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**Impact Assessment of Cooperative Societies on Rural Development in Etinan Local  
Government Area of Akwa Ibom State, Nigeria**

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**By**

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**ABSTRACT**

*This paper focuses on impact assessment of cooperative societies on the development of Etinan Local Communities. However, a number of strategies have been adopted for the development of rural communities in the past, but non-seems to tackle rural problems headlong. Critics have attributed this dismal failure to the policy of top-bottom where the rural people were not consulted. This paradigm shift from top-bottom to bottom-top where rural people are given free hand to decide on the direction of their development compelled the researchers to assess the impact of this approach by using cooperative societies as the case study. To do this, literature in cooperatives and rural studies were reviewed; objective possibility and integrated rural development theories were adopted to give direction to the study. However, five research questions were framed, while 250 respondents were selected from 5 viable cooperative societies operation in Etinan local government area. The finding revealed that the operation of cooperative societies has minimal success in term of improved standard of living of the people as their incomes have increased, but they failed in areas of infrastructure, social amenities, adoption of administration, low educational attainment, low income at individual and cooperative levels, absence of extension services, strong informal cooperative based on kinship bond etc. The study noted that expansion of financial base, drawing government attention to area of need, training of officers of cooperative for management skill, auditing of account to make members develop confidence in the societies so as to invest their money, and creating adequate awareness for effective participation in cooperative activities could accelerate the pace of rural development.*

**Key Words: Cooperative Societies, Socio-economic Development**

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**Introduction**

Human beings have no doubt been limited in respect of time, energy, expert knowledge, and other resources especially in rural areas (Ekong 2003). However, both individuals and group goals can be more efficiently and less strenuously attained through combined efforts of two or more individuals. This form of social interaction in which two or more people work together as a team to achieve common goal facilitates the attainment of set goals.

Against this background, cooperative societies have in recent times been recognized and accepted globally as agents of socio-economic development in the rural areas. This is because a

cooperative society is a form of organization where-in persons voluntarily associate together as cooperators on the basis of equality for the promotion of their economic interest (Akpabio 2005).

Historically, cooperative societies as we know today, owe its origin to the Rochdale Pioneers of 1844 (in England) who are regarded as the father of cooperative that propounded the theories regarded as the practices and principles governing cooperative all over the world. The pioneers conceptualized cooperative as voluntary organization of human being on the basis of equality, working together in accordance with cooperative principle for their mutual, social and economic benefits (Moore 1972). Beyond this, the pioneer enunciated the distinguishing characteristics of the cooperative which include open membership, democratic control, services at cost (i.e members share in the savings and losses of the society), limited interest on capital, political and religious neutrality and promotion of member education.

In Nigeria, cooperative associations were established along the line of the British and American cooperative associations. The author noted that these cooperative groups had their influences largely concentrated in the rural areas among the farmers.

The introduction of the farm settlement scheme in western Nigeria during the 1950s led to the teaching of the principles of and method of formal cooperation in the farm institutes. This initial knowledge on the principles and method of cooperation among farmers brought about the formation of early consumer cooperative associations. However, these had assisted the farmer to collect money to purchase consumer goods which they needed on wholesale basis. This foundation led to subsequent formation of agricultural production cooperative associations which enabled them to qualify for loans from the government owned agricultural credit cooperation. They also used that instrument to gain access to the purchase of farm input at subsidized rates from government by virtue of their membership of cooperative associations.

### **Statement of the Problem**

Scholars of rural studies (Ekong, 2003) have argued that cooperative societies form the backbone of socio-economic progress and rural transformation in any society caught up in the claws of the 21<sup>st</sup> century development objectives. This is because rural areas are believed to be the reservoir of food supply, and other agro-allied raw materials for industries. Without productive and functional cooperative societies, rural socio-economic transformation may be a mere wishful thinking, since food supply, farm inputs, financial credits and farm machineries may be better realized through viable cooperative societies.

Over the years, there has been a serious decline in the activities of cooperative societies in Etinan rural communities. The resultant consequences are the drastic reduction in food supply and other economic activities. Thus, a number of factors seem to have contributed to the poor performance of most of these cooperative societies in the area. Prominent among which are management related problems such as lack of commitment, low morale by members, lack of funds, poor infrastructural facilities etc. These problems according to public opinions have seriously truncated the rapid development of cooperative societies, vis-a-vis rural socio-economic transformation of these rural communities.

