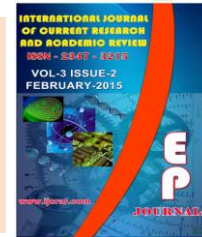




*International Journal of Current Research  
and Academic Review*

ISSN: 2347-3215 Volume 3 Number 2 (February-2015) pp. 230-237

[www.ijcrar.com](http://www.ijcrar.com)



**The economic impact of co-operative thrift and credit societies on the members: A survey of Enugu South local Government area Enugu, Nigeria**

**Onyeze Clementina N.<sup>1\*</sup>, Ebue Maurice I.<sup>2</sup> and Oladimeji Olajide D.<sup>2</sup>**

<sup>1</sup>Department of Co-Operative and Rural Developments, Faculty of Management Sciences, Enugu State

<sup>2</sup>University of Science and Technology, Agbani, Enugu State, Nigeria

*\*Corresponding author*

**KEYWORDS**

Co-operative thrift,  
Credit societies, Loan  
and Capitals

**A B S T R A C T**

This study was based on the economic impact of co-operative thrift and credit societies on the members, a survey of Enugu South Local Government Area of Enugu State, Nigeria. The broad objective of this study was to find out the economic impact of co-operative thrift and credit societies on the members of the study area while the specific objectives include: to examine the benefits of cooperative thrifts societies and to identify loan issued in year 2008 to 2012, interest and the repayment rate of the members for the years. Taro Yamani formula was used to get the sample size of five selected registered primary co-operative thrift and credit societies, while simple random sampling was used to get the total of 84 viable and registered primary co-operative societies with 3, 204 members of co-operators. Well developed and structured questionnaires were used in this study and the analytical methods were simple straight forward by using tables, frequencies and percentages. The results of this research indicated that: co-operative thrifts and credit societies are beneficial to their members and were still faced with some problems. Also the best way to improve the activities of co-operative thrifts and credit societies is to make available adequate fund to carry out operations and provision of education to the members. Finally co-operative thrifts and credit societies disburse and monitor loans which are giving to their members in Enugu South Local Government Area of Enugu State. Recommendations include: there should be a closed working relationship between Government development agencies and co-operative officers. Again, full time professional co-operative staff should be employed and organized properly to co-ordinate training programme for the members to enhance the effective performance of the societies. Also adequate capital must be made available to co-operative thrifts and credit societies for easy financing of co-operative projects in order to reduce the over dependence on government.

## **Introduction**

Nigeria's economy has a lot of potentials for growth and development [1 and 2]. The abundant and natural resources of the country remain largely unexplored. This has to be harnessed to the fullest for the general well being of Nigerians in the world economy. Perhaps, one important way to the realization of this goal is through the encouragement of co-operative movements [2]. A co-operative is defined as an "autonomous association, of persons who unite voluntarily to meet their common economic and social needs and aspiration through a jointly owned and democratically controlled enterprise"[3]. Co-operatives are established by likeminded persons to pursue mutually beneficial economic interest or interests [4]. Regular and optimal performance of these roles will accelerate the transformation of rural and urban economic development [5, 6 and 7]. Co-operative thrift and credit societies' intervention is assumed to change human behavior and practices in way that lead to the desired outcome [7]. Unattended or insufficiently handled emergencies may threaten individual existence especially in the face of lack of National social security systems which explains the necessity for well-reasoned desire for loans and credits by a co-operative thrift and loan societies. It is expected to serve as the remedy for rural and urban poverty and was first realized in Germany as far back as the mid-nineteenth century, over one hundred and thirty years ago [7]. In Nigeria, credit facilities have always been a major one for the primary co-operatives even though the movement originally started with cocoa co-operative marketing [8, 9 and 10]. The purely credit co-operatives are organized mainly as credit and loan societies, although many multi-purpose societies also disburse loans and the loans are usually both for consumption, but mostly for agricultural purposes. In the

Eastern Nigeria, the pure thrift and loan societies dominated the co-operative field of activities, especially in the then Calabar province where the first effort in 1938 under the designation village Bank. Those societies were generally made up of farmers, craftsmen and traders [10].

