

## **Growth-Drivers in Nigerian Cooperatives: A Comparative Study of School-Based and Street-Based Cooperatives**

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**Abstract:** This study compared street- and school-based cooperatives in Nigeria in order to identify growth-drivers responsible for the successes of school-based cooperatives and which are lacking or latent in street-based cooperatives. The area studied was the Southeast and South-South region of Nigeria where four cooperatives were selected. Interview and observation methods were used to elicit responses from leaders, members and employees of both school- and street-based cooperatives. From the findings, twelve growth drivers were identified among which include; homogeneous membership, high level of business/market intelligence, remuneration of officials and less attention on social needs of members. Others are enlightened and dedication leadership, customized services and strong capitalization. It is recommended that similarity of problems, needs life-style and not proximity should be the deciding factor on which cooperative to join. Also, cooperatives should pay more attention to the economic needs of their members and less attention on attending social functions.

**Key words:** Cooperatives, growth-drivers, street-based cooperatives, school-based cooperatives, Southern, leadership, Nigeria

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### **INTRODUCTION**

The word cooperative summons up different images and feelings depending on the perspective one views it and the geographical location one is brought up in. Corroborating this assertion, Briscoe and Ward (2005) stated that if one grew up in rural Ireland, his image of cooperative is likely to be dairy. For someone who had gone to school in Britain, he will see cooperative as a grocery or departmental store and as a book selling store for someone who schooled in Harvard. On the other hand, one who lived in Nepal might think cooperative is all about Mountain Everest tourism and to another from a rural village of Bombay, cooperative is a firm that buys and sells milk from the family buffalo.

In Nigeria, the ideas of cooperative are quite different from what exist in the Western world where cooperative has taken a sophisticated dimension. According to Gway and Gaya (2009), majority of Nigerians see cooperative as just a platform for accessing government agricultural assistance. Indeed, cooperatives in Nigeria do not command market power and do not possess significant market share in any sector of the economy unlike their counterparts in Europe and America where most businesses are run on cooperative basis. Some of the factors responsible for weakness of the Nigerian cooperative can be traced back to the policy of the

colonial masters who introduced cooperative as a means to ensure that farmers produced export crops. This led to misperception of the true meaning of cooperative by most rural dwellers in Nigeria. There is this notion among the elites that cooperative is for the poor, rural dwellers and the downtrodden section of the population (Ogunnaike and Ogbari, 2007).

Scholars, such as Okechukwu (2001) asserted that unlike the British experience where cooperative emerged spontaneously as an organizational weapon of the poor workers, farmers and artisans, cooperative in Nigeria owe their origin, objectives and pattern of development unto the government. In fact, it was the struggle to control and regulate the marketing of these export crops which gave birth to modern cooperatives in Nigeria. They were designed primarily to edge out African middlemen in the export trade. The cooperative ordinance of which was enacted in 1935 vested a lot of powers in the hands of the registrar of cooperatives, so as to enable him control and streamline the growth and activities of cooperatives in line with the government objectives.

This historical background has left the Nigerian cooperative movement with three important legacies. Firstly, the cooperative movement has remained a predominantly government affair with the government taking the initiative in spearheading and sponsoring the mobilization and organization of people into cooperatives.

Secondly, the cooperative movement has remained a predominantly rural affair with agricultural cooperatives. This fact tended to create the impression that only the poor rural farmers need cooperative. Cooperation among the workers, artisans, craftsmen and small-scale industrialists has remained relatively weak and insignificant. Thirdly, researchers have witnessed very spontaneous and independent initiative on the part of people of Nigeria to form cooperative based on self-help. The Nigerian cooperative according to Chilokwu (2006) is weak in the actual spirit of self-help, independence and self-reliance which has been the foundation of the cooperative movement elsewhere.