This study therefore seeks to assess the level in which cooperative have contributed to the rural socio-economic development in Etinan local government area. This impact assessment is meant to expose in detail possible factors that militate against the laudable objectives of

cooperative societies, and in turn provide suggestions toward improving the performance of cooperative societies in these local communities of Etinan.

### **Objectives of the Study**

The main objective of the study is identifying the nature and operation of cooperative societies in Etinan rural communities. The specific objectives are:

- (i) To investigate the viability of cooperative societies in Etinan Local Government Area.
- (ii) To investigate the financial sources of cooperative society in Etinan Local Government Area.
- (iii) To identify major contribution of cooperative societies to socio-economic development of Etinan rural communities.
- (iv) To suggest measures, aim at improving the performance of cooperative societies in Etinan rural communities.

### **Research Question**

- (i) What type of cooperative societies are operational/functional in rural Etinan Local Government Area?
- (ii) What are the sources of finance available to these cooperative societies?
- (iii) Are there any contributions that cooperative societies make to the socio-economic transformation of the rural communities of Etinan

### **Historical Background of Cooperative Movement**

Essentially, tracing briefly the global history of cooperative societies, one is right to link modern cooperative societies with the British industrialist and philanthropist called Robert Owen. There was industrial revolution which started in Europe, in the 18<sup>th</sup> century and culminated in hunger, starvation, high price, low wages, and adulteration of food, long hours of work, unemployment and other social malaise. Owen in 1844 perceived this situation as inhuman and made positive moves toward its solution by mobilizing 28 flannel weavers to the first model of a modern cooperative called “The Equitable Societies Rochdale Pioneers”. The society bought good in large quantities from producers and sold them cheaply to the members and non-members as well.

In Nigeria, the first cooperative to be registered in Nigeria was the Agricultural Produce Marketing Society called the Gbedun cooperative cocoa sales societies, registered on 19<sup>th</sup> August, 1937 (Jibomo 1992). This cooperative society for the marketing of cocoa became the backbone of cooperative movement within the Nigeria nation. Onuoha (1978) noted that the thrift and loan societies sprang up from this early cooperative movement. This was exemplified by catholic mission teacher cooperative thrift and loan societies formed in Abeokuuta, Ogun state sources. However, the tenet of this society was avoidance of spending, encouragement of saving, and the use of money prudently. The gains of such fiscal measures arising from the effectiveness of these cooperative societies further expanded the frontier of cooperative establishment.

Honel (1967) noted that from 1936 to 1961 cooperative societies in Nigeria were administered by a single cooperative department in Lagos. However, following the regionalization of the country in 1951, cooperative administration became exclusive regional matter under the Nigeria governments. Thus, the cooperative division came under the ministry of

trade and industry in western region, and ministry of social welfare and economic development in northern region. When 12 states were created in 1967, now 36 states structure, each state has to set up its own cooperative department and made its own cooperative law.

In order to harmonize policy on cooperative across the country, the federal registrar of cooperative was directed to formulate broad cooperative policy for the whole country, coordinate the activities of cooperative in the state, and to perform other essential cooperative studies.

### **Development of Cooperatives in Akwa Ibom State**

In Akwa Ibom State, cooperatives had existed within the traditional Society in form of "Etibe". The farmers in the early century believed in contributing their effort to tackle farm work in the area of clearing and planting, weeding and harvesting. This reflected the communal life they lived. This suggests that cooperative in the early time was mainly on labor (Etim, 2007).

In contemporary Akwa Ibom State society, cooperative activities have become even more elaborate. A number of organizations have sprung up under the name of cooperative societies, who are engaged mainly in pulling of financial resources of member for economic pursuit. Here, men engage in regular contribution to raise fund which is given in whole to each contributor in rotation. This marked the beginning of Osusu or Etibe which was made up of Single collector 'Osusu' system, Rotating "Osusu" system; and Contribution to mutual assistance group which later developed into thrift and credit societies.

In modern times, cooperative tends to be organized, although there still exist rudiments of its traditional characteristics. The introduction of modern cooperative societies in Akwa Ibom State dated back to 1943, when the first cooperation society was established and was expressly designed to show the people the advantages of cooperation societies over "Etibe". However, this was translated from the old Calabar province, where it was first established in accordance with Strickland's recommendation of 1933. With this report, the inspectors in the Eastern State from different provinces started to initiate action on the formation of modern cooperatives.

In recent past, the Akwa Ibom State government had recognized the efficacy of cooperative societies in socio-economic transformation of its rural areas, thus incorporating cooperative policies into the main stream of economic development. The belief has always been that cooperative societies were and are still an important vehicle of transforming the economy and raising the standard of living of their members through, training in thrift, distribution of scarce commodities, creating incentive for self-help, training in innovations, serving as channels of government assistance through loan facility for self-help.

