues that improve performance] and operational [day-to-day issues].” (UNDP, 2004).

CBN (2014) reports that in the US, any business entity employing 500 workers or less is considered a small-scale enterprise, this is relative to the status of a region. For instance, in India, enterprises with employees between 1 and 100 are small-scale enterprises. More so, in Uganda, enterprises with 10 and less employees are microenterprises and those employing more than 10 but less 50 are small-scale enterprises, while those employing between 50 and 100 are categorised as medium scale enterprises. In Nigeria, the National Policy on Micro, Small and Medium Enterprises defines microenterprises as employing less than 10 people with assets (excluding land and buildings) of less than ₦5 million, small enterprises as between 10 – 49 employees and assets between ₦5 – ₦50 million, while medium enterprises are those with between 50 and 199 employees and assets between ₦50 – ₦500 million. It should be noted that, where there is conflict of classification between employment and asset size, the policy gives prominence to the number of employees over asset size. Whereas Nwankwo *et al.* (2012) characterised SMEs as

small units, often rural-based and family-owned and largely labour intensive in nature with low level technologies.

Business models embody strategy, structure and processes with an associated earning logic of revenue and profit. The marketing strategy, of which selling forms a part, is part of the model, even though the mainstream management and marketing literature have few overt connections. Marketing and sales has two main components: securing work and delivering value in order to grow and sustain a reputable business. Although the theoretical approach to marketing affects the emphasis between selling and value, both are necessary to secure new and repeat business, especially project markets (Smyth, 2015).

2.3.1. CHALLENGES TO OPTIMAL PERFORMANCE OF COOPERATIVES IN SMEs

Admittedly, substantial evidence abound that has the Cooperative movement to be a formidable vehicle for wealth creation among its members prior and an antidote to most problems of SMEs. However, reports of failures of cooperatives in many states suggest that something has gone wrong. A visit to cooperative departments will show that substantial number of cooperatives that were formed ten to fifteen years ago have gone moribund as a result of poor performance and of being no longer relevant to the need of members. Some of these are as follows:

1. Lack of Proper Management

One of the major setbacks in establishing and running businesses in Nigeria is the lack of appropriate leadership and suitable management. For a Cooperative to succeed it is important that proper leadership be identified from its inception. It is the quality of leadership that is displayed at the Committee or Board level, which determines the success or failure of the Cooperative. In Nigeria, the lack of proper leadership and management amongst cooperatives is among the principal reasons for their failures. It is sometimes very difficult to identify leaders at the grass-root level, and even if this is done, one will find that the same set of people dominate the rank and file membership, and are returned to office year after year. Also employment of qualified and experience management is often handicapped because most primary societies do not have the funds to do so.

The non-delivery of satisfactory results by the past SME development efforts has made it imperative to identify other institutional arrangements that could provide a more satisfactory result. One of such institutions is the cooperative. Nigerian cooperatives like cooperatives in other climes have always played a key role in the promotion and development of SMEs. Indeed, promotion and support of business enterprise of members and jointly owned business are at the core of cooperative functional activities. However, this promotional engagement is often neglected since policy makers often see cooperative as simply a channel for poverty alleviation and

rural development and relates to them as such. Thus, they are yet to come to terms with the fact that cooperatives are first and foremost businesses and business promotion agents whose potential capabilities could be utilized to further promote SMEs.

