

## Strategies of Co-Operative Societies in Poverty Alleviation among Urban Dwellers Communities in Ibadan, Oyo State, Nigeria

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**Abstract:** Poverty has for long been recognized as a major factor impeding the process of growth and development in African nations. Various governments in Nigeria have come up with one policy/programme or the other to reduce poverty among the citizenry. For sometime now, government had adopted the co-operative societies as one of the tools for poverty alleviation. This study examines the effectiveness of the strategies adopted by co-operative societies to alleviate poverty among their members. The variables considered in the study include strategies adopted by co-operative societies for poverty alleviation and effectiveness of the strategies adopted by the co-operative societies. The ex-post-facto method was used for this study. The population comprised of the 2128 members of three co-operative societies under study. From this population, the multi-stage sampling procedure was used to select a sample of 1276. The instrument used for the study was a structured questionnaire tagged Co-operator and Co-operative Officer Questionnaire (CCOQ). Findings from the study revealed that co-operative societies in Nigeria urban communities adopt twelve main strategies to fight poverty among their members. The findings also revealed that 4 of these strategies are not effective, while three are very effective. This study therefore recommended that, for improved performance of co-operative societies in poverty alleviation, there is the need for a reduction in the number of strategies being used, so that they can remain focused.

**Key words:** Strategies, cooperative society, poverty, alleviation, Urban dwellers

### INTRODUCTION

Poverty has for long been recognized as a major factor impeding the process of growth and development in most African nations (Anyanwu, 1997). In Nigeria, poverty has become so endemic that successive governments in the country have been battling with one policy/programme or the other to reduce the impact of poverty among the people. Olaleye and Adekola (2006) observed that Federal governments in Nigeria have established about seventeen poverty alleviation programmes between 1986 and 2004. Such poverty alleviation programmes include Structural Adjustment Programme (SAP), Literacy Education Programmes, Urban Mass Transit Programmes, Low Cost Housing Scheme, Rural Banking, Peoples Bank, Community Bank, National Directorate of Employment (NDE), Directorate of Food, Road and Rural Infrastructure (DFRI), Family Economic Advancement Programme (FEAP), Better Life Programme, Family Support Programme (FSP), Poverty Alleviation Programme (PAP), Youth Empowerment Scheme (YES) and most recently, National Economic Empowerment Development Strategies (NEEDS). The failure or very low success recorded by most of these programmes still make the incidence of poverty a prominent feature among Nigerians (Igben (1984).

According to Olaleye (2004) poverty is a relative term. Consequently, its meaning and means of measurement vary from one location to another. She observed that poverty can either be absolute or relative. Poverty is a state of deprivation, lack or want. The effect of poverty on the people and nation is so devastating that no serious government can shy away from serious efforts aimed at alleviating it among its citizenry. Streeten and Burki (1978). In Nigeria today, one of the various strategies employed to tackle poverty among the people is co-operative society (Olaleye, 2004). Co-operative societies as a business voluntarily owned and controlled by its members would aid redistribution of income and wealth, harmonize interests and aid members economic and social development.

Olaleye and Adekola (2006) observed that, in performing the above functions, three main co-operative societies exist. They are the Co-operative Investment and Credit Society (CICS), Consumer Co-operative Society (CCS) and Transport Co-operative Society (TCS). Though these societies have separate objectives to pursue, there are general broad objectives which serve as the focus of all. According to Somefun these broad objectives are directed at the protection of interests, satisfaction of needs and general well-being of the members.

The broad objectives are as follows: The co-operative society is the product of its members. The members grow with the co-operative society, which is the venue of alleviating poverty. The co-operative provide the economic dimension with which poverty is powerless to effect structural change. They create locally-controlled jobs and income for members of the society. They retain in the society the profit of enterprises by re-investing them in local projects rather than allowing them to be drained away Ihimodu.

To achieve these broad objectives, Aladejare posited that co-operative societies in Nigeria adopt various strategies. Such strategies include:

- Creation of fund to be loaned to members for productive and other essential purposes.
- Provide facilities for regular thrift savings by members.
- Plan and invest in viable economic projects.
- Provide essential and basic goods of life for it's members.
- Provide education, training and vocational skills for member.