### **Cooperative Societies as Self-help for Rural Economic Development in Akwa Ibom State.**

The concept of cooperative is based on self-help, self-reliance and independence. This implies that the ability of individuals to produce for their own needs and those of the group without necessarily relying on other is unlimited. When those needs are provided, cooperative also believed in equitable distribution of goods and services. In this sense, the cooperative organization can be seen as an instrument for achieving the self-reliance goal even in its wider sense (Ikpe, 1980).

Adayaye (1985) drawing inspirations from this notion, argues that self-reliance through cooperative activities is synonymous with self-sufficiency in the production and distribution of agricultural and other non-agricultural products. This suggests that the idea of employing cooperative societies is to produce enough food and other agricultural raw materials through self-help. This forms a growing conviction that viable solution to many rural development problems can only come from the people themselves. Similarly, in addressing the five tenets of self-help development through cooperative organization, Essien (1988) pointed out the following;

- ❖ The rural Akwa Ibom people themselves are able to form their own self organization;
- ❖ Self-help organizations can develop with or without external aid;
- ❖ The people themselves know best what their development problems are;
- ❖ The people themselves know best what kind of outside help they need from local authorities, the state and federal government, or foreign agencies etc;
- ❖ The people themselves are able to implement development projects with the help of experts.

Therefore, genuine self-help development projects can only originate from locally existing pattern of interaction, institution etc through cooperative societies. This must be seen to be all encompassing, comprising existing organizational structures as well as participative planning and the implementation of future development programmes aided by cooperative organizations. This is why Gana (1987) noted that if we are serious at improving the lots of peasant farmer, reducing the widening gap between the rich and the poor, and increase agricultural production to feed the nation, then self-help efforts through cooperative societies must be encouraged.

### **Cooperative and Rural Development in Nigeria**

Nigeria provides opposite approach to that of Uganda in its rural development effort. While rural development approach of Uganda is bottom-top, Nigeria operated top-bottom. For example, the directorate for food, road and rural infrastructure (DFRRI) has a top-bottom approach. This was because everything about the programme flowed from the presidency to the grassroots which had also affected Etinan community.

The bottom-top approach has a marked difference from the top-bottom approach. The later (as in the case with Nigeria), implies that policies and programmes emanate from the top and are sent down to the people at the grassroots levels who are the beneficiaries without their participation in the initiation, execution, monitoring, and evaluation of programmes. In this case, there is no consultation with the local operators of resources. Similarly, cooperative organization in Nigeria and Akwa Ibom State in particular, is supervised by the bureau of cooperative that sends its field officers to each local government for effective supervision. In other words, the government or its agency provides staff, equipment, materials and programmes in the hope that the local people will avail themselves of the services or activities it offers.

Rural development in Nigeria has always been expressed in the name of community development, mass literacy, welfare of the masses, cooperative development, human development, health, rural environmental quality, rural infrastructural development, rural industrialization, and rural income policy as evident in increase in salaries and wages of workers. All these have had little or no impact on the local communities (Abasiokong, 1982). Basically,

for rural development to be sustained, there has to be a broad based agricultural growth and rural development based on Cooperation, Non-intervention by government, Consistent policy on agrarian economy, Participatory policy on agriculture, Sustainable policy on rural development. These are believed to be the necessary stimulant to rural socio-economic development.

## **Research Method and Design**

### **Introduction and Design**

This section deals with the procedure, processes and techniques of executing this study. In a descriptive research of this type, the research design describes a number of techniques as regards the collection of data, population of study, the sample elements, as well as how data generated from the field were analyzed and interpreted.

### **Study Area**

The area of this study is Etinan Local Government Area of Akwa Ibom State, Nigeria.

### **Population of the Study**

The population of this study consists of male and female adult, indigenes and non-indigenes who are member of 5 viable cooperative societies operating in Etinan Local Government Area was estimated at 169284 (female 79377; male 89907). Consequently, the estimated population of the five viable cooperative societies stood at 2850 members. This choice of membership of these cooperative societies suggest that they could offer useful information that are capable of providing the basis for the assessment of their impact vis-à-vis rural economic transformation of Etinan Local Communities

### **Sample and Sampling Technique**

The researcher adopted simple random sampling technique to select 250 members from the 5 viable cooperative societies with estimated 2850 members. These societies were adopted purposively and they are as mention below:

- ❖ Farmers' cooperative society;
- ❖ Multipurpose cooperative society;
- ❖ Thrift and credit cooperative society;
- ❖ Consumer cooperative society; and
- ❖ Transport cooperative society.