Meanwhile, based on the above named establishment through the activities has prompted the research to investigate the economic impact of thrift and loan societies on the members in Enugu south local government area of Enugu state. Agricultural credit in Nigeria dates back to the 1930s. The awareness of the serious decline in agricultural production was partly responsible for the establishment of Bank. The Nigeria agricultural and co-operative Bank (N.A.C.B) was not the only financial institution, which provided agricultural credit. In Enugu south local government Area of Enugu State, co-operative thrift and credit societies mobilize credit for their members through the savings of the members. They help the members in the aspect of supervision of credit and loan recovery. Co-operative thrift and credit societies in Enugu south local government of Enugu State have played major role in the formation and growing of small scale businesses.

The general objective of this study was to find out the economic impact of cooperative thrift on the members in Enugu south L. G.A of Enugu State. The specific objectives were as follows:

- To examine the benefits of cooperative thrift and credit societies on their members in Enugu south L.G.A of Enugu State.
- To identify loan issued in 2008 -2012, interest and loan repayment rate of the members for the years.

- To find out the uses of the money borrowed by the members of the co-operative thrift and credit societies.
- To ascertain the factors militating against the effective performance of co-operative thrift and credit societies.
- To identify what can be done to improve the activities of co-operative thrift and credit societies in the study area.

## **Research design and methodology**

### **Research design**

In designing this research, the researchers adopted the simple survey method of research as appropriate. In order to enable the researcher identify the major impact of co-operative thrift and credit (loan) societies on their members and evaluate their activities in Enugu south local government area of Enugu state. The use of simple survey method was applied to obtain the real information.

### **Area of the study**

The area of the study is Enugu south local government area in Enugu state which is bounded on the East with Nkanu and on the West with Amaeze on the North with Ogui while on the South with Amaechi. The major economic activities of the people in the area are trading and farming. Thus, the people of the area are very active in politics and the major religion practiced in the area is Christianity.

### **Population of the study**

The population of the study consists of 84 viable and registered primary cooperative thrift and credit societies in Enugu south local government area of Enugu state. The total numbers of members are 3,204 co-

operators which is the population of this study.

### **Sample size determination/sampling techniques**

Due to the fact that, it is difficult to study the whole population, a portion of the population was selected in order to be accurate and to avoid too large or too small sample size. The percentage representation is 60, 50, 45, 55 and 40 which have the membership of 250 co-operators for the purpose of the study. Five (5) registered primary co-operative thrift and credit societies are selected. The table below shows how the sample has been determined.

The formula of Taro-Yamani was employed. The formula below was used to determine the sample size.

$$n = \frac{N}{1 + N(e)^2}$$

Where

N = population under study.

e = error margin/limit

n = sample size to be used for the research

I = constant

Since, N = 250

E = 0.05

N = ? (unknown)

Substituting:

$$n = \frac{n}{1 + N(e)^2}$$

$$n = \frac{250}{1 + 250(0.05)^2}$$

$$n = \frac{250}{1 + 250(0.0025)}$$

$$n = \frac{2.50}{1 + 0.625}$$

$$n = \frac{2.50}{1.625}$$

$$n = 153.85$$

Sample size = 154 co-operators approximately

### **Sample technique**

The researcher made use of simple random sampling technique to describe this. The researcher simply used a paper and wrote the name of each member of the population and put the paper into a bucket. So the researcher used a piece of cloth to cover the eyes which gives each member opportunity. The researcher picked without replacement until they picked the expected sample size number.

The above table shows that the above co-operative societies are involved in the study, the population of the societies and how the sample size was determined.

### **Source of data**

The sources of data for this research work were both from primary and secondary data. Primary Data: The primary source was used due to lack of information and statistical data based on this topic. The method employed for obtaining information for data include, personal interviews and questionnaires.

Secondary Data: An intensive review of literature in libraries was the secondary source of gathering information that will often result in helping to gain background as well as to bring out the pertinent experience of other persons with regard to the kind of study under consideration. These were sources collected from both published and unpublished materials from the following place:

- i. National Archives Library Okpara Avenue, Enugu.
- ii. Enugu State Co-operative college, collar Avenue
- iii. Institution of Management and Technology Library, Enugu
- iv. Enugu South Local Government

### **Administration of the instrument**

In designing the questionnaires both open and close ending type of questions were asked and the copies of questionnaires were distributed hand to hand to the respondents, while the researcher made statistical efforts to retrieve the copies of questionnaires for the analysis.

### **Statistical techniques used in data analysis**

The researcher made use of descriptive statistics for proper analysis of data for clear understanding; the researcher used tabulation and simple percentage methods.

