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Effect of Government Promotion on the Economic Situation of Co-Operative Societies in Enugu State

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Abstract

This work is on the effect of government promotion on the economic situation of co-operative societies in Enugu state. The purpose of the study was to find out the economic situation of the co-operatives as well as investigate the positive and negative effects of government promotion in co-operative societies in Enugu State. The research employed the survey design method. The population of the study comprises of all the members of co-operative societies in the seventeen (17) local government areas of Enugu State, utilizing 10 co-operative societies as the sample for the study. The structured questionnaire was developed and distributed to the respondents as the instrument for data collection. Tables, figures and percentage were utilized in analyzing and interpreting the data collected. The result of the study revealed that the economic condition of co-operative societies of Enugu State is not encouraging as 77 respondent representing 38.1% indicate that there is poor government attribute to the improvement of co-operative societies. The study also reviewed that government promotion has mostly a negative effect on co-operative societies as 54 respondents representing 26.7% indicate that government uses co-operative as their instrument or for their own interest. The researcher therefore recommended that government should have the policy of assistance without control because the co-operative cannot afford all the required equipment and finance to run its day to day activities since co-operative is for the marginal members. But through the government assistance the co-operative

will be able to carry out seminars, programmes and education that will help their members to know their standard and position in the society.

Keywords: Government Promotion, Economic Situation, Co-Operative Societies, Enugu State

Introduction

The co-operatives of urban and industrial areas originated and developed first in Great Britain from the last third of the 18th century and during the 19th century in other countries. Consumer co-operatives is generally made to data from the establishment of Rochdale society of equitable producers in 1844. However, the research of William Maxwell, (1989) J.A. Haugen Kerl Munching, (1979) Hansumuller, T.W. Mercer (1992) and Pevcy Kedfev (1899) and the document published by the co-operatives movement in Great Britain the establishment of co-operatives. This period covers more than eighty years and is divisible in two phases; the pre-activity of such Scottish co-operators and the first co-operative congress of 1830 to 1834. During this period a number of co-operatives sprang up where they have as their object the establishment of autonomous colonies of the Robert Own type. They devoted the proceeds of their business for the purchase of land and the setting up of integral communities. However, the invention of co-operative institution has been and still is often attributed to Robert Owen in England and to Charles Forcer in France. The first co-operative institution arose spontaneously from necessity and the spirit of association among the people not by the act of some great social reformer. Secondly, they were stimulated and at times divested by doctrine emerging besides them or build upon them, which end lusted co-operative with the vision of a complete society transformation to be achieved by development of co-operative and nothing else. Furthermore, the colonial government used co-operative to support government economic policies, especially in the area of agricultural development. Through government involvement in co-operative then it was seen as a way of bringing farmers into cash economy and encouraging cultivation of export commodities. The government introduced an economic recovery programmes in 1986 with a view to improve the economy and promote agriculture and industrial development. One of the tenets of the country's Structural Adjustment Programme (SAP) was the use of co-operative and other grassroots institutions to stimulate agricultural production and broaden the local supply base of agriculture. To facilitate this government established the directorate for Mass Mobilization for Social and Economic Recovery (MAMSER), the Directorate for Food, Roads and Rural Infrastructure (DERRI), the Directorate for Employment (NDE) and the Better Life Programme (BLP). These establishments supported the use of Co-operatives for increased Output. Like MAMSER resolved. "To mobilize, energize and organizes small-scale produces into viable co-operative while BLP, (1989) emphasis on the use of co-operatives to mobilize rural women for various economic ventures. The study revealed some problems which are Cultural barriers – The people of Enugu State are affected by their culture which hinders the co-operative from growing. They do not have the mutual understanding among them, each will try to do it on their own. Unlike the people in the west and north. The North and west have a successful co-operative societies because of their way of life. The people in the east will like to keep information to their self so that they will gain the whole advantage to themselves, because of their African mentality which hinders co-operative from growing.

Lack of cooperation among the co-operative – most co-operative societies suffer from lack of cooperation among members, most members divert from the societies goal to achieve their own self interest, which leads to apathy among members. Lack of sustainability and operation of programme Government do not bring out sustainable development before starting up a programme for the co-operative, they do not recognize some important stakeholders in co-operative before starting up a programme rather they train people that are not into co-operative e.g. FADAMA. Which leads to the failure of that programme.