These 250 sample respondents were selected randomly (through the use of paper and reshuffle method) at 50 members per cooperative society. Thus a total of 250 respondents were selected which constituted the sample size of the study.

### **Instrument/Field Technique**

In order to capture both educated and non-educated respondents, interview and focus group discussion were adopted as major tools for data collection. The interview questions framed in structured and unstructured forms were this regard, questions that were not necessary were either replaced or completely eschewed from the schedule. This, presents the instrument as being valid for the purpose to which it was designed.

### **Method of Data Analysis**

Data generated from the field were analyzed using descriptive statistics (i.e simple percentage).

**Data Presentation, Analysis and Discussion of Findings**

**Data Presentation**

**Table 1: Respondent Perception of the Cooperative Societies**

Variable	Operationalization	Frequency	%
Nature of Cooperative Societies	❖ Profit Oriented	245	<b>98</b>
	❖ Non-profit Oriented	5	<b>2</b>
<b>Total</b>	-	<b>250</b>	<b>100</b>

**Source:** field work 2007

**Analysis:** Table 1: Shows as high as 245 or 98% respondents affirming that the nature of cooperative societies operating in Etinan Local Government Area is profit oriented, while an insignificant 2% did not agree. The result shows that the focus of the cooperation society is to make profit.

**Table 2: Source of Finance for the Cooperative Societies**

Variables	Operationalization	Frequency	%
Through personal saving of individual members	Internal source I	150	60
Through profit generated from sales of farm produce.	Internal source II	70	28
Through loan from government	External source	30	12
<b>Total</b>	-	<b>250</b>	<b>100%</b>

**Source:** field work 2007

**Analysis:** Table 2 indicates that 150 or 50% of the respondent said that their major source of income is through personal savings, 70 or 28% agreed that it is through reinvestment of profit made from the sale of farm produce or livestock raised. While 30 or 12% said that loan from government credit scheme provided another source of funds. The result shows that two major source of fund are available for the cooperator (personal savings) and sales farm produce in Etinan Local Government Area.

**Table 3: Contribution of cooperatives societies to the rural community transformation**

<b>Contribution of cooperative societies</b>	<b>Operationalization</b>	<b>Frequency</b>	<b>%</b>
Infrastructure	Roads, electricity etc.	10	4
Social amenities	Pipe born water	20	8
Income increased	Improved standard of living individual members	220	88
<b>Total</b>	-	<b>250</b>	<b>100</b>

**Analysis:** Table 3 shows the contribution of cooperative societies to the rural development of Etinan Local Government Area. In this regard, 10 or 04% of the respondent said that infrastructure such as roads, electricity etc. have been provided, 20 or 08% agreed that social amenities (pipe borne water, bore holes etc.) have been provided, while 220 or 88% affirmed that they have experienced improved standard of living through increased income of members of the cooperative societies. The result shows that infrastructure and social amenities were not developed, except increased income and standard of living. The implication of this is that the activities of five cooperative societies in Etinan have not been beneficial in providing/attracting infrastructure and social amenities. This is because income generated is not adequate to provide for administrative needs of each cooperative society less infrastructural development.

**Discussion of Findings**

From the data analyzed above, it was established that cooperative societies are veritable instrument for rural economic transformation. For example, the respondent noted that the objective of cooperative organization is to provide agricultural and non-agricultural inputs; infrastructure (roads, electricity, market stalls, storage facility). These are quite laudable and promising. But from the findings of the study, it was revealed that if these objectives are achieved, rural communities in Etinan would have experienced rapid transformation. It was also observed that the source of income for cooperatives society is through personal savings, profit generated from sales of farm produce and through loan for government.

**Conclusion**

We have examined the impact of cooperative societies on rural development in Etinan and found a minimal achievement which only centered on the improvement of the standard of living of the people. But this should not discourage investment in cooperative societies. The reason is obvious, because the people themselves believe that they have a lot in contributing to the development of the rural economy.

### **Recommendations**

1. Training of officers managing the cooperatives societies will sharpen their administrative proficiency.
2. Expansion of financial base and keeping transparent financial records, will encourage members to save their money with the societies. Expansion of financial base implies seeking aggressive government credit facility so that they (farmers, livestock rearer, non-agricultural cooperators) could purchase or acquire inputs needed for greater productivity.
3. Periodic auditing of financial records so that more people could see sincerity of purpose and become members should be encouraged.

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