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Performance evaluation of cooperative societies on women entrepreneurs in Nigeria

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$$\min \sum_{i=1}^n w_i x_i$$

$$s.t. A_{(n+w) \times n} X_{n \times 1} \geq b_{(n+w) \times 1}$$

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ABSTRACT

Evidence from literature suggests that despite the fact that women are key players in entrepreneurial activities and make significant contributions in the economic development of many nations around the world, non-availability of long-term finance and long procedures to access financial help have been identified as major constraints faced by women entrepreneurs. Cooperatives societies has been identified as veritable instruments which provide business finance for the growth and development of women enterprises. Therefore this study evaluated the impact of cooperative societies on the performance of women entrepreneurs in Lagos State, Nigeria. Data were sought through structured questionnaires and analysed using tables, frequencies, percentages, charts while chi square was used to test the study hypothesis. The findings of the study revealed that though cooperatives are accessible to majority of the women entrepreneurs, the amount of loans obtainable from cooperatives were inadequate for the entrepreneurs. Furthermore, the chi square analysis showed that the χ^2 -calculated value of 61.26 is greater than the χ^2 -critical value of 13.28 at 0.01 level of significance, implying that cooperative societies have significant effect on entrepreneurs. Therefore it is recommended that the federal government should consider developing policies that will create an enabling environment for the development and proper operation of cooperative thrift and credit societies and other group initiatives and the management of cooperative societies should be helped to have a new business orientation and also encouraged to attend and benefit from seminars, adult education and literacy programs.

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Introduction

Most developing countries, particularly those that fall within the continent of Africa are overburdened by high level of poverty and low macroeconomic performance and it has for long been recognized as a major factor inhibiting the process of growth and development in most African nations (Anyawu, 2004). Poverty is a state of involuntary deprivation to which a person, household, community or nation can be subjected (Oseni 2007). It is a social problem where the household income is insufficient to ensure suitable livelihoods, consequently leading to hunger, malnutrition, ill health and mortality from illness (Ogunmadewa, 1999).

As a result of rising problems of poverty and unemployment in various countries around the world where Nigeria is not an exception, there is now growing interest in fostering entrepreneurial activities. The interest rests on the belief that entrepreneurship stimulates economic growth and development (Naude 2011). Entrepreneurs are said to have strong influences on the sustainable development processes of both developed and developing countries due to their role in poverty alleviation, employment creation and innovation.

The role of women within the entrepreneurial milieu is of significant importance as the rate of women participation in entrepreneurial activities is largely higher than males (Akanji, 2006; Akinniyi, 2009). Several evidences suggest that women are key players in entrepreneurial activities and make significant contributions in the economic development of many nations around the world (Minitti et al. 2005). This assertion is

buttressed by the fact that women account for over half of the food produced in the developing countries, consists of the fourth of the industrial labour force in addition to fetching most of the household's water and fuel wood and being responsible for children and household chores (Anyawu, 2004).

Despite all these crucial roles, it is however discovered that women entrepreneurs have low business performance compared to their male counterparts (Akanji 2006 and Ademola, 2013). Also, in most cases it has been found that women have a smaller loan size ostensibly because women are considered to have a lower capital absorptive capacity than men. Consequently, the women's loan packages, programmes, and services are smaller thereby limiting the range of their economic activities and returns. Non-availability of long-term finance and long procedures to access financial help, where available, have been identified as major constraints faced by women entrepreneurs (Otunaiya and Idowu, 2009). This calls for women's economic, social and political empowerment but this can't be achieved without the provision of business finance for the growth and development of women owned enterprises,

Cooperatives societies are veritable instruments which provide business finance for the growth and development of women enterprises. Ighomereho et al., 2012, defined cooperative as a form of organisation in which a group of individuals who have common interest and mutually agree to come together to promote their interest in the area of economic activities such as production, distribution or marketing of goods and services as well as provision of other welfare benefits to

their members. With all these activities, cooperatives are able to alleviate poverty, particularly in developing countries where a high level of poverty prevails. Therefore, this research work seeks to examine critically the impact of cooperative societies on the performance of women entrepreneurs in Nigeria.

Statement of the Problem

The fight against poverty in Nigeria has been expressed in many intervention programmes with a view to combating poverty mostly within the Millennium Development Goals (MDGs). However, most of the Non-Cooperative Groups (NCGs) often die in the midway without fulfilling the economic objectives for their establishment. For instance the defunct Peoples Bank of Nigeria (PBN) was set up to provide micro-credit finance for the need of the peasants, artisans and other low income group in order to stimulate economic growth. Peoples Bank did not live to its going concern age. It died prematurely without any significant achievement. Family Support Programme (FSP) also did not achieve much likewise the Family Economic Advancement Programme (FEAP) that was used to replace it. They had good intentions but lack the principles of cooperation that could promote economic development

Oshewolo (2010) examined most of these poverty alleviation programmes in Nigeria and concluded that most of the programmes by successive Governments aimed at tackling the menace of poverty among the population have failed to halt the problem.