Purpose of the Study

To find out the economic situation of the co-operatives in Enugu State.

To investigate the positive and negative effects of government promotion in co-operative societies in Enugu State.

Research Questions

What are the economic situation of the co-operative societies of Enugu State?

What are the positive and negative effect of government promotion in co-operative societies of Enugu State?

Review of related Literature

The ICA for the first time offered an official definition of the term “Co-operative” at the centennial congress in Manchester in 1995. The ICA has defined a co-operative as “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 1995).

Co-operative societies especially the one’s involved in different local government area of Enugu State are still in their development stage. This co-operative have battled through thrones to get loose from reliance of government officialization, government policies and their influence which eventually takes over due to unavoidable assistance and help, which has hampered their performance.

Other Activities/Roles of Government in Co-operative

According to Ijere (1966) Ilo declared that co-operative were instrument for economic and social progress and in (1967) United Nation economic and social council called for establishment of contribution which co-operative could make in implementation of the United Nation project for economic and social progress. Government has played some vital roles on co-operative in Nigeria.

1) **Legislation:-** There is need in organization to operate within the frame work of co-operative law; government have provide guidelines through enactment of law for co-operative societies, moreso, each state government provides guidelines and other strategies to monitor the activities of co-operative societies within the state.

2) **Administration and supervision:** - Government set-up administrators for co-operative organization through appointment of the director of co-operative and their subordinate who administered the affairs of co-operative. After the successful establishment of co-operative, the director of co-operative societies also empowered by the law to appoint an inspection or Audit co-operative societies from time to time. This is necessary to ensure that the societies were

running to accordance with the stipulations of co-operative law and regulation. In appointing secretary/accountant for the unit.

3) **Financial Assistance:** This perhaps the most notable assistance manifested, financial assistance could be inform of grants or loans, grants are offered capital procurement of equipments like machinery building etc.

Government also give grants for training of co-operative staff/experts and payment of staffs especially at the initial stage of the organization while loan are offered by government to cooperative for many purpose include provision of infrastructures like building ware house, store purchasing of equipment raw materials etc.

4) **Educational Development:** - Continuous education of members is one of the principles of co-operative even in the stipulation of co-operative law on appropriation of surplus, which states that 3% of the net surplus should go to education of members.

Government also assist co-operative especially in the field of co-operative establishments of institutions for training of co-operative official example of institution are three (3) Federal Co-operative Collages in Nigeria

- Federal Co-operative Collage Ibadan (FCCI)
- Federal Co-operative College Kaduna (FCKK)
- Federal Co-operative Oji River (FCCO) and some polytechnics and collage of agriculture that offers certificate on co-operative education.

5) **Publicity:** It is the role of government to make people know about co-operative. Co-operative and its important they can do this by establishment of co-operative institutions for training of more co-operative experts who will help in impacting the knowledge of co-operative as a result of promotion on co-operative societies and other awareness campaign that will propel people to join co-operative societies.

6) **Technical aids:** - Technical assistance offered to co-operative societies by government that could be informed of providing experts on financial matter. (Account/Auditor) to some co-Operative Societies And Other Aids On Inputs For Agriculture Operation Like Tractors, Fertilizer Etc.

Some Co-operative Activities Programmes

Co-operative societies have not organized any co-operative programme without the help government due to lack of finance and other facilities. Most co-operative programme are initiated by co-operative and government help to assist the co-operative societies in one way or the other.

Co-operative programmes.

- Workshop are organized
- Short course and seminal
- Conferences on co-operative and other activities

Workshop:-Co-operative is a business organization and there is no business organization that can progress without having records or keeping proper records. Co-operative conduct these workshop so that members can be taught how to keep proper records of their books and records.

The workshop also teach its members the type of business ventures to embark on considering the geographical location, strategy to identify the natural endowment which a location has. They are also lectured on how they can raise capital and who to meet e.g. co-operative farmers are been told how and where to get loan, farm input, fertilizers etc. so that they can carry out their farming activities effectively. This workshop get government assistance so as to reduce the cost. This workshop in most cases organize lecture to guide their members because most people have the money but do not know the type of business to embark on and those who have the knowledge do not have the financial capability .