All these strategies are aimed at alleviating poverty and improving the socio-economic condition of members.

**Statement of problem:** For sometimes now, governments in Nigeria had adopted co-operative societies as one of the tools for alleviation of poverty among the populace. To this end, supports in various forms are directed at the co-operative societies. This has in some ways affected the operation of the societies and expanded the scope of strategies being used by societies to alleviate poverty among their members. How effective are these strategies adopted by co-operative societies need further re-examination thus, the concern of this study.

**Research questions:** The following research questions are answered in this study.

- What are the strategies adopted by co-operative societies for poverty alleviation among urban dwellers in Nigeria.
- How effective are the strategies adopted by co-operative societies for poverty alleviation among urban dwellers in Nigeria.

**Objectives of the study:** The main objectives of this study include:

- Identify the strategies adopted by co-operative societies in Ibadan Nigeria for poverty alleviation among the members.
- Ascertain the of the strategies.
- Make suggestions for improved performance of the co-operative societies in poverty alleviation among urban dwellers in Nigeria.

**Poverty:** Poverty according to Streeten and Burki (1978) means lack of access to production resources, lack of education, working skills and tools, political and civil rights to participate in decision making processes concerning socio-economic conditions of their communities.

Sweetman (2002) quoting from the Beijing Platform of Action described poverty as lack of income and productive resources sufficient to ensure a sustainable livelihood, hunger and malnutrition, ill-health, limited or lack of access to education and other basic services, increasing morbidity and mortality from illness, homelessness and inadequate housing, unsafe environment and social discrimination and exclusion. It is also characterized by lack of participation in decision-making and in civil, social and cultural life.

According to Olajide (2004) different types of poverty can be identified on the basis of different criteria such as basic needs, individual circumstances, location and nature of the society. In line with this assertion, Olaleye and Adekola (2006) identified 2 major types of poverty in Nigeria. These are absolute and relative poverty. Absolute poverty is used to describe a situation in which people barely exist largely because their income falls below a level necessary to satisfy the basic necessities of life. It is much easier to recognize and describe the people in absolute poverty. Relative poverty, on the other hand, is a situation in which individuals are not poor in absolute terms, but have much less than others by way of income. This is brought about by the distribution structure in a society which put certain economic subjects at a disadvantaged position.

Absolute or relative, poverty according to Anyanwu (1997) is caused by wide and varied factors which can be understood only in the context of the particular social, economic and political system in which it occurs. In developing countries like Nigeria, causes of poverty are comprised of both internal and external factors. The internal factors according to Anyanwu (1997) include:

- Inadequate access to productive resources:
- Unbalanced sectoral policies especially to the disadvantaged of the rural sector.
- Weak financial and micro-economic management

- Exchange rate policies.
- Low level of endogenous innovations and capacity for transformation.
- Choice of unsuitable models oriented to western patterns of consumption by the dominating urban elites.
- Over-regulation by the state with inadequate democratic legislation and participation by the population.
- Patrimonial structures surfacing in the phenomena of corruption and nepotism.

The external causes include:

- Enduring deterioration of the term of trade for agricultural commodity exporters.
- Protectionism by the industrialized countries, especially as regards trade in agricultural products and access to information and technologies.
- High indebtedness of the developing countries to foreign creditors.

**Co-operative societies:** A co-operative is an association of human beings who agree to gain mutual benefits in collection with the performance of certain functions arising out of their own economic position. Olaleye (2004) described co-operative societies as a business voluntarily owned and controlled by its members and operated for them and by them on a non-profit or cost basis. It is a type of functional economic adaptation to a given set of economic circumstances made primarily in response to a desire on the part of participants to maximize individual economic advantages.