However, consensus exists among many actors, including the United Nations (UN), International Labour Organisation (ILO), International Cooperative Alliance (ICA) and the European Union (EU) that the cooperative society is one of the few forms of organisations that could combat all dimensions of Poverty. In view of these, the study seeks to provide answers to the following research questions:

- How often do women entrepreneurs patronize cooperative societies?
- What are the factors influencing cooperative societies financing of women entrepreneurs?
- Does any relationship exist between the performance of entrepreneurs and cooperative societies?
- What benefits do women entrepreneurs derive from cooperative societies?
- What are the problems facing the entrepreneurs as a result of patronizing cooperative societies?

In the process of this analysis, a hypothesis presented in the null form is formulated for the study thus:

H₀: Cooperative Societies have no significant effect on the performance of Women entrepreneurs

Literature Review

Women Entrepreneurship in Nigeria

Women entrepreneurship in Nigeria is common in the informal sector and activities in this sector seem to be invisible, along with their contributions and needs. Their entrepreneurial activities are not only a means for economic survival but also have positive social repercussions for the women themselves and their social environment (UNIDO, 2001). The growths of their business have also contributed to the global economy, and the economies of their immediate communities and countries (Gundry and Welsch, 2001).

Despite government programs aimed at reaching small scale entrepreneurs, women as a group are not considered for assistance. A major reason for this is that most of the enterprises women engage in, such as petty trading, dressmaking,

hairdressing and food processing hardly provides sufficient funds which they can fall back on. In a related development, literature substantiate the fact that women entrepreneurs, especially in developing countries, do not have easy access to credit for their entrepreneurial activity (Ademola, 2013; Ibru, 2009; Okpurakpura 2009; Lakwo, 2007; Kuzilwa, 2005; Iheduru, 2002), whereas the rate of women participation in the informal sector of the economy is largely higher than males (Akanji, 2006; Akinniyi, 2009). It is their inability to secure start-up capital that led them to requesting for credits from micro-finance institutions and cooperative societies (Ibru, 2009; Kuzilwa, 2005).

This can be traced mainly to poverty, unemployment, low household and business income and inability to save (Ademola, 2013). Most women entrepreneurs in developing countries lack the ability to save (Akanji, 2006), yet they require savings to protect income, act as a security for loan and could even be re-invested in the business (Akanji, 2006). As a result of this, women entrepreneurs join cooperative societies in order to raise sufficient funds to enhance their business activities.

The Role of Cooperative Societies in Economic Development

Cooperatives are community-based, rooted in democracy, flexible, and have participatory involvement, which makes them well suited for economic development (Gertler, 2001). The process of developing and sustaining a cooperative involves the processes of developing and promoting community spirit, identity and social organisation as cooperatives play an increasingly important role worldwide in poverty reduction, facilitating job creation, economic growth and social development (Gibson, 2005).

Cooperatives are viewed as important tools for improving the living and working conditions of both women and men. Since the users of the services they provide owned them, cooperatives make decisions that balance the need for profitability with the welfare of their members and the community, which they serve. As cooperatives foster economies of scope and scale, they increase the bargaining power of their members providing them, among others benefits, higher income and social protection.

Hence, cooperatives accord members opportunity, protection and empowerment essential elements in uplifting them from degradation and poverty (Somavia, 2002).

As governments around the world cut services and withdraw from regulating markets, cooperatives are being considered useful mechanisms to manage risk for members and keep markets efficient (Henehan, 1997).

In a number of ways, cooperatives play important role in global and national economic and social development. With regard to economic and social development, cooperatives promote the "fullest participation of all people" especially women and facilitate a more equitable distribution of the benefits of globalization. They contribute to sustainable human development and have an important role to play in combating social exclusion. Thus the promotion of cooperatives should be considered as one of the pillars of national and international economic and social development (Levin, 2002).

Methodology

The study was conducted in Lagos state, Nigeria. The state is the most populous in Nigeria. It is currently the second most populous city in Africa, and also currently estimated to be the second fastest growing city in Africa and the seventh fastest in the world (UNDP, 2008). It has a landed area of 999.6 km² (385.9 m²) and a population density of 7,941/km² (20,569.9/m²).

The first stage involved the purposive sampling of three (3) Local Government Areas from five Local Government Areas under Lagos division.

The three selected Local government areas included were Apapa, Surulere and Eti-Osa due to high presence of women entrepreneurs. The second stage involved random selection of 40 women entrepreneurs involved in trading, catering and hairdressing within each local government area, thus making a sample size of 120 respondents used for the study.