ROLE OF COOPERATIVE SOCIETIES

MICRO-BUSINESS DEVELOPMENT

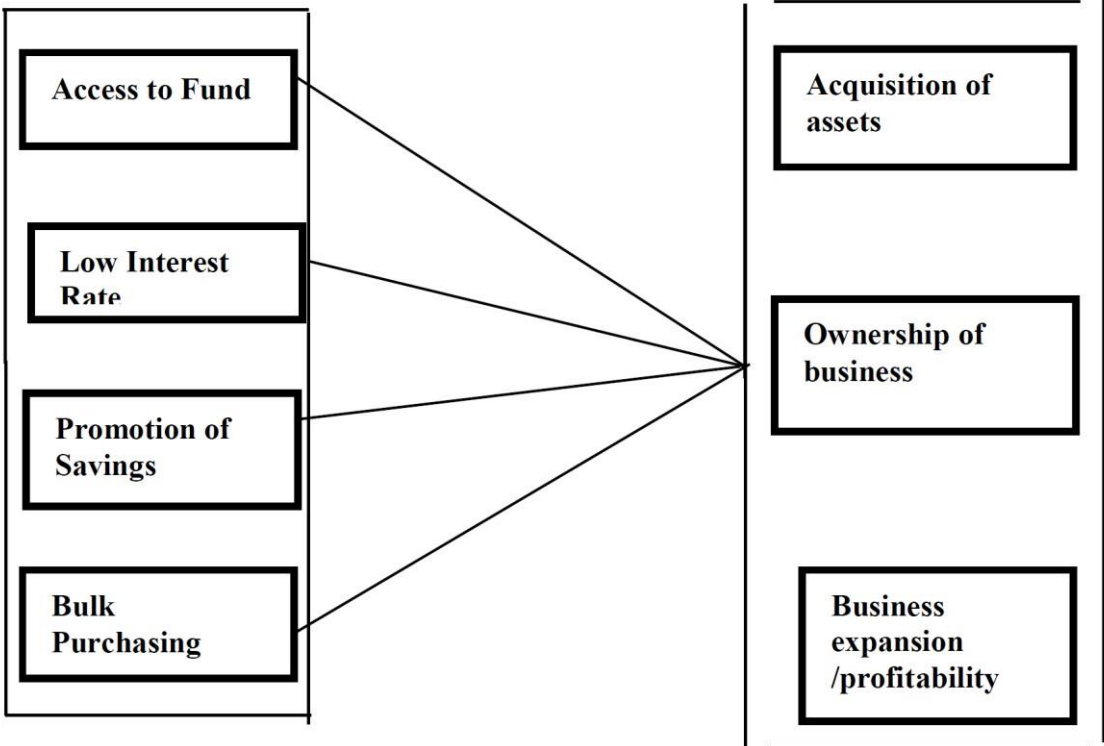


Fig 2.3.1. Four dimensional roles of cooperative societies

SECTION 2: RESEARCH DESIGN & METHODOLOGY

This chapter describes the structure of research design implemented in this study. It significantly summarizes and justifies the qualitative approach that are utilized in data collection and analysis to address the main objective of this study which is to establish the more comprehensive strategies that can help examine the role of cooperative organization in business development.

3.1. DESCRIPTION OF THE SURVEY AND QUESTIONNAIRE DESIGN

For this study, the research was carried out using in depth-structured online questionnaires to obtain specific and general qualitative information from the respondents. Open-ended questions were outlined and used during the questionnaire design. The e-questionnaire describes the respondents, and perceptions of small-medium business owners to corporate organization in business development.

The respondents were classified into five groups- consumer cooperatives, worker cooperatives, financial cooperatives, agricultural cooperatives and housing and utility cooperatives. The questions are primarily related to the cooperative values and benefits derived so far, general questions were also asked to be able to group the respondents by sector, and by demographic characteristics.

3.2. METHODOLOGY

The study adopted a descriptive survey design which is suitable for investigating a large population where element of random sampling is required. The research population comprised of small-medium business owners that are operational in Lagos metropolis, Nigeria comprising of Yaba, Surulere, Oshodi and part of Mushin Local government area of Lagos State, Nigeria. A sample size of 200 small-medium business owners in the Lagos metropolis was selected using a purposive sampling technique. This technique was used to identify and select small-medium business owners who are members of cooperative groups before administering the questionnaire. The sampling ensured that the four local government areas (LGA) in Lagos metropolis were fully represented by selecting fifty (50) small-medium business owners from each of the

L.G.A. The research instrument is the e-questionnaire designed the positive effect of cooperative organizations on development of these small scale businesses in Lagos state.

Regression analysis model was also constructed to defines the determinants of roles of cooperative organization in business development. The main relationships in the model for cooperative societies are three dimensions (Access to fund, low interest rate and bulk purchases) with an outcome of small-business development (acquisition of assets, ownership of business and business expansion/profitability). The model is specified as $CO = a_0 + b_0Af + b_1Li + b_2Bp + e$. where; CO= cooperative organization; Af = Access to fund; Li = low interest rate; Bp = Bulk purchases; a_0 = a constant; b_0 , b_1 , b_2 = coefficient of the appropriate research variables; $b_0, b_1, b_2, b_3 > 0$; e = error term.

3.2.1. RESEARCH VARIABLES

The research variables are role of cooperative societies (predictor variable) with its three dimensions as access to fund, low interest rate, and bulk purchasing while micro-business development was measured by acquisition of business assets, ownership of business and business expansion/profitability.