The co-operative organize short course (1-2 months) to enable them have proper education and information about different kind of business and how to manage them. Their ability are been tested after these month of training. Government assist them with experts during this programme

Seminal – Co-operative societies organize seminal where they present different papers. This is not as detailed as workshop but gives room for proper reactions and interaction between participants and at the end the participants will be more equipped with the best option to choose.

Conferences on Co-operative – The co-operative societies organize conferences for discussion of issues that are affecting the co-operative. International co-operative day is a day that is mapped out for the co-operative movement in the whole world. During the international co-operative day a lot of co-operative societies will come to discuss issues that are affecting co-operatives and the the way forward.

Other co-operative Activities

The co-operative organize trade faire at local level. In the village people bring out what they have for sell e.g. Nwanyi Bu Ife Co-operative Societies bring out different product for sell and this is organized in a district level. The women co-operative which is held in Igbo-Eze North at Nsukka encourage education by giving out scholarship to some people in that community.

Problems Faced by Co-Operative Societies in Enugu State

Cultural barriers:- The people of Enugu State are affected by their culture which hinders the co-operative from growing. They do not have the mutual understanding among them, each will try to do it on their own. Unlike the people in the west and north. The North and west have a successful co-operative societies because of their way of life. The people in the east will like to keep information to their self so that they will gain the whole advantage to themselves, because of their African mentality which hinders co-operative from growing.

Lack of cooperation among the co-operative: Most co-operative societies suffer from lack of cooperation among members, most members divert from the societies goal to achieve their own self-interest, which leads to apathy among members.

Lack of sustainability and operation of programme :- Government do not bring out sustainable development before starting up a programme for the co-operative, they do not recognize some important stakeholders in co-operative before starting up a programme rather they train people that are not into co-operative e.g. FADAMA. This leads to the failure of that programme.

Government influence: - Co-operative cannot do without government assistance because the lack finance. The government finance which is given to co-operative is like a Greece gift (a gift that need something in return) which leads to government control. Over co-operative bears the loose leading to the failure of most co-operative societies in Enugu State.

People forming co-operative society:-In most cases people do not have the mind to join the co-operative society they only form one when they hear that government are giving money and other facilities to only co-operative societies. They form co-operative societies to get whatever the co-operative society will get, but immediately they get what they want from the government you will stop hearing about that co-operative society. These co-operative societies are referred to as programme co-operative societies because it is either one thing or the other that will lead to the formation of that type of co-operative e.g.

Dishonesty among the leadership:- There are cases involving embezzlement of fund among co-operative. This lead to mismanagement of the society.

Poor members education; - continuous education which is one of the principle of co-operative is one of the problems of co-operative society. Poor education of member leads to high rate of illiteracy, lack of qualified and trained officers.

Methodology

The type of research design used is the survey method research design is one in which a group of people or item is studied by collecting and analyzing data from only a few people or item considered to be representative of the entire group. It also employs a variety of data gathering instruments or techniques such as observation test.

Population of the Study

The population of the study comprises of all the members of co-operative societies in the seventeen (17) local government areas of Enugu State and co-operative field staff also in the state. Although the Director of Cooperatives and his schedule officers were included, they were not directly involved in the study. However, because of financial and time constraints, the 17 local government area were grouped into three (3) geo-political zones in Enugu State which includes Enugu East, Enugu West, and Enugu North were also used to streamline the population.

Sample

The spread of co-operative in the seventeen (17) local government areas was further reduced to the 3 geo-political zones, and in each zone, two (2) local governments areas were selected, giving a total of six (6) local government areas. In the six local government areas, a total of ten (10) co-operative societies were selected using simple random sampling technique.

Research Instrument

Questionnaire and oral interview were the only instrument used for data collection. The questionnaire was structured in two phases, A and B. The phase A represented respondents of personal data while phase B represented the questionnaire items.