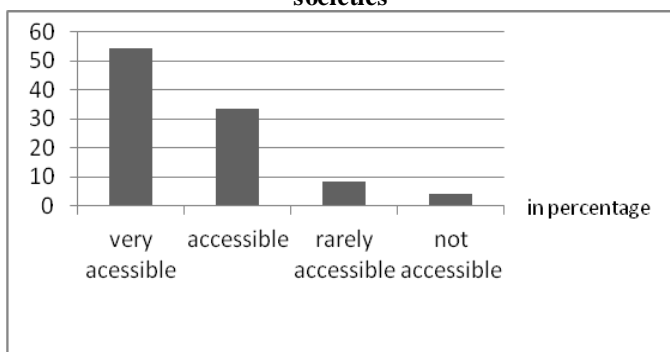
The research made use of primary sources to collect data and they were analysed using descriptive statistics such as frequency and percentages, tables, charts and chi square analysis. The Five Likert Scales; Strongly Agree (SA), Agree (A), Undecided (UD), Disagree (DA) and Strongly Disagree (SA) was used to analyse this data collected from the respondents.

Results and discussion

The accessibility of women entrepreneurs to cooperative societies was displayed in Fig I. It revealed that most of the entrepreneurs have access to the services of Cooperative Societies.

About 55% of the women entrepreneurs found them very accessible and 33% also reported that they are accessible to them unlike most commercial banks that have restricted access. Cooperatives make it easier for entrepreneurs especially women who have been marginalized to source their business finance from them and this goes a long way in helping the entrepreneurs.

Fig I: Women entrepreneur's accessibility to cooperative societies



Source: Field survey, 2012

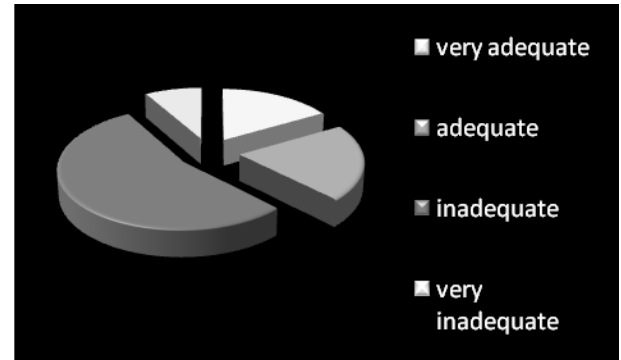
On the topic of adequacy, 62.5% of the respondents indicated that the loans obtained from cooperatives are inadequate while only 37.5% responded that the loans are adequate (Fig II). This tends to affect the performance of the entrepreneurs as some cooperatives give out less than what members request for, which may not be sufficient for the project such member intends to utilize the loan on.

This assertion is buttressed with the findings of Yusuf and Adedayo (2004) who reported that about 31 percent of cooperative members in Nigeria claimed that the loan is usually inadequate for the purpose it is intended. Bamiduro (2011) also identified lack of adequate funding as one of the inhibiting factors for the inability of most poverty alleviation strategies to yield results

Table I displayed the factors influencing cooperative societies financing of micro-enterprises. They were influenced by factors such as profitability of the business, repayment abilities and preference for micro-enterprises. Cooperatives are always willing to help the micro-entrepreneurs unlike the commercial banks that may not respond to applications for loans to finance them. Moreover, they do not make applicant's gender,

formal registration of business, provision of collateral and age of business important factors in deciding on a loan application. This makes it easier for entrepreneurs especially women who have been marginalized to source their business finance from them. This will go a long way in helping the entrepreneurs and also improve their performances.

Fig II: Adequacy of loans obtained from cooperative societies



Source: Field survey, 2012

Table I. Factors influencing Cooperative societies financing of micro –enterprises

Factors	Yes	No
Applicants gender	-	No
Profitability of business	Yes	-
Repayment ability	Yes	-
Preference for micro enterprises	Yes	-
Formal registration of business	-	No
Collateral/guarantor	-	No
Age of business	-	No

Source: Field survey, 2012

The above Table 3 shows the measure of the turnover performance of the women entrepreneurs in the three years preceding this study. This was done on the basis of yearly averages of the three surveyed classes of micro-enterprises. The enterprises surveyed showed a steady rise in gross turnover, when the rate at which the gross earnings rose between 2009 and 2010 was compared with the rate at which they rose between 2010 and 2011, it was found that the performance of the enterprises improved slightly and this may be due to the fact that the entrepreneurs obtained loans from the Cooperatives which tend to improve their performances. However, the respondents stated that if more loans were available to them, then their performances would have improved significantly because cooperatives are easily accessible to them and with low interest rates.