However, since the late 1990s, there has been an increase on the number of cooperatives formed in institutions of higher education. These school-based cooperatives that cut across universities, polytechnics, colleges of education and colleges of agriculture are very vibrant and successful unlike street-based cooperatives. These school-based cooperatives are well capitalized, effective in satisfying their members needs, active member participation and excellent in provision of services to members. Many people who plead to become members were turned down because membership surges up everyday whereas street-based cooperatives lose their members monthly. These viable cooperatives found in institutions of higher learning have changed people's perception of cooperatives as the elites of the society have become members. These cooperatives own expensive restaurants, micro-finance banks, petrol stations housing estate and had even been lending money to their host organization.

The questions on every lip are why are these school-based cooperatives flourishing whereas cooperatives in towns are getting moribund? What are they doing that these street-based cooperatives are not doing? What made these cooperatives so profitable to members that they participate in cooperative activities with enthusiasm? This research is meant to provide answers to the above questions. The objective of this study is to identify growth-drivers in these school-based cooperatives that are lacking or latent in street-based cooperatives.

The researcher is interested in investigating various factors that have made these school-based cooperatives profitable, attractive to members and vibrant whereas other street-based cooperatives in the same vicinity are passing through hard times. This study is of utmost important because it will provide answers to why many Nigerian cooperatives are not viable by identifying growth-drivers that are lacking in them. It will contribute to policy making in cooperative and provide strategies on

how to revitalize moribund cooperatives. The study will expose cooperative leaders to what they will do to attract members and how to make cooperative enterprises profitable.

## **MATERIALS AND METHODS**

Case study research design was adopted in this study. This is because an in-depth and intensive investigation is required. The area of study was Southeast and South-South regions of Nigeria. The area comprise of five and six states, respectively; Anambra, Imo, Enugu, Abia, Ebonyi. Others include Bayelsa, Cross-rivers, Rivers, Akwa-Ibom, Delta and Edo. With a population of 35 million people, the regions are the backbone of the Nigerian economy owing to the presence of oil deposits and huge industrial clusters.

The regions had 432 viable cooperatives, 85% of which are street-based. Four cooperatives were purposively selected, two from the Southeast and two from the South-South region. University Multipurpose Cooperative UNIZIK and Faithful Friends Multipurpose cooperatives both in Awka were compared while University of Benin. Cooperative and other cooperatives all in Benin were compared. Purposive sampling technique was adopted because these pairs of cooperatives should have the same background. They should also be established within the same period and in the same line of business. Unstructured interview and observation methods were used to generate responses from respondents who were leaders members and employees of both street- and school-based cooperatives.

## **RESULTS AND DISCUSSION**

Street- and school-based cooperatives in Nigeria were compared for the purpose of identifying the differences between the latter and the former as well as determine the growth factors that are present in one and lacking in the other. Twelve major differences were observed and they are believed to be the root causes of the success of the school-based cooperatives. These twelve growth drivers include:

- Homogeneous membership
- Enlightened, dedicated and selfless leadership
- High level of market intelligence and strong bargaining power
- Less attention on social functions that put undue stress on members' time and resources
- Official are remunerated and adequately compensated
- Customized services are offered to members

- Dues/contributions are deducted at source (from the pay room before salaries are paid)
- Effective communication between and among officials, members and employees
- Potential members are screened and they are not so eager to get new members
- Activities/projects embarked upon are ones most pressing to 95% of members
- The cooperatives are highly capitalized
- Members include the elites of the society, the reference group for majority of the people