Two hundred and two (202) respondents (co-operators and co-operative field staff) received questionnaire according to their numbers that is 188 and 14 respectively.

Reliability of the Instrument

The instruments used by the researcher is reliable because it covers all the areas needed in getting the right and authentic information for the research work and this help to measure the accuracy of the instruments.

Method of Data Collection

The questionnaires were distributed personally by the researcher to the members of cooperative societies and co-operative field-staff in the local government areas selected. The researcher collected completed questionnaires back with the target sample size of two hundred and two (202) distributed, all were returned without spoilage. The questionnaires were in two section, section A and Section B.

Method of Data Analysis

The researcher will use tables, figures and percentage in analyzing and interpreting the data. Frequency tables were used to analyze the collections of raw data. The raw data were translated into percentage to enable the researcher draw reasonable conclusion based on the information gathered. The table 2 below, show the distribution of cooperators and co-operative field-staff in the 6 local government areas of the 3 geo-political zones.

Results and Data Analysis

Table 1 shows response from members of the co-operative societies on the economic situation of the co-operative societies in Enugu State.

Response variable	No. of response	Percentage (%)
Poor government attribute to the improvement of co-operatives society	77	38.1
Poor management condition of most co-operative societies	53	26.2
Apathy of members	49	24.3
Government imposing its own official on co-operatives society	23	11.4
Total	202	100

Source: Field Survey, Dec. 2014

From the above table exhibit the economic situation of the co-operative societies in Enugu state. Since 77 (38.1%) shows that poor government attribute to the improvement of co-operative societies leads to bad economic condition of the societies, 53(26.2%) indicates that because of poor educational level of members, the societies have mis-managed, 49(21.3%) also shows that members of co-operative societies. Lack interest of the activities of the co-operative societies while 23 (11.4%) shows that government impose its own official on the co-operative societies leaving its members to bear the consequences.

Table 2 shows Response from members of the co-operative societies on the positive and negative effect of government in promoting co-operative of Enugu State.

Response variable	No. of response	Percentage (%)
Government use co-operative as their instrument or for their interest	54	26.7%
Formation of political co-operative	42	20.8
Co-operative are not promoted in various local government	16	7.9
Apathy of members	20	9.9

All of the above options	70	34.7
Total	202	100

Source: Field Survey, Dec. 2014

Table 2 exhibits the positive and negative effect of government promotion in co-operative societies of Enugu State. Since, 54 (26.7%) shows that government use co-operative as their instrument or for their interest, 42(20.8%) indicated the formation of political co-operative (those co-operative that is formed because of what they will get from the government) and 16(7.9%) indicated that co-operative are not been promoted in various local government, 20(9.9%) shows how members lack interest in co-operative activities and finally 70(34.7%) indicate that all of the above option mention above are the negative effect of government promotion towards co-operatives societies.

Discussion of Findings

The economic condition of co-operative societies of Enugu State is not encouraging in table 1 since 77 respondent representing 38.1% indicate that there is poor government attribute to the improvement of co-operative societies, 53 respondent representing 26.2% shows poor management condition of most co-operative societies in Enugu State, 49 respondents representing 24.3% show lack of interest of members of co-operative societies while 23 respondents representing 11.4% indicate that government imposes its own official on co-operative society leaving its members to bear the consequences.

Government promotion has mostly a negative effect on co-operative societies since table 2 shows 54 respondents representing 26.7% indicate that government uses co-operative as their instrument or for their own interest, 42 respondents representing 20.8% show that most people form co-operative societies because of what they will gain, 16 respondents representing 7.9% indicates that co-operative are not promoted in various local government, 20 respondents representing 9.9% indicate that members lack interest in the activities of the co-operative societies while 70 respondents representing 34.7% indicates that all of the above option mentioned are all negative effect of government promotion on co-operative societies in Enugu State.

Recommendation

The researcher recommends that government should have the policy of assistance without control because the co-operative cannot afford all the required equipment and finance to run its day to day activities since co-operative is for the marginal members. But through the government assistance the co-operative will be able to carry out seminars, programmes and education that will help their members to know their standard and position in the society. It also lead to development of technical and vocational skills which will enable them do things better and solve socio-economic problems.

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