Table II: Performance of women entrepreneurs who patronized Cooperative Societies using Average gross turnover (2009-2011)

Sector	#'000 2009	Rate of change (%)	#'000 2010	Rate of change (%)	#'000 2011	Rate of change (%)
Traders	360	-	410	13.89	470	14.63
Caterers	300	-	350	16.67	415	18.57
Hairdressers	320	-	380	18.75	455	19.74

Source: Field survey, 2012

A list of possible challenges of Cooperative Societies was presented in Table III. From the result, there are ten (10) of such challenges. However, the most prominent among the challenges is corruption and embezzlement (83.33%) by leaders of Cooperative Societies, if leaders are transparent, dedicated and truly serving, the cooperative society will succeed. This finding

is in consonance with the report of Onuohia (1986) who identified leadership problems as a major setback to the performance of cooperative societies saying that group action is more difficult to coordinate than individual actions. Also, Akinwumi (2006) affirmed that bad leadership is a critical element that affects efficiency of cooperative movements in Nigeria.

Also following closely is insufficient funds (70%) for executing cooperative programmes. In Nigeria, savings of members are usually very small due to low income status of the population (Yusuf and Ijaiya, 2009) and as such, majority of the cooperatives do not have enough fund to give out as loans to their members. Some cooperatives however give less than what member's request for, which may not be sufficient for the project such member intends to utilize the loan on.

Majority of the respondents (70%) said that bad record keeping and weak managerial ability also poses a major problem to development of Cooperatives. (Agbo, 2009) supported this assertion by reporting that cooperatives in Nigeria are not adequately alleviating poverty because of mismanagement of the existing ones just because the managements of some of them lack vision and the will to exploit the potentials in cooperatives. Others are illiteracy, poor repayments patterns, poor monitoring of loans and dishonest members. All these have made for poor performance, declining and death of some cooperatives.

Table III. Challenges facing Cooperative Societies

Problems	Frequency	Percentage	Rank
Delay in assessing credit	30	25.00	7 th
Weak managerial ability	80	66.67	3 rd
Poor monitoring of loans	65	54.17	5 th
Insufficient funds	90	70.00	2 nd
Poor repayment	70	58.33	4 th
Dishonest members	55	45.83	6 th
Bad record keeping	90	70.00	2 nd
Illiteracy	80	66.67	3 rd
Corruption and embezzlement	100	83.33	1 st
Poor attitude of credit staff	20	16.67	8 th

Source: Field survey, 2012

In order to determine the impact of cooperative societies on entrepreneur's performance, a chi-square analysis was used (Table IV)

Let O represent observed values which is the frequency of responses to the questions

Let E represent the expected value which is the average responses

$$120/5 = 24$$

$$Df: 5-1 = 4$$

$$\chi^2_{(0.01, 4)} = 13.28$$

$$\chi^2_c = 61.26$$

$$\chi^2_c > \chi^2_t$$

Since the χ^2 -calculated value of 61.26 is greater than the χ^2 -critical value of 13.28 at 0.01 level of significance, therefore we will reject H_0 , accept H_1 and conclude that Cooperative Societies

have significant impact on the performance of women entrepreneurs in Lagos State, Nigeria

Conclusion and Recommendation

The study sought to evaluate the impact of Cooperative Societies on the performance of women entrepreneurs in Nigeria. The findings of the study revealed that though cooperatives are accessible to majority of the women entrepreneurs, the amount of loans obtainable from cooperatives were inadequate for the entrepreneurs and majority of them responded that if the loans were sufficient, it would have improved their performances significantly.

Furthermore, the chi square analysis showed that the χ^2 -calculated value of 61.26 is greater than the χ^2 -critical value of 13.28 at 0.01 level of significance, implying that cooperative societies have significant effect on entrepreneurs.

Moreover, corruption and embezzlement by leaders of Cooperative Societies was found to be a major setback to the performance of cooperative societies. Also, insufficient funds for executing cooperative programmes poses a great problem as majority of the cooperatives do not have enough funds to give out as loans to their members therefore impacting negatively on the performances of the entrepreneurs. Based on the findings of the study, the following recommendations were made:

- Commercial banks should set up micro credit desk through which they could extend credits to cooperative societies at mutually agreed terms for onward lending to women entrepreneurs
- The Federal government should consider developing policies that will create an enabling environment for the development and proper operation of cooperative thrift and credit societies and other group initiatives
- Management of cooperative societies should be helped to have a new business orientation and also encouraged to attend and benefit from seminars, adult education and literacy programs.

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Table IV: Chi square analysis to determine the impact of cooperative societies on entrepreneur's performance

Responses	O	E	O - E	(O - E) ²	(O - E) ² /E
Strongly agree	50	24	26	576	24.00
Agree	40	24	16	256	10.67
Undecided	5	24	-19	361	15.04
Disagree	15	24	-9	81	3.38
Strongly disagree	10	24	-14	196	8.17
Total	120	120			61.26

Source: Field survey, 2012

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