The formula for calculating percentage is:

$$\frac{X}{N} = \frac{100}{1}$$

Where  $x$  = Number of respondents from each option

$N$  = Number of respondents from all options

### **Data presentation, analysis and interpretation**

In this part of the research work, both open and closed ended type of questionnaires were prepared and administered to the member and officers of five (5) selected registered primary cooperative thrifts and credit societies in Enugu South local Government Area of Enugu State. However,

the researcher presented and analyzed the data collected in tabular form. The presentations were basically on the research questions in the questionnaires.

### **Questionnaires distributed and responses rate**

Here the researcher administered (154) questionnaires and (120) were received from the respondents. Now let us determine the percentage of one hundred and fifty-four (154) questionnaires distributed. The formula for calculating the percentage is:

$$\frac{X}{N} \times \frac{100}{1}$$
$$\frac{120}{154} \times \frac{100}{1}$$
$$= \frac{12,000}{154}$$
$$= 77.92$$

The percentage of the questionnaire received is 78% approximately.

### **Result and Discussion**

Table 3: Shows that 36 persons (30%) said that co-operative thrift and credit (loan) societies were beneficial to its members through issuance of loans. 18 persons (15%) were of the opinion that they were deriving benefit from the society through the making of the member's children school fees easy. Also 17% representing 20 persons were of the view that co-operative thrift and credit societies were beneficial to the cooperators in some other ways in Enugu South Local Government Area of Enugu State. So, the implication of this table 3 is that cooperative

thrift and credit societies were beneficial to the members by improving their standard of living.

Table 4: shows that 30 persons were of the view that cooperative thrift and credit society in Enugu South Local Government Area of Enugu State use their fund in disbursing loan to the members for investment purposes, while 21% representing 25 persons were of the view that cooperative thrift and credit societies fund is used to help the members in order to improve the standard of living. Also 24 persons (20%) were of the opinion that funds of cooperative thrift and credit (loan) societies uses their fund in improving the social skills of the members, while 20 persons said that there were some other ways which cooperative thrift and credit societies use their fund in Enugu South Local Government Area of Enugu State.

However, the implication of this table 4 is that, cooperative thrift and credit societies only use their fund towards the betterment of the members like disbursing loans for investment purposes, improves standard of living to enable members take up responsibilities.

Table 5: Shows that 30 persons (25%) were of the opinion that co-operative thrift and credit societies in Enugu South Local Government Area of Enugu State lack adequate fund to carry out the major operations of the societies while 25 persons were of the view that members of the co-operative thrift and credit (loan) societies in Enugu South Local Government Area of Enugu State were not exposed and were ignorant of what the society was all about.

**Table.1** Five (5) selected co-operative thrift and credit societies in Enugu South L.G.A

<b>NAMES OF SOCIETIES</b>	<b>MALE</b>	<b>FEMALE</b>	<b>TOTAL MEMBERSHIP</b>
Genics Enugu south C.T.C.S limited	45	15	60
Savings Enugu south M.C.S. Limited	38	12	50
Idea Enugu south F.M.C.S Limited	35	10	45
Sedi and Genics Enugu south C.T.C.S Limited	40	15	55
Oga united Enugu south C.T.C.S limited	32	8	40
<b>Total</b>	<b>190</b>	<b>60</b>	<b>250</b>

Source: Field Survey 2013

**Table.2** The co-operative societies

<b>NAME OF SOCIETIES</b>	<b>TOTAL MEMBERSHIP</b>	<b>SAMPLING SIZE</b>
Genics Enugu south S.T.C.S Limited	60	37
Savings Enugu south M.C.S limited	50	31
Ideal Enugu south F.M.C.S limited	45	28
Sedi & Genics Enugu south C.T.S.C	55	33
Oga united Enugu south C.T.C.S. limited	40	25
<b>Total</b>	<b>250</b>	<b>154</b>

Source: Field Survey 2013

**Table.3** Respondents reaction to the benefits of co-operative thrift and credit societies to their members in Enugu South L.G.A of Enugu State

<b>RESPONSE OPTION</b>	<b>FREQUENCY</b>	<b>PERCENTAGE</b>
Improved standard of living of its members	36	30%
Issues loan to their members	22	18%
Payment of school fees made easy	18	15%
Able to make structure in the village	20	17%
Others specify	24	20%
<b>Total</b>	<b>120</b>	<b>100%</b>