Co-operative societies are basically for economic improvement of members through the social means of group participation and joint effort. According to Somefun the major goals of the co-operative societies are directed at the general welfare of the members. The co-operative being product of the members provide basis for the members to grow with it and also provide a foundation with which poverty is powerless to effect structural change on the members. To achieve improved welfare of members, Igben (1984) observed that co-operative societies mobilize local resources and human skills which have been under-utilized and channeled them into production to meet local demands. However, Iniodu and Okoji (1996) argued that the realization of the major or minor goals of the co-operative societies is dependent on factors such as: The political and economic conditions in the country, the material and financial capabilities of the co-operative, the educational level and activities of members and associates and the totality of the surrounding conditions.

## **MATERIALS AND METHODS**

Ibadan is reputed to be the largest indigenous city in the West African sub-region. The ex-post-facto research method was adopted in this study. This study is focused on the 3 main co-operative societies in Ibadan metropolis. The population of this study comprised the 2,128 members and staff of the Co-operative Investment and Credit Society (CICS), Consumer Co-operative Society (CCS) and the Transport Co-operative Society (TCS) in the eleven local government areas in Ibadanland.

The multi-stage sampling procedure was used to select the sample from among the population. In doing this, Ibadan was stratified along the axis of the existing eleven local government areas. From each of the local government, random sampling technique was used to select two co-operative societies from each of the three types of co-operative societies under study. The proportionate sampling technique was then used to select 60% of members of the co-operative societies thus 1276 respondents were selected for the study.

The main instrument used for data collection was a structured questionnaire tagged the Co-operator and Co-operative Officer Questionnaire (CCOQ). This was complimented with the focus group discussion.

## **RESULTS AND DISCUSSION**

**Research question I:** What are the strategies adopted by co-operative societies for poverty alleviation among urban dwellers in Nigeria?

From Table 1, it can be observed that members and staff of co-operative societies identified twelve strategies as the ways by which the co-operative societies alleviate poverty among their members. From among the strategies, 89.8 and 85.9% of the members identified granting credit to members and convenient period of pay back respectively as strategies of poverty alleviation. Acquisition and distribution of vehicles to members, distribution of household equipment and distribution of essential commodities have 62.55, 50.9 and 93.1%, respectively. Also, 48.6% of the members see organization of literacy programme as a poverty alleviation strategy while mutual aids and exchange of labour has 16.5 and 64.3%, respectively. 93.4 and 70% of the members of the co-operative societies see training in record keeping, training in thrift and banking habit and acquisition of vocational skills as poverty alleviation strategies, respectively. 59.8% of the members identified introducing them to profitable ventures as a strategy employed by co-operative societies to alleviate poverty among members.

Table 1: Frequency distribution of respondents according to strategies adopted by co-operative societies in poverty alleviation

S/N	Identified strategy	Frequency	(%)
1.	Granting credit to members	1146	89.8
2.	Convenient period of pay back	1096	85.9
3.	Helping members to market their product	644	50.5
4.	Acquisition and distribution of vehicles and motorcycles to members for commercial purposes	798	62.5
5.	Acquisition and distribution of household equipments to members	650	50.9
6.	Purchasing and distribution of essential commodities to members.	1188	93.1
7.	Organizing literacy classes	620	48.6
8.	Mutual aid and labour exchange	210	16.5
9.	Training in record keeping	821	64.3
10.	Training in thrift and banking habits	1192	93.4
11.	Training members to acquire vocational skills	894	70
12.	Introduction of profitable ventures to members.	762	59.8

Source: Field Survey, 2004

Table 2: Frequency distribution of respondents according to the level of effectiveness of poverty alleviation strategies of co-operative societies in Ibadan urban communities, Nigeria

SN	Strategies	Level of effectiveness					
		Not effective		Effective		Very effective	
		Frq.	(%)	Frq.	(%)	Frq.	(%)
1	Granting credit to members	42	3.6	58	5.06	1046	91.2
2	Convenient period of pay back	21	1.9	91	8.3	984	89.7
3	Helping members to market their product	406	63	140	21.7	98	15.2
4	Acquisition and distribution of vehicles and motorcycles to members for commercial purposes	36	4.5	581	72.8	181	22.7
5	Acquisition and distribution of household equipments to members	164	25.2	310	47.7	176	27
6	Purchasing and distribution of essential commodities to members.	341	28.7	464	39	383	32.2
7	Organizing literacy classes	189	30.5	319	51.5	112	18
8	Mutual aid and labour exchange	180	85.7	320	14.3	-	-
9	Training in record keeping	434	52.7	293	35.7	94	11.4
10	Training in thrift and banking habits	202	16.9	641	53.8	349	33
11	Training members to acquire vocational skills	64	7.2	331	37	499	55.8
12	Introduction of profitable ventures to members.	370	48.6	326	42.8	66	8.7

