Influence of Environmental Factors on Growth in Membership of Cooperative Societies in Imo State.

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Abstract

This research study sought to investigate the influence of environmental factors on growth in membership of cooperative societies in Imo State. The specific objective of the study is to assess the various environmental factors as they affect the growth in membership of cooperative societies in Imo State. The study was based on the descriptive survey design. The target population of this study included the management committee of all the cooperative societies in Imo State totaling about 14,000 societies. A multistage sampling technique was adopted in the selection of location and cooperative businesses. In stage one, five local government areas each were randomly selected from the three senatorial zones (15 L.G.As). Secondly, within the local government areas, ten cooperative societies each were purposively selected (150 cooperative societies). The third stage entailed judgmental selection of Presidents, Secretaries and Treasurers of the selected cooperatives and this gives a total of 450 respondents. The data collected for the research questions were analyzed using descriptive statistical tools such as table, percentage, mean, standard deviation and multiple regression. Cooperative membership growth is not significantly influenced by environmental factors in the study area (F-ratio = 347.339 Sig @ 0.000). Indeed, environmental factors such as external intervention, income of members, regulatory framework, location, market system and structure, industrial cluster and culture and tradition of the land were found to be especially statistically significant in explaining variations in cooperative membership growth. The researchers recommended that Cooperative practitioners should hold firm to their regulatory framework and aim towards sound competitive strategies of both horizontal and vertical integration to avoid collision and predation by bigger firms.

Keywords: Environmental Factors, Growth, Cooperative Membership, Cooperative Societies.

Introduction

Okonkwo (2017) defines Cooperative societies are simply formalized and legal associations of persons with commonly felt needs associating together to solve their problems through a jointly-owned and democratically controlled enterprise. Okonkwo further described the modern cooperative movement as starting in England in 1844, as a philosophy of life as well as an invention of necessity which a group of people adopted to help them solve the economic problems of their day. Cooperatives was a means to solving economic problems caused by the advent of scientific breakthrough in Europe. This breakthrough was referred to as Industrial revolution.

For several reasons since 1844, this cooperative business model has been adapted at different levels of business concerns to survive the adverse effects of capitalism. These reasons are either internal or external to those promoting cooperative formation. External factors are often referred to as environmental factors. According to Okonkwo (2017) cooperative businesses combines all the elements of business activity, both internal and external factors, to achieve its goals.

According to the Business dictionary online environmental factors are identifiable element in the physical, cultural, demographic, economic, political, regulatory, or technological environment that affects the survival, operations, and growth of an organization.

To this end, Otaokpukpu, Ogbu and Okonkwo (2017) while considering the effect of type and participation on cooperative financial performance in Orumba South L.G.A of Anambra State, observed that cooperative types and participation of members are factors that contribute to the cooperative societies' financial performance. Therefore, growth of membership and participation is very.

Therefore, this study sorts to examine the various environmental factors on growth in membership of cooperatives societies in Imo State. The specific objective of the study is to assess the various environmental factors as they affect the growth in membership of cooperative societies in Imo State.

Research questions

1. Do environmental factors influence growth in membership of cooperative societies in Imo State?

Hypothesis

H_0: Environmental factors have no significant influence on the growth in membership of cooperative societies in Imo State.

Literature Review

Conceptual Reviews

Definition of Cooperatives

Okonkwo (2017) defines Cooperative societies are simply formalized and legal associations of persons with commonly felt needs associating together to solve their problems through a jointly-owned and democratically controlled enterprise. Cooperatives are democratic, member-run and member-financed enterprises. They have been a model for bringing together people across all spheres of society in common economic and social interests.

Onoh and Ezema (2015) describes cooperative as a union made up of a group of people and an enterprise.

International Labour Organization (ILO) has defined a cooperative as: an association of persons who have voluntarily joined together to achieve a common end through the formation of a democratically controlled organization making equitable contributions to the capital required and accepting a fair share of the risks and benefit of the undertaking in which the members actively participate.

Lawal, & Oludmu, (2012) describes cooperatives as a voluntary association of individual human beings with common socio-economic felt needs and with the conviction that such needs can be

best attained by pooling resources and efforts in a controlling and ensuring business organization, sharing the recursion investment equitably.

Environmental Factors (External)

Environmental factor are those factors external to the cooperative society which cannot be controlled by the cooperative societies.

Okonkwo (2017) posits that understanding the environment within which the cooperative business enterprise operates is very important for the success of the cooperative society. Environmental factors influence almost every aspect of cooperative business activities, be it its nature, its products and services, its location, the prices of products, the distribution system, or the personnel policies. It also affects economic aspect, the socio-cultural aspects, the political framework, the legal aspects and the technological aspects and so on.