Sources: Field Survey, 2013

**Table.4** Respondents reaction according to the uses of fund of cooperative thrift and credit societies in Enugu South L.G.A of Enugu State

<b>Response option</b>	<b>Frequency</b>	<b>Percentage</b>
To disburse loan for investment purpose	30	25%
Help the members improve their standard of living	25	21%
Improve social skills of the members	21	18%
Total	120	100%

Source: Field survey, 2013

**Table.5** Respondents reaction according to the factors militating against the effective performance of co-operative thrifts and credit societies

<b>RESPONSE OPTION</b>	<b>FREQUENCY</b>	<b>PERCENTAGE</b>
Adequate fund to carry out operations.	30	25%
Provision of education to the members	25	20.8%
Effective management of the society	28	23.8%
Organizing seminars and workshop for members	20	16.7%
Fulfillment of government promises to the society	17	14.2%
Total	120	100

Sources: Field survey, 2013

**Table.6** Respondents respond on the way forward for co-operative thrift (loan) societies in Enugu south local government area of Enugu state

<b>Response option</b>	<b>Frequency</b>	<b>Percentage</b>
Available of funds for cooperative projects	35	29.2%
Provision of incentives to the cooperative staff.	30	25%
Reduction of loan defaulters	25	21%
Contribution of the state Government	25	21%
Total	120	100

Source: Field survey 2013

Also 28 persons representing (23.8%) were of the opinion that poor management of the society was one of the problems of co-operative thrift and credit (loan) society. Also, 16.7% representing 20 persons were of

the view that lack of seminars and workshop for the members hindered the members from knowing their rights and it was one of the problems militating against the society. 17 members (14.2%) were of the view that

government failed in their promises. Co-operative thrift and credit (loan) societies in Enugu State are faced with some problems like lack of funds, education, incentives and fulfillment of promises by the government.

Table 6: shows that 35 respondents were of the view that availability of fund for co-operative thrift and credit societies can reduce the problems of the societies in Enugu South Local Government Area of Enugu State, while 30 persons being 25% of the respondents were of the view that provision of incentives to the cooperative officer motivates them. 21% representing 25 persons were of the opinion that loan is being monitored properly by the management, it will reduce the rate of loan defaulters which is one of the factors that is hindering co-operative thrift and credit (loan) societies in Enugu South Local Government Area of Enugu State. So, the implication of this table 6 is that if the above highlighted way-out were being adequately taking care of by those involved, it will help to promote the activities of co-operative thrift and credit (loan) Societies in Enugu State.

### **Conclusion**

The task of improving the activities and economic impact of co-operative thrifts and credit societies on the members in Enugu South Local Government Area of Enugu State is a harden one, particularly the lack of funds for co-operative projects, mismanagement of loan which brought the increase in loan defaulters and low level of the members education which means that without adequate financing both from co-operative members and from government on third parties, the task of improving the efficacy of co-operatives in order to reduce the existing various circle of poverty in

Enugu South Local Government Area of Enugu State cannot be achieved.

### **References**

1. Adekunle, B. AND Henson S.J (2007). "African Journal of Agricultural Research", available online at globaljournal. Net 2010.
2. Adeyeye, S.O. (1938), The co-operative Movement in Nigeria: yesterday, Today and Tomorrow. Vandenhoeck and Ruprech, Gottingen Germany.
3. Amahalu, A.C. (2005), Understanding co-operation Enugu, first Edition.
4. Anigozie, C.E (2013). The Divisional Co-operative Officer, Enugu South Local Government Area.
5. Chukwu S.C (1988), History of Cooperative in Nigeria, Enugu "unpublished material". Department of Cooperative and Rural Development ESUT, Enugu campus.
6. Ijere, M.O. (1983). Self -help Organizations, Co-operative Economics and Management Mimeograph Series, Department of Agricultural science, University of Calabar.
7. Kareem, R.O. (2012). Global Journal of Science Frontier Research Agriculture and Veterinary Science, Available online through globaljournal.net. 2012
8. Okonkwo, P.C (2010). "Co-operatives in Nigeria and Rural Development Enugu Impression publications.
9. Okonkwo, J.M.P(2001). Introduction to Cooperative. Dullas press Ltd.
10. Onuoha, E. (1986). Principles of co-operative Enterprise, Enugu, Computer Edge publishers.