These school-based cooperatives were peculiar because of homogeneous membership. Members are people from similar background with relatively same needs, motives, aspirations and spending pattern. Members in these cooperatives live at the same place, work at the same place have similar orientation and as a result, their needs are predictable and can be easily satisfied. For instance since, 98% of members have cars, establishing filling stations and mechanic workshops provided solution to almost all their automobile related problems. Unfortunately, membership in street-based cooperatives is to a large extent heterogeneous. Members are in different occupation with different spending pattern and needs and as a result, projects embarked upon by members benefit only 50-80% of members. Moreover, these school-based cooperatives are managed by skilled personnel under the supervision of democratically-elected board of directors. These leaders who are dedicated, enlightened and selfless establish purposeful direction for the societies, preparing them to withstand competition by introducing innovations and value-driven activities. They adopt effective management skills in planning organizing controlling and decision making. They embark on quarterly self-appraisal and evaluation of their stewardship. They are keen at understudying other cooperatives to know why they failed or why they are successful for the purpose of learning from other peoples experience. These leaders are not only amenable to change but also exhibit open attitude towards joint venture and collaboration. Unlike other cooperative leaders, these school-based cooperatives have realized that cooperatives should be member-driven, member-controlled and member-responsive and that governance becomes difficult when any of these elements are neglected.

Again, these cooperative leaders possess high level of market intelligence, better understanding of the market and how to benefit from applicable laws. These attributes have enabled them to make better business decisions providing members with opportunities that they can not

ordinarily get. Leaders of these school-based cooperatives are distinct because they possess exemplary bargaining skill. For instance, the University of Benin Cooperative had concluded arrangement with the Nigerian National Petroleum Corporation (NNPC) for supplying of fuel to the cooperative filling station and selling to members at NNPC pump price. The university workers cooperative unizik had also succeeded in purchasing plots of land for members at a price 30% below the market price. They are great negotiators and do by-pass the middlemen. They have consciously applied privileges given to cooperatives to the fullest to secure maximum benefits to their members at minimum cost.

These school-based cooperatives are different from street-based cooperatives because the former pay their officials while most street-based cooperatives do not. These successful cooperatives provide attractive remuneration to their officials knowing that such great leaders should be retained and given incentives to improve performance. Another success factor identified is that less attention is being paid to social functions of members. These cooperatives downplay the need to attend members' social events in order to put less stress on members' and society's resources.

More so, these successful cooperatives take time to screen new members; they are not so eager to admit new members. They welcome people of proven character (new members must be guaranteed by at least 2 old members) people who are willing to abide by cooperative tenets and who are in dire need of the cooperative services. Members of school-based cooperatives are free to decide how and the extent they will want cooperative to joint them. Members who want more services are free to invest more in the cooperative enterprises while those who want fewer services are free to invest less. These attributes made school-based cooperatives spectacular, interesting, viable and attractive.

## **CONCLUSION**

This study compared school- and street-based cooperatives in order to determine why the former are largely successful than the latter. Twelve factors were identified as the major causes of the success recorded in the school based cooperatives. These twelve growth drivers are identified in the nature of governance and economic activity of these societies. These factors have given the societies strong bargaining power, efficiency in operation, maximum services to members at minimum cost, members' loyalty, attractiveness to non-members and positive influence on both the host organization and the community.

## RECOMMENDATIONS

The following recommendations are made from the study:

- Possession of business management skills, negotiating skill, market intelligence and business making skills should be given top consideration when electing or appointing leaders. About >50% of the successes of these school-based cooperatives are linked to the high business acumen of the leaders
- Cooperatives should be formed by people who are homogeneous in their motivations, life-style, needs and desire. Members' loyalty increases when cooperative can satisfy most of their needs. That means that proximity should not be the deciding factor on whether one should join cooperative. Instead, similar problems demand pattern and life-style should be
- Although, every cooperatives should have a social face, corporate resources should not be directed always to attending social events of members. The kin-ties prevalent in Africa puts some demand on cooperatives to attend to members' social function and such habits if not well managed leaves the society with less resources for meeting members economic needs. Certainly, cooperatives should be taken more like a business enterprise than a fraternal group such as social clubs

- Cooperative should also take time to screen potential members before admission. Character, needs and willingness to abide by the cooperative regulations should be considered before admitting new members. Weak participation usually comes from members who are not enthusiastic about cooperative services and from people of questionable character. Such a problem can be avoided if cooperatives are cautious on who becomes a member

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