Crijins and Ooghi (2000) highlighted important external environmental factors that affect the growth of a business organisation as the industry and market, competitors and the economic climate. Since the external environmental factor cannot be controlled by the cooperative societies, they force the cooperative society to seek means to overcome them so as to survive.

Theoretical Framework

This study is anchored on the Collective economic empowerment theory. This is a branch of empowerment theory that was propounded by Brazilian humanitarian and educator, Freire in 1973 retrieved from google.com (2019).

The theory of empowerment is not only concerned with the process of empowerment but also with result that can produce greater access to resources and power.

Tenets of Collective Economic Empowerment Theory

The theory was built on the following tenets:

1. The notion of collective economic empowerment is referring to belonging to the social network of peers and an emphasis on autonomy while being part of the collective social solidarity vis-à-vis establishment;

2. A collective belonging; involvement in; and control over organization in the community;

3. Collective economic empowerment involved creating a sense of community among people that will increase their ability to work together; problems solving and make group decisions for social change. This is also called social cohesion and a sense of personal freedom.

Collective economic empowerment theory is relevant in that the theory is built on the basis of people coming together and form autonomous group with collective interest which is also the premise on which cooperative societies are formed. The theory also encourages member participation and a sense of community.

Research Method

The research is hinged on descriptive survey design. The flexibility of survey means that a variety of data collection instruments - observation, interviews, and questionnaires can be used.

The target population of this study included the management committee of all the cooperative societies in Imo State totaling about 14,000 societies. A multistage sampling technique was adopted in the selection of location and cooperative businesses. In stage one, five local government areas each were randomly selected from the three senatorial zones (15 L.G.As). Secondly, within the local government areas, ten cooperative societies each were purposively selected (150 cooperative societies). The third stage entailed judgmental selection of Presidents, Secretaries and Treasurers of the selected cooperatives and this gives a total of 450 respondents.

The data collected for the research questions were analyzed using descriptive statistical tools such as table, percentage, mean, standard deviation and ranking. Five -point likert scale was also employed to assess the perceptions of respondents on relevant issues of investigation, with the following keys: strongly agree (5), agree (4), undecided (3) disagree (2) and strongly disagree (1). For the hypothesis, multiple regression models was employed.

Model Specifications

The implicit specifications of the relevant models are as follows:

$MG = f(X_{1m}, X_{2m}, X_{3m}, X_{4m}, X_{5m}, X_{6m}, X_{7m}, X_{8m})$ (1)

MG = Membership growth in cooperative (average membership growth, 2012 to 2016)

Where:

X_{1m} = External Intervention (mean responses of respondents, 2016)

X_{2m} = Affiliation to secondary & tertiary cooperatives Public benefits (mean responses of respondents, 2016)

X_{3m}= Regulatory framework (mean responses of respondents, 2016)

X_{4m} = Hazard/Operations risk (mean responses of respondents, 2016)

X_{5m} = Location (mean responses of respondents, 2016)

X_{6m}= Government Policies (mean responses of respondents, 2016)

X_{7m} = Market System and structure (mean responses of respondents, 2016)

X_{8m} = high concentration of industrial activity in the area (mean responses of respondents, 2016).

Explicit specifications is;

$MG = \alpha + \beta_1 X_{1m} + \beta_2 X_{2m} + \beta_3 X_{3m} + \beta_4 X_{4m} + \beta_5 X_{5m} + \beta_6 X_{6m} + \beta_7 X_{7m} + \beta_8 X_{8m} + e$

Table 1 Respondents' Perceptions on the Influence of Environmental Factors on cooperative sustainability

	N	SUM	Mean	Standard Deviation	Decision
External intervention	450	2036	4.5244 (3rd)	.54268	Accept

Affiliation to secondary & tertiary cooperatives	450	1879	4.1756 (6th)	.67592	Accept
Regulatory framework	450	1981	4.4022 (4th)	.58221	Accept
Hazard/operational risks	450	785	1.7444 (8th)	.74261	Reject
Location	450	2071	4.6022 (2nd)	.48998	Accept
Government policy	450	782	1.7378 (9th)	.72967	Reject
Market system & Structure	450	1975	4.3889 (5th)	.81323	Accept
Industrial cluster	450	2077	4.6156 (1st)	.72267	Accept
Cultural & tradition	450	1762	4.1354 (7th)	.65242	Accept
Valid N (listwise)	450				

Source: Field Data, 2017.