Source: Field Survey, 2004

**Research question II:** How effective are the strategies adopted by co-operative societies for poverty alleviation among urban dwellers in Nigeria?

The data in Table 2 show that majority of the respondents (91.2%) indicated that granting of credit to members is a very effective strategy in poverty alleviation. Convenient period of payback is also seen as very effective strategy (89.7%), 8.3% said it is effective strategy while only 1.9% said it is not an effective strategy.

Table 2 also indicated that helping members to market their product is not an effective strategy (63% of respondents). 21.7 and 15.2%, respectively indicated that it as an effective percent and very effective. 72.8 and 22.7% of the respondents indicated that distribution of vehicles and motorcycles to members for commercial purposes is effective and very effective, respectively, while 4.5% said it is not effective. Table 2 also reveals that distribution of household equipments and distribution of essential commodities to members are effective strategies with 47.7 and 39% of respondents supporting this point. 51.5% of respondent see organizing of literacy classes as an effective strategy while 18% said it is very effective, 30.5% claimed it is not. 85.7% of the respondents

indicated that mutual aids and labour exchange is not effective while 52.7%, said training in record keeping is not effective, 35.7 and 11.4% said it is effective and very effective, respectively.

Most of the respondents (53.8%) indicated that training in thrift and banking habit is an effective strategy while 16.9% agreed that it is not effective. 55.8% of respondents claimed that acquisition of vocational skill is very effective, 37% claimed it is effective while 7.2% indicated that it is not effective. As shown in Table 2, 48.6% of the respondents indicated that introduction of profitable ventures to members is not effective while 42.8 and 8.7% agreed that it is effective and very effective, respectively.

The analysis of data on research question one as shown in Table 1 shows that co-operative societies in Ibadan metropolis adopt twelve strategies for poverty alleviation among their members. From among these strategies, granting of credit to members, convenient period of pay-back and acquisition and distribution of essential commodities are mostly recognized by members of the societies as a tool for poverty alleviation. This is so because these strategies touch and address directly the

physiological need of the members. This is in line with Koyi (2004) who claimed that people begin to think of other needs only when their physiological needs have been satisfied.

The finding further revealed that all education related strategies are not really identified by members of co-operative societies as a means of poverty alleviation. For instance, only 620 members pick organization of literacy classes as a strategy for poverty alleviation. This finding corroborates Okediran and Adekola (2006) who observed that many illiterates in Nigeria are yet to see any relationship between their personal and community development.

Result on research question two reveals that helping members to market their product, training in record keeping, labour exchange and introduction of profitable ventures to members are not effective strategies of poverty alleviation. The result further revealed that distribution of household equipments, distribution of essential commodities, organizing literacy classes and training in thrift and banking habit are just effective while granting of credits to members, giving convenient period of payment and training members to acquire vocational skills are very effective.

### **CONCLUSION**

From the findings of this study, it is concluded that co-operative societies in Nigeria urban communities use mostly twelve types of strategies to combat poverty among their members. However, four of these strategies are purely not effective and should be done away with.

### **RECOMMENDATIONS**

It is therefore recommended that for improved performance of the co-operative societies in poverty alleviation, There is the need to reduce the number of strategies being used so that they can remain focused. Also, government through its micro-credit agencies should give more attention to the co-operative societies in term of provision of financial support and loan which they can further redistribute among their members. The ministries in charge of co-operative at the state level

should endeavor to do a restructuring of the societies in line with their programme of focus. Finally, a well organized and corruption-free motoring agency should be put in place to monitor advice and guide the co-operative societies towards improving their poverty alleviation strategies.

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