

DE-Officialization of Co-Operative Independence in Enugu State: Problems and Prospects

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Abstract: This research work evaluated de-officialization of co-operative independence in Enugu state, with special reference to its problems and prospects. The aim of the study was to identify problems associated with co-operative independence, as well as suggest possible ways of encouraging de-officialization of co-operatives in Enugu state. The survey research design was used for the study. The population of this study comprises of all cooperative societies in Udi Local Government Area whose number is 1,120. And utilized a total number of 145 co-operatives as the sample size for the study. A structured questionnaire was designed and utilized as the instrument used for the collection of data used for the study. The result of the study revealed that the problems associated with co-operative independence which is seen as low capitalization by 86 respondents representing 62% strongly agreed and lack of clear policy guideline on co-operatives 56 respondent representing 41% agreed while unqualified management committee 70 respondent representing 51% agreed. The study also revealed that de-officialization of co-operatives can be encouraged by providing enabling environment for growth and development of co-operatives, 57 respondent representing 63% strongly agreed and avoidance of infringement by Government into co-operative Autonomy 77 respondent representing 56% agreed. The researcher among other things recommended that. The researcher recommends that government should provide enabling environment for small and micro-enterprise as well as the co-operative sector including appropriate policies, a regime of incentives and a strongly regulatory authority. Co-operative education and training should be encouraged, co-operative principle and practices should be promoted in order to ensure the development of technical and vocational skills which will enable them do things better and also solve commonly felt socio-economic problems more efficiently.

Keywords: De-officialization, Co-Operative, Independence, Problems, Prospects.

INTRODUCTION

The absence of a clear policy on co-operatives certainly affected the quality of the Act. Various countries in the developing nations have revised their co-operative laws through de-officialization policy. Nigeria has also had a new co-operative Act (decree) since 1993, which tends not to state clearly if it is on officialization or de-officialization. This situation has tended to retard the progress and development of the cooperative movement not only in Enugu state but in the country as a whole. Co-operative scholars and practitioners have over the years advocated for the de-officialization of the co-operative movement, which in simple term, means complete removal of governmental control or involvement in co-operative activities.

Wilson [1] opines that state support and assistance for co-operatives that are not yet able to survive independently can result in an officialization of co-operatives quickly. By officialization of co-operatives, we understand an essential influence by state authorities on the decision-making and formation of objectives in co-operatives. Whether and to which extent state promotion of the co-operative system result in the officialization of the co-operative system. It depends last but not least on the development policies pursued by the respective governments. One possible conception is that the state considers co-operatives to be independent tools of economic and social development and promotes them as such. In this context, co-operatives are seen as instruments in order to support self-assistance.

Predominantly, the state only plays the role of supporting promotion. However, one tries to keep the state influence on the formation of objectives and decision-making in co-operatives as small as possible, in the same way, efforts are made in order to cut the co-operative from state support speedily owing to the confidence in incentive for development, arising from autonomous co-operative.

To use the co-operatives as direct instruments the state must influence the co-operatives directly. The scope of state interference in the autonomy of co-operatives may vary strongly; from the necessary consent by the co-operative authority to certain business affairs of the co-operatives by means of nominating a co-operative official as a consultative member of the co-operatives boards, up to direct control or management of co-operatives by co-operative board member entitled to vote and nominated by the state, or even co-operatives managers nominated and controlled by the state authorities. Such integration of co-operatives into state administration bureaucracy brings about a very strong officialization of the co-operative system.

Objectives of the Study

- To identify problems associated with co-operative independence.
- To suggest possible ways of encouraging de-officialization of co-operatives in Enugu State.

REVIEW OF RELATED LITERATURE

Dangers and Problems of the Officialization of the Co-Operative System

When state co-operative officials assume functions of control and management of co-operatives, there may emerge conflict of goals in the interest of the members.

Hanel [2] states the three different kinds of conflicts of goals which are conceivable in particular;

- Co-operatives are forced to carry out functions that are tasks of the state in reality, to carry out them, may have a negative influence on the promotion of members or may disturb the confidence between members and manager of co-operatives.
- Contrary to the interests of their members, co-operatives may be forced to sell their products under the market price in order to contribute to price stabilization.
- Although co-operatives are expected to satisfy the “actual interest of their members and to give a new impetus to social and economic development, it happens very often that the actual situation of poor members, the structure of their farms methods of production, their wishes and target, risks and physical social economic, cultural and political factors influencing their decision-making are not taken into account sufficiently. Further, the idea is conceivable that co-operatives have to solve tasks or government programs are to be implemented by them, although the co-operatives have not the capacities necessary for the successful solution of these tasks yet. Frequently, the strong influence by the state on the formation of objectives and decision making by co-operative result in considerable conflicts with the targets and interests of the members who get the impression of a quasi-state organization; this decisively impedes the motivation of the members to ensure self-assistance.