Table 1 above shows the responses of respondents on the influence of environmental factors on sustainability of cooperative businesses. From the questionnaire, seven out of the 9 variables of interest posted a positive result while two were negative. The mean sets of 4.6156, 4.6022, 4.5244, 4.4022, 4.3889, 4.1756 and 4.1354 were ranked 1st to 7th respectively; while 1.7444 & 1.7378 were ranked 8th and 9th respectively.

Discussion of result: to assess the influence of environmental factors on membership growth of cooperatives. The implication is that environmental factors as seen above influence the sustainability of cooperative businesses in the study area. For growth in the membership of cooperative businesses high premium is placed on concentration of industrial activities, the location of the business, external intervention, regulatory framework, market system and structure, business growth, affiliation to secondary & tertiary cooperatives and culture and tradition of the land. Conversely, hazard and government policy by their mean sets (1.7444 & 1.7378) do not have influence on membership growth (sustainability) of cooperative businesses.

Tests of Hypotheses

H_0: Cooperative membership growth is not significantly influenced by Environmental factors in the study area.

H_1: Cooperative membership growth is significantly influenced by Environmental factors in the study area.

Table 13: Regression Output: Influence of Environmental factors on Cooperative membership growth.

Variables	coefficients	std. error	t. stat	Sig (Prob)
External Intervention	-.173	.067	2.590	.010
Affiliation to secondary coop.	314	.037	8.531	.000
Regulatory Framework	.204	.063	3.244	.001
Hazard/Operation risk	-.115	.100	1.151	.250
Location	.306	.057	5.341	.000
Government Policy	.092	.100	.921	.358
Mkt System & Structure	.098	.048	2.040	.042
Industrial Cluster	.079	.032	2.451	.015
Cultural & tradition	.540	.063	8.563	.000
R	.936			
R^2	.877			
Adj. R^2	.874			
F. ratio	347.339 Sig @ 0.000			

Dependent: Membership Growth

Source: Computed from field survey, 2017.

In hypothesis above, the regression test reveals the correlation coefficient (R) of 0.936 signifying a strong positive relationship of the dependent and independent variables. It means that there is 93.6% relationship existing between them.

The overall regression fit as measured by the coefficient of multiple determinations (R^2) was 87.7% and measures the goodness of fit at a relatively high percentage. It means that 87.7%

variations in the dependent variable is being taken care of by the variations in the independent variables.

The overall significance of the regression is reflected in the value of F-statistic 347.339 Sig @ 0.000 which is low enough to reject the null hypothesis strengthens the suitability of the data to the regression line.

Discussion of test hypothesis: At various levels of probability, external intervention, affiliation to secondary and tertiary cooperatives, regulatory framework, location, market system and structure, industrial cluster and culture and tradition of the land are statistically significant as indicated by their low probability values of 0.010, 0.000, 0.001, 000, 0.042, 0.015 and 0.000 respectively. External intervention though significant but exhibited a negative coefficient in line with economic theory. Increase in the external assistance creates a dependency syndrome. The research outcome is consistent with the findings of Cook (1995) who observed that excessive external support created dependency on outside help and poor financial sustainability in so many cooperatives. In line with apriori expectation, public benefits, regulatory framework, location, market system and structure, industrial cluster and cultural norms had positive coefficients. The result indicates that any 1 unit increase in membership growth is triggered by 0.314 units, 0.204 units, 0.306 units, 0.98 units, 0.79 units and 0.540 units rise respectively in to secondary and tertiary cooperatives, regulatory framework, location, market system and structure, industrial cluster and culture and tradition respectively. This is consistent with findings of Okoye (2013) on analyses of growth and survival of agribusiness enterprises in Ebonyi state. Also, for regulatory framework Chambo (2009), observed that poorly implemented policies are detrimental to the success of small scale farmer's participation in agricultural marketing, and are likely to harm the same group it intended to help.

While the probability values of hazard/operation risk and government policy (0.250 and 0.358) were statistically insignificant. To the general prediction of the F-test, $P<0.05$; this therefore rejects the null hypothesis and accepts the alternate that: "cooperative membership growth is significantly influenced by Environmental factors in the study area" which ensures sustainability of cooperative businesses".

Summary of Findings, Conclusion and Recommendations

Cooperative membership growth is not significantly influenced by environmental factors in the study area (F-ratio = 347.339 Sig @ 0.000). Indeed, environmental factors such as external intervention, income of members, regulatory framework, location, market system and structure, industrial cluster and culture and tradition of the land were found to be especially statistically significant in explaining variations in cooperative membership growth.

In conclusion, environmental factors were seen to have affected the cooperative membership growth in the area of study.

The researchers recommended that Cooperative practitioners should hold firm to their regulatory framework and aim towards sound competitive strategies of both horizontal and vertical integration to avoid collision and predation by bigger firms.

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