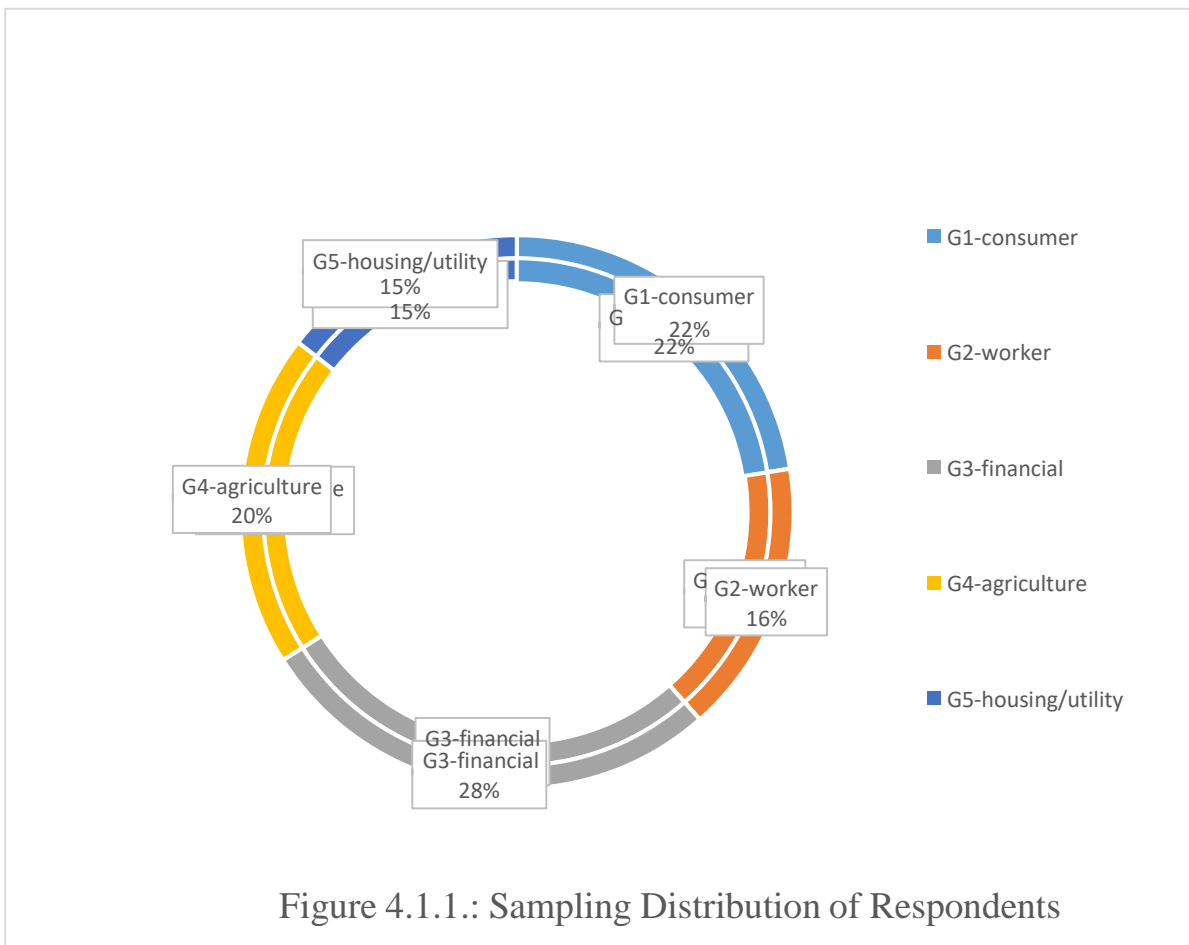
3.3. DATA ANALYSIS

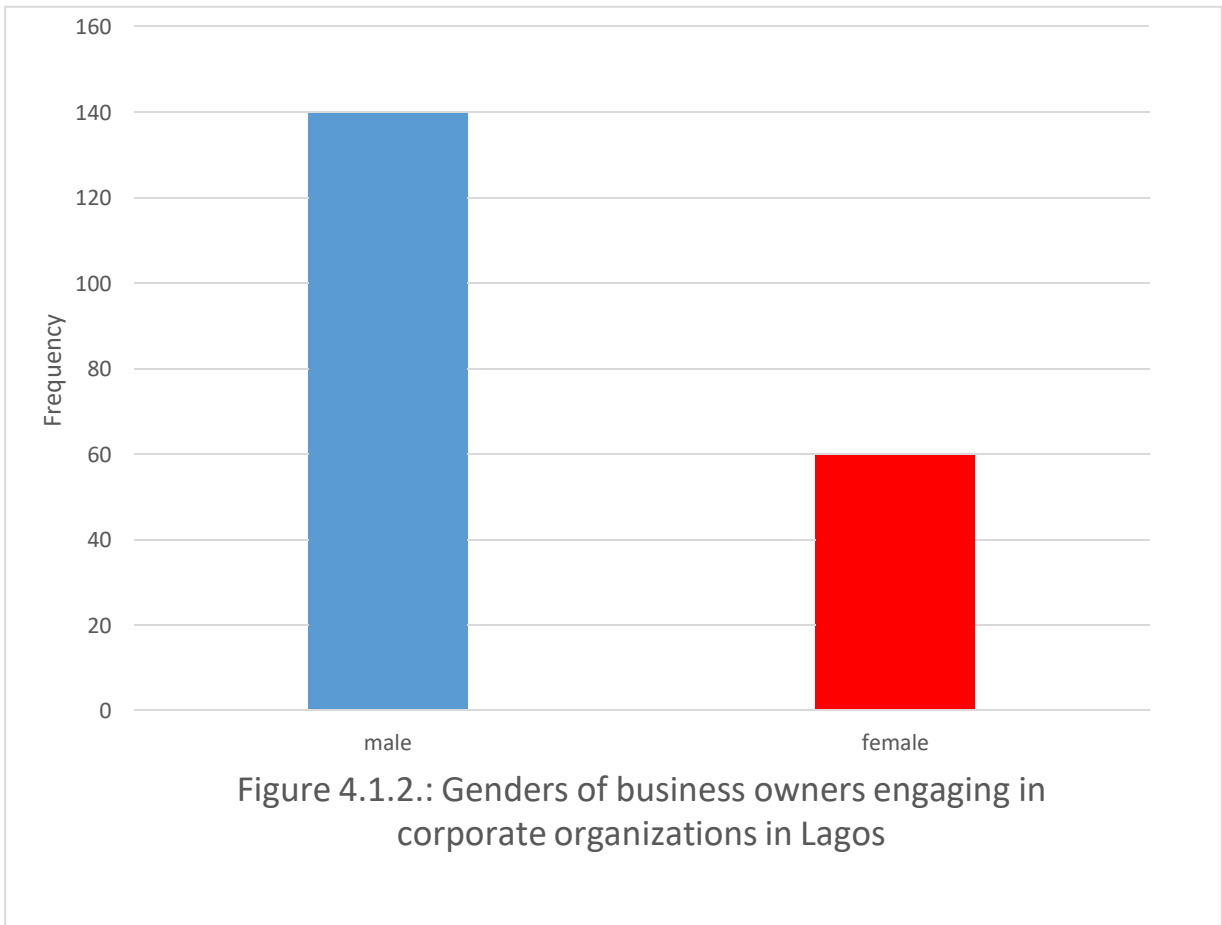
Descriptive statistics was employed to describe the respondents profile and demographic details. Chi-square and correlation analysis was constructed for the dependent and independent variables of the research to predict the effect of cooperative on business development. One-way analysis of variance was used to determine the significant difference between the two groups (business development and cooperative organization). The level of significance was set at p-value < 0.05. SPSS version 25 was used to analyze all the questionnaires.

SECTION 3: RESULTS, ANALYSIS AND DISCUSSION

4.1. DEMOGRAPHIC PROFILE

Majority of the respondents in this study represent financial co-operatives. Next are consumer co-ops, followed by agriculture, worker and housing/utility cooperatives (Fig. 4.1.1). Over seventy percent (70%) of the respondents in the survey are male while only 30% are female (Figure 4.1.2). Table





The age group of the respondents are between 18 years and above. The table below (table 4.1.1.) showed that age between 26 – 35 are the most entrepreneurs of small medium businesses in Lagos, Nigeria, involving in cooperative organization. This is followed by age between 36 – 45 years old. From the table, the least number of small business owners are those from 66 years and above. This is depicting that aged business owners do not have the zeal and vibrancy to run small medium businesses, they may find it difficult to engage in cooperative organization. This is suggested to be due to the number of youth populating creation of small business in the new era in Lagos.

