

# An analysis of agricultural co-operative society and economic development in Ovia South West communities of Edo State, Nigeria

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**ABSTRACT:** A study was conducted on an analysis of Agricultural cooperative society and economic development in Ovia South West communities of Edo State, Nigeria. The objectives were to examine the contributions of cooperative society to economic development as well as identify the problems facing the cooperative society in the study area. Data was collected from sixty-three (63) respondents through questionnaire and oral interview. Data was analyzed using descriptive statistics such as frequency tables, percentages, mean dispersion and standard deviation. The result showed that the mean ( $y=3.71$ ) of respondents agreed that cooperative society had contributed meaningfully to agricultural development, while a mean ( $y=3.43$ ) of respondents agreed that cooperative society created opportunities to job seekers in agricultural enterprises. In addition, the study also revealed that 22% of the respondents had primary education, 41.3% of the respondents had secondary education, while 11.1% had Higher National Diploma(HND) certificate. It was however recommended that Agricultural Development Programmes (ADP) should assist cooperative societies to be linked with credit Institutions such as Bank, Micro finance banks like Lift Above Poverty Organization (LAPO) in Benin City for easy access to more credits facilities by the respondents. Secondly, cooperatives should undergo regular trainings and workshops on management and administration of cooperatives to be able to contribute positively to economic and agricultural development. Regular changes of the executive officers of the cooperatives can help to solve the problem of incompetent leadership after annual general meetings on three years tenure.

**Key words:** Agricultural Cooperative Society, employment opportunity, Ovia South-West Communities of Edo State.

## INTRODUCTION

Cooperatives play vital roles in agricultural and economic development especially in the area of marketing agricultural produce, since they act as the marketing board agents. In addition, cooperatives often help farmers to improve upon their product quality through careful grading, branding and packaging. As a result, members receive better prices for their goods and services which in turn lead to more profit (Agbonrofo, 2006).

According to Anyanwu and Anyanwu (2007), agricultural Cooperatives are special cooperatives that are agriculturally based set up to solve the problems facing small scale farmers that are mostly rural based in most western parts of Nigeria. Alufohai and Ilarbarhe (2000)

worked on women cooperative societies and access to productive resources in three local government areas of Edo State, but were silent on their role in livestock.

Similarly, Alufohai and Olumese (2004) undertook a study on the cooperative movement and livestock development in Edo state and found out that nineteen (19) out of thirty-four (34) cooperatives interviewed in six local government areas of Edo State were actually involved in livestock activities and development while the remaining fifteen (15) cooperatives were mostly involved in thrift and credit activities. In addition, Ekwere (2016) worked on the effect of agricultural cooperative on cassava production in Akwa North Local Government Area of Anambra State,

Nigeria and found out that about 65% of the respondents lacked credits to expand their cassava farming business through cooperative efforts.

Supply cooperatives are businesses that sell inputs such as seeds, fertilizers, agro-chemicals, etc to farmers. While marketing cooperatives are businesses that provide processing and packaging services for farmers, for example produce milk, cheese, yogurt and other dairy products for dairy farmers. Also, marketing cooperatives can advertise farmers' products and engage in collective bargaining on behalf of a group of farmers.

Cooperatives are businesses operated based on the following principles:

1. Subordination of capital. This means the amount of money a person invests into the business determines neither the person's profits nor the person's control.
2. Democratic control by farmer members. This means that each member of an agricultural cooperative has an equal voice in the control of the cooperative and also determines how the society is managed.
3. Not for profit. This simply means cooperatives are run for the benefit of farmer members and do not earn profits. Any income received by agricultural cooperatives in excess of costs is paid to farmer members in proportion to the amount of business.

Like any other business enterprise, cooperatives are based on some basic philosophy and principles which regulates their operations. The basic philosophy of the cooperative movement is that of self-help and owes its success to the members' willingness to cooperate and being able to grasp the idea of cooperation. The identification of a common problem is the driving force for setting up of achievable goals of any cooperative business. The roles of cooperatives to economic and agricultural development includes the following:

1. farmers or producers can easily secure credits or finance from commercial banks without collateral security.
2. farmers are guaranteed storage and processing facilities.
3. Farmers can setup good, efficient systems to market their products from the farm.
4. members can pool their resources together such as land, capital, and machinery to increase their productivity.
5. members can easily set up consumers' cooperative shops from where they can buy goods to meet their financial needs cheaply.
6. Consumers are protected from constant fluctuation prices. These cooperatives can buy goods directly from farmers thereby eliminating the problem of middlemen in the marketing channel.
7. Members can share their annual profits.
8. Transfer of Agricultural innovations (technologies) is possible through cooperatives.

9. Provision of some basic infrastructures for the use of members is possible through cooperatives.

The Federal Ministry of Agriculture and Water Resources (FMA & WR) launched the National Programme for food security (NPFS) in 2008 as a support to encourage farmers to organize themselves into cooperatives for Agricultural and Economic Development in Nigeria.