Absence of A Clear National Policy on Co-Operative Development

A policy may be seen as the soul and guide of the law. The policy is formulated earlier before discussions on a future enactment of a law begin, it gives a clear direction to the law-makers. In nearly all cases, a law on any specific subject matter requires a clear unambiguous public which should be published, widely known and accepted. In the absence of a policy, there is the danger certain provisions of the law may contradict each other. More seriously is the fear that public regulators and administrators and the cooperative movement itself may operate in mutual exclusion and even work at cross purpose” [3]. Any country therefore needs a clear, comprehensive and widely agreed upon co-operative development policy which:

- Forms the political and/or ideological basis for the co-operative act;
- Serves as a reference for co-operative members by explaining why governments support co-operative and by determining the relationship between the state, co-operative civil society and the private sector;
- Establishes a code of conduct for co-operative promoters by spelling out basic principles to be observed by everyone.
- Facilitates the horizontal and vertical integration of co-operatives within and among different sectors by clarifying basic policy issues relevant to all sector [3].

As has been pointed out much earlier by Chukwu and Berko [4], no clear up-to-date on co-operative development existed in the country prior to the promulgation of the “Decree” state sponsorship and state-control of co-operatives have often been contradicted by government; pronouncements and yet there is no clear government intention on de-officialization.

Special Problem of Co-Operative Civil Servants on Deofficialization

The fear of retrenchment of co-operative civil servants both at federal and state levels. At the federal level there are three federal co-operative colleges, with a total work force of about one hundred and twenty both tutorial and supporting staff. There are some staff at the zonal offices of the federal department of co-operatives and at the headquarters itself, numbering of about two hundred and twenty federal co-operative civil servants.

Deofficialization does not mean scrapping the department of co-operatives. The federal department of co-operatives is a coordinating center, needed in a federal set up. Even with deofficialization some staff will be needed at the zonal offices and at the headquarters although the number will not be as huge for the registration of federal co-operative societies, the supervision of audit, cancellation of registration, education and training and to serve as a liaison between the federal government and the movement and between international donor agencies other institutions, the government and the co-operative movement. Most importantly, deofficialization should be a gradual process, requiring some five to ten years, by which time some staff will be due for retirement, while others can even be observed by a fledging co-operative movement which deofficialization will hopefully bring about federal co-operative civil servants should therefore not fear about their job security.

In the states, therefore, the staff of the department of co-operatives should also not lose sleep over deofficialization. Working at the while issue dispassionately. One would come to the realization that most state governments have been in the past years already abandoned their legal responsibility of inspection, auditing and general supervision of co-operatives. Little or no money at all has been made available to the directors to carry out their statutory functions. Most state co-operative departments have not undertaken co-operative education and training of co-operators. Government co-operative officers are frustrated and would even wish to be deployed to other government establishments where they can be seen to be gainfully occupied. In any case, what deofficialization means, and that is what the Act has partially attempted to do, is to transfer certain functions, to the co-operative movement. Functions such as auditing, inspection, examination, taking investment and other business decision, education and training, arbitration, managing and controlling organs and electing new ones etc. clearly belong to co-operative members initiative and must therefore be devolved to the movement soonest. Doing this will avoid conflict of interest and the vicious circle of control and inefficiency and therefore promote an enabling business environment for the growth and development of co-operatives [5].

Possible Strategies of De-Officialization Policy

The consequences of widespread officialization of co-operatives in Nigeria are manifested not only in the inefficiency and poor performance capacity of co-operatives but also in a reduced development policy effectiveness of co-operatives. That is the reason why both co-operative theorists and practitioners as well as the governments are striving for a deofficialization of the co-operative system. However, de-officialization of the co-operative system must not be made too quickly or too comprehensively because this brings about the danger that additional co-operatives could not be founded or already existing co-operatives not yet be capable of surviving, would break down without state support. Therefore, the development of an appropriate de-officialization strategy has become one of the most important problems for the co-operatives system in Nigeria. In addition to generally accepted suggestions concerning the disintegration of co-operative – promoting organization of co-operative unions and the proposal to promote autochthonous forms of co-operation increasingly, two conflicting strategies are crystallizing; one of them says that the state should be fully engaged in creating the preconditions for founding co-operatives but co-operatives may be registered only after fulfilling certain minimum conditioners. Direct state influence on the co-operative system is to be kept as small as possible according to this strategy [2] state and co-operative authorities limit themselves to take indirect measures that are to allow and facilitate the foundation of co-operatives (land reform, social reform, propaganda for co-operatives, co-operative education, consulting and training of interested persons etc.). However, co-operatives are to be founded on the basis of initiatives taken by the persons concerned and without help of state institutions. In connection with the foundation of new co-operative the co-operative authority has to examine whether minimum preconditions for founding co-operatives are given with regard to the motivation and training of the persons concerned, liquidity and projected profitability of the planned co-operatives, sufficient qualification of the board members etc. if these preconditions are not given, the planned foundation of the co-operative will not be allowed, if these conditions exist, the co-operative will be registered. If minimum preconditions are given, the new co-operative is expected to be capable of surviving without state support and control; suitable reserve of the co-operative authority given the danger of an officialization of the co-operative system does not exist Muenkner and Ullrich [6].