Table 4.1.1.: Age and Frequencies of respondents

Age of respondents		Frequency	% composition
Valid	18 - 25 yo	39	19.5
	26 - 35 yo	59	29.5
	36 - 45 yo	46	23
	46 – 55 yo	40	20
	56 – 65 yo	29	14.5
	66 and above	26	13
	Total	200	100.0

4.1.3. AGE GROUP VERSUS BENEFITS DERIVED FROM COOPERATE ORGANIZATIONS

Cross-tabulation of age group and benefits derived from the cooperative enterprises was also analysed in table 4.1.3. to determine the correlation and association existing between the variables. There was no significant association between two variables.

1. Age group * Has your business benefited from being a member of Cooperative organization?

Table 4.1.3.

Crosstab

Count

	Has your business benefited from being a member of Cooperative organization?		
	Yes	No	Total
Age group 18 - 25 yo	16	12	28
26 - 35 yo	75	24	99
36 - 45 yo	31	12	43
66 - 75 yo	14	16	30
Total	136	64	200

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.597 ^a	3	.627
Likelihood Ratio	2.989	3	.560
Linear-by-Linear Association	.006	1	.937

N of Valid Cases	101		
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a. 4 cells (40.0%) have expected count less than 5. The minimum expected count is .47.

The result of Chi-square distribution of the benefits derived from being a member of cooperative society categorized by age group revealed that business owners between 26-35 years and 36-45 years have received more benefits in their business for joining cooperative organization. The X² test also showed that pearson chi value is not significantly different from the critical value ($p > 0.05$). This means that there is no age barrier in the benefits one can derive from being a stakeholder in the co-ops society.

4.2. HYPOTHESIS TESTING

Hypothesis one states that; There is no significant effect of cooperative organization on business development in Lagos metropolis. The independent variable is cooperative organization while the dependent variable is business development. To test this hypothesis, data were extracted from the Likert scale, summarized and subjected statistical analysis of one-way analysis of variance (ANOVA). The result is presented in Table 4.2.1.

TABLE 4.2.1

Descriptive statistics and One-way analysis of variance (ANOVA) of the effect of cooperative organization on the business development of the small business owners in Lagos Metropolis (N=200)

Variance	N	Mean (X)	SD
Type of Cooperative	20	10.68	1.422
Business sector	70	15.62	0.45
Education	80	16.73	1.053
Start-up duration	30	14.87	1.25
Total	200	57.9	4.175

Source of variation	SS	Df	MS	F	Sig.
Between groups	800.317	3	345.399		
Within groups	457.40	195	2.158	14.31*	.003

From Table 1, the calculated f-ratio of 14.31* was found to be greater than the critical f-value needed for significance at 0.5 level with 198 degrees of freedom. Thus, the null hypothesis is rejected. This implies that there is a significant influence of

cooperative organization on the economic development of business enterprises among stakeholders of cooperative societies in Lagos metropolis.

Hypothesis two states that; There is no significant influence of setting up of business enterprise on the economic development of co-operators in Lagos Metropolis. Hence, cooperate organization model cannot help small businesses to strive better. To test this hypothesis, data obtained from the field survey were summarized and subjected to statistical analysis of one-way analysis of variance (ANOVA). The result is presented in Table 4.2.2.

Table 4.2.2.

Variance	N	Mean (X)	SD
Entrepreneurship	39	9.21	1.128
Financial management	79	15.37	1.053
Agricultural education	82	18.31	0.714
Total	200	42.89	2.875

Source of variation	SS	Df	MS	F	Sig.
Between groups	741.513	2	345.399		
Within groups	257.40	196	2.158	15.21*	.000

*Result significant at $p < .05$, $df = 2$ and 196

From Table 4.2.2, the calculated f-ratio of 15.21* was found to be greater than the critical f-value needed for significance at 0.5 level with 196 degrees of freedom. Thus, the null hypothesis is rejected. This means that there is a significant influence for setting up of business enterprise in Lagos Metropolis.