### Statement of the problem

The United Nations declared 2012 as the International Year of Cooperatives, whereas the Food and Agricultural Organization (FAO, 2011) and the International Fund for Agricultural Development (IFAD), redoubled their support for cooperatives. In 2008, the Bill and Melinda Gates foundation partnered with Heifer International to improve the dairy sector in East Africa. One of the components of that effort was to encourage farmers to organize into cooperatives, to help collect milk and invest in and build their own bulk milk chilling facilities. To justify the need for this study therefore, it is imperative to ask the following research question.

1. Who were the respondents for this study?
2. How were the respondents fairing economically, socially and professionally?
3. What contributions did cooperative society had on economic development in the study area?
4. What were the problems facing this cooperative society?

Hence, the specific objectives of this study include:

1. to examine the socio-economic characteristics of respondents in the study area.
2. to access the membership strength of a cooperative society in the study area.
3. to determine the contributions of cooperative society to economic development in the study area.
4. to identify the sources of credit and farm inputs for cooperative society in the study area.
5. to examine the problems facing this cooperative society in the study area.

### METHODOLOGY

This study was conducted in some selected communities in Ovia South West Local Government Area in Edo State. Iguobazuwa was purposively selected for this study as a lot of farming activities including crop farming and livestock farming are carried out in the villages around the Iguobazuwa community in Ovia South West Local Government Area of Edo State. Iguobazuwa being the headquarter of Ovia South West Local Government is comprised of one constituency with ten wards representing

one extension block and ten (10) existing cells or villages according to T × V system of ADP delineation (Edo State ADP, 2003). A total of sixty-three questionnaires were administered and retrieved for data analysis. A simple random sampling technique was used in selecting respondents for this study. The list of members of an agricultural cooperative society in iguobazuwa community was obtained from Edo state ADP from which 63 respondents were randomly selected and surveyed.

Both primary and secondary data sources were employed in obtaining information for this study. Primary data source was through questionnaire carefully designed to address the specific objectives of this study. Secondary data source includes: browsing the internet, publications and past students' thesis and textbooks. Descriptive statistics such as frequency, percentages, mean dispersion and standard deviation was used in analyzing the data. The justification for using this sample size was to be able to manage the population size of farmers in iguobazuwa community which was very large. According to Marshall (1997), it may be almost impossible to locate everyone concerned and a nightmare to coordinate such a big project even if we could. The distinguishing characteristic of a probability sample is that every individual or unit of observation has a known probability of being included in the sample (Blalock, 1979).

## RESULTS AND DISCUSSION

### Characteristics of respondents

Table 1 reveals that majority 68.35% of respondents were males while 31.7% were females. This could be attributed to the fact the more males were involved in agricultural cooperative, having farming as their main occupation. This agrees with the work conducted by Nxumalo and Oladele (2013) who reported that male farmers are more likely to participate in Agricultural cooperatives because of their roles as head of household, carrying more responsibilities than the female in the family. They are constantly saddled with the demand to seek for credit from cooperatives to be able to cater for their household as well as invest in farming business. Majority, 42% of the respondents were between 20 to 30 years, followed by 25.4% between 41 to 50 years while 20.6% were between the age of 31 to years. This indicated that 88.9% of the farmers were actively engaged in farming. Also 34.9% of the respondents were married, 50.8% were civil servants and 11.1% were pensioners. Table 1 further shows that 12.7% of the respondents had no formal education, 11.1% had primary education while 41.8% had secondary education. Also 23.8% of the respondents had OND while 11.1% had HND.

### Membership strength of the cooperative society

Table 2 shows that 27% of the respondents had membership whose range in size was 20 and below.

**Table 1.** Socio-economic characteristics of respondents.

Socio-economic characteristics	Frequency	Percentage
Gender		
Male	43	68.3
Female	20	31.7
Age (Years)		
20-30	27	42.9
31-40	13	20.6
41-50	16	25.4
51-60	3	4.8
61-70	3	4.8
>70	1	1.6
Marital Status		
Single	27	42.9
Married	22	34.9
Widowed	5	7.9
Divorced	9	14.3
Educational level		
No formal education	8	12.7
Primary education	7	11.1
Secondary education	26	41.8
OND	15	23.8
HND	7	11.1
Occupational Status		
Farmers	10	15.9
Business Women	14	22.2
Civil Servants	32	50.8
Pensioners	7	11.1

Source: Field Survey, 2009.

**Table 2.** Membership strength of cooperative society interviewed in Ovia South West LGA of Edo State.

Membership Size Range	Frequency	Percentages
20 and below	17	27.0
21-30	16	25.4
31-40	11	17.5
40 and above	19	30.2

Source: Field Survey, 2009.