METHODOLOGY

Research Design

This research was characteristically a survey research which helped to build up a sound basis for the application of the findings and subsequently produce data for this research. The research method and design used in this project was carefully designed to procure accurate information about the research.

Area of Study

The researcher of this study made use of Udi Local Government Area of Enugu State as a case study. Udi Local Government is bounded by the coordinates: 6^o19¹N7^o26¹E, 6.3170N7.4330E. It is bounded on the North by Igbo-Etiti, on the south by Enugu North, on the east by Enugu East and on the West by Eziagu Local Government Area all in Enugu State. The headquarters is in the city of udi town. The area has an area of about 897km². The towns or cities within udi Local Government Area as follows: Udi town, Obioma, Abia, Abudu, Obinagu, Umuaga, Nachi, Oji, Amokwe, Enugu Amokwe, Eke, Ngwo Asaa, Imeama Ngwo Asaa, Ameke Ngwo, Nsude, Uboji Ngwo, Amankow Ngwo. In the present day, Udi Local Government Area involves democratic system of government, the head is the chairman of the local government area, sole administrator for local government development center and councilors down to traditional rulers.

Culturally, Udi has a certain commonality of cultural but it varies as much as cultural diversity in Igbo land. They include: Odo festival which occurs in Northern parts of Udi while Mmanwu appears more from oshie to Neke communities. Eke is a town of both Odo and Mmanwu. When the white men came, they came with their religion and their method of Education. The towns in Udi Local Government areas embraced both their education and their religion.

The occupation of the inhabitants of Udi Local Government area is predominantly agriculture. They involve in agricultural activities such as cultivation of cassava, yams, cashew trees, stringed beans, vegetables, oil beans, tropic fruits and assorted agricultural product. Udi is also known for the best palm wine called "Aneke Achime". The land near or close to 9th Mile Corner is blessed with a natural aquifer which is very close to the surface of the earth. So the area serve as a good source of pipe borne water which is used in all part of Enugu State, because of this aquifer, the largest brewery in west Africa (Ama brewery) and the major bottling companies ranging from Coca-Cola bottling company Plc., Limca and 7up to create employment to the people of Udi Local Government Area and generate revenue for the Udi Local Government Area.

Population of the Study

The population of this study comprises of all cooperative societies in Udi Local Government Area whose number is about 1,120 but because of financial problem and time constraint the researcher selected six co-operative societies randomly that are registered in Udi Local Government Area with a total number of 145 members, which is the population of this study. These selected co-operatives are among the viable co-operative societies in Udi Local Government Area of Enugu State.

Sample and Sampling Technique

The Taro Yamene Technique was used for this study

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

Where

N = The Population of the size

n = sample size

(e)² = Number of Limit (5%)

I = Unit (constant)

$$\begin{aligned}n &= \frac{228}{1 + 228(5\%)^2} \\&= \frac{228}{1 + 228(0.05)^2} \\&= \frac{228}{1 + 228 \times 0.0025} \\&= \frac{228}{1+0.57} \\&= \frac{228}{1.57} \\&= 145.22\end{aligned}$$

Sample size = 145 Co-operators

The researcher used Kumar's formula to get the sample size of various 6 selected co-operative societies in Udi Local Government Area of Enugu State. According to Kumar [7] to proportion the actual number of questionnaire to be given to each co-operative society is determined by the following formula:

$$N_h = \frac{(N_h)}{N}$$

Where,

N_h = Sample size of each of the co-operative societies

n = Total sample size

N_h = Population of each co-operative society

N = Total population

For Ifeadiogo men farmer co-operative society

$$\frac{145 \times 43}{228} = 27.34$$

Approximately equal to 27