Table 4.2.3a: Regression Analysis on Relationship between role of cooperative societies and business development (SMEs)

VARIABLES	CONSTANT	COEFFICIENT (t)	R ² (adjusted)	F	Sig. Value
Access to Fund	-.278	.285 (6.977)	.821 (61.1)	588.65	0.004
Low interest rate	-.461	242 (4.134)	.911 (53.1)	521.54	0.01
Bulk purchases	0.104	.232 (4.913)	.822 (65.8)	465.32	0.00

t values are shown in parentheses. P<0.05

Table 4.2.3b: Summary of analysis of role of cooperative societies and micro-business development

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.891a	.872	.876	3.76658

a. Predictors: (Constant), Access to fund, Low interest rate, Bulk purchases
R square = .872, Adjusted R Square = .876, p<.05

4.2.4. CORRELATION ANALYSIS OF BUSINESS DEVELOPMENT PARAMETERS

The table below showed the correlation coefficients between the three (3) variables of business development and one cooperative organization variable (sustainability criteria) used in this study. The table showed that Pearson's correlation coefficient between sustainability criteria and access to fund is 0.507; This showed that there is a fairly strong correlation between business development criteria and cooperative organization criteria. Thus, it is suggesting that where access to fund is made available in business, there will be sustainability. Between low interest rate and sustainability criteria, the Pearson's correlation is 0.730. This showed a strong positive correlation denoting that cooperative organization majorly motivate its members with low interest rate to boost their businesses. This is one main factor that will enhance business development. Between bulk purchase and sustainability criteria, there is a fairly weak positive correlation (0.277). This implies that bulk purchase may boost the sustainability of a business. However, after a stretched period, this parameter may affect the growth of a business.

Table 4.2.3: Correlational analysis of business development and cooperate organization variables

Pearson Correlation	Access to funds	Low interest rate	Bulk purchase	Sustainability criteria
Access to funds	1			
Low interest rate Pearson Correlation	.015	1		
P-value	.886			
Bulk purchase Pearson Correlation	.183*	.360**	1	
P-value	.022	.000		

Sustainability criteria	Pearson	.507**	.730*	.277**	1
	Correlation				
	P-value	.000	.068	.006	

*. Correlation is significant at the 0.05 level .

** . Correlation is significant at the 0.01 level .

4.3. DISCUSSION

In Section 4.1., the study revealed the demographic profile of the respondent. It showed that there are more male than female in the respondents 70% male. It also showed business owners between the age of 18 and above are actively involved in this study. In the age group, the age bracket between 26 to 35 years old are shown to be business owners involved in corporate organisation. This is valid since it looks like the only way out of Nigerian youths to survive many economic drawbacks facing them such as unemployment, illiteracy, inadequacies etc.

Section 4.1.3. showed the cross-tabulation of the age group partaking in this survey and the benefits their business has derived from being a part of a corporate organization. Majority of the respondents (in table 4.1.3.) showed that they benefited from being a partaker of the cooperate society. This information is essential to proof that cooperative organization is good for businesses and will have a positive effect on business development. In section 4.2., hypothesis testing was statistically proved. Table 4.2.1 showed the descriptive and analysis of variance of the first hypothesis. The result revealed that calculated F-ratio is greater than the critical F-ratio. Hence, null hypothesis is rejected. This means that there is a significant effect of cooperate organization on the development of businesses in Lagos, Nigeria. Thus, business owners who are members of the cooperate organization will enjoy the benefits and leverages of cooperation.

The second hypothesis was also tested to determine if there is an influence of cooperate organization for setting up of business enterprises in Lagos metropolis. The results in table 4.2.2. showed that there is significant influence of cooperative organization on the setting up of business enterprise in Lagos. Hence, it is suggestive that cooperate organization model can help small businesses to strive better in Lagos, Nigeria.

In section 4.2.3, the regression model table was presented. It showed the relationship between the business development and cooperative organisation. the

result, presented in Table 4.2.3b showed support that the role of cooperative societies is positively related to micro-business development. Further, an R-square ($R^2=0.872$) indicates that 87.2% of role of cooperative societies was explained by micro-business development. In section 4.2.4., correlation analysis of business development and cooperative organization parameters was computed to determine the association between them and how significant they are. Table 4.2.4. revealed the coefficient matrices of these variable and their coefficients.

CONCLUSION

Lagos metropolis as a suburb has many business outlets created just for survival. Most of these small scale business outlets would have been run better if they could leverage on the potentials of cooperative to raise capitals, market their products, pay less or little levies etc. This study help revealed the effectiveness of cooperative organization in business development. It showed that cooperative organization is needed for business development to occur in any business. In this case, where small-medium enterprises are used, the results showed that cooperative organizations have significant influence and effect on the growth and development of business.

Hence, entrepreneurs are advised to be part of the cooperative enterprises as soon as they have made up their mind to start up their businesses. In summary, it is expedient to put it that cooperative organization will influence the growth and development of a business. The role it plays in socio-economic values of a country/region is insurmountable. New businesses need to engage to thrive and quickly become recognized.

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ANNEXES