25.4% had membership size of 21 to 30, 17.5% had membership size of 31 to 40 while the remaining 30.2% of respondents had membership size of above 40 members. These findings were different from previous studies carried out by Alufohai and Olumese (2004) where membership strength for the identified livestock cooperatives were

**Table 3.** sources of credit to cooperative society in Ovia South West Local Government Areas of Edo State.

Sources of credit	Frequency	Percentages
Commercial Banks	33	52.4
Personal Savings	14	22.2
Esusu	6	9.5
Special Deposits	5	7.9
Thrift savings and Share capital	5	7.9

Source: Field Survey, 2009.

**Table 4.** Sources of farm inputs to cooperative society in Ovia South West Local Government Area of Edo State.

Sources of farm inputs	Frequency	Percentages
ADP	20	31.7
Open Market	28	44.4
Neighbours' farm	15	23.8

Source: Field Survey, 2009.

**Table 5.** Measurement of mean dispersion of contributions of cooperative society in Ovia South West Local Government Area of Edo State.

Contributions of cooperative society	Mean ( $\bar{y}$ )	Mean Dispersion (MD)
Assist in agricultural development	3.71	0.728
Create employment opportunities	3.43	0.946
Assist farmers in marketing of farm produce	3.41	0.961
Contribute to profit making business	3.17	1.056
Grant loans to members and non-members	3.05	1.224

Source: Field Survey, 2009.

between 10 and 50 at inception but rose quite above 50 at the time of thier study. Livestock is quite important in the Nigerian economy because livestock such as goat, sheep, cattle, poultry, piggery and even snails are good source of animal protein.

#### Sources of credit to cooperative society in Ovia South West LGA

Table 3 shows that 52.4% of respondents received credit facilities from commercial banks, 22.2% received credit from personal savings, 9.5% received credit from Esusu, 7.9% received credit from special deposits while the remaining 7.9% of respondents received credit from thrift savings and share capital contributed by members. This result reaffirmed the earlier study by Effiong et al. (2012) on the performance of cooperative cassava farmers in Uyo Local Government Area of Akwa Ibom State, which stated that credit obtained from cooperative by members have significant effect on cassava output in the study.

#### Sources of farm inputs to cooperative society in study area

Table 4 shows that 31.7% of respondents obtained their farm inputs such as improved seeds and fertilizers from Edo ADP, 44.4% obtained their inputs from the open market while 23.8% obtained their farm inputs from neighbours' farms. This corroborates the findings of Ajah and Nmadu (2012) that adequate access to farm inputs determines maize farmers' productivity in Abuja, Nigeria.

#### Measurement of mean dispersion

Table 5 shows the measurement of mean dispersion of contributions of agricultural cooperative society to economic development in Ovia South West LGA of Edo State. This result agrees with the recent study of Ekwere and Edem (2014) who found out that lack of capital was identified as a major constraint faced by small scale farmers in Anambra State, Nigeria. The implication of the results showed in Table 5 revealed generally on the

**Table 6.** Problems affecting cooperative society in Ovia South West Local Government Area of Edo State.

Problems identified	Frequency	Percentages
Inadequate finance/credit	19	30.2
Political instability/frequent changes in government policies	8	12.2
Lack of education on cooperative matters/informal education	15	25.2
Lack of monitoring and evaluation	7	11.1
Lack of competent leadership in management of cooperative	14	20.6

Source: Field Survey, 2009.

average that agricultural cooperative surveyed at Iguobazuwa community in Edo State have contributed over 15% to the GDP of the economy in the State.

### Problems encountered by cooperative society in Ovia South West Local Government Area of Edo State

Table 6 shows that 30.2% of the respondents agreed that inadequate credit/finance was a major problem encountered by the Agricultural Cooperative Society, 12.2% respondents attributed political instability/frequent changes in government policies as their constraint, 25.2% of respondents agreed that inadequate cooperative education for their members on cooperative issues was their major problem, 11.1% of respondents attributed inadequate monitoring and evaluation of cooperative business as their major constraint while 20.6% agreed that inadequate competent leadership in the administration of the cooperative business was their major constraint. This collaborates the study of Ogedegbe (2016) on harnessing the power of Agricultural Cooperatives for food security and sustainable livelihood.

### Conclusion and recommendations

Agricultural cooperative society have contributed meaningfully to economic development in Ovia South West Local Government Area of Edo State. However, access to available credit facilities was a major constraint to respondents interviewed. It is therefore suggested that:

1. Cooperative societies in Ovia South West Local Government Area in Edo State should be encouraged through financial empowerment from Government. Cooperatives should be given more credits at low digit interest rates from commercial banks. Farm inputs should be given to farmers at subsidized rates.
2. The cooperative members should undergo regular capacity building and workshops to acquire more skills on how to manage and run a successful agricultural cooperative society.
3. Agricultural cooperative society should be run purely as a business by following the democratic principles and not for profit making.

4. There should be periodic change of executive officers through election process after annual general meetings to solve the problem of incompetent leadership.

### CONFLICT OF INTEREST

The authors declare that they have no conflict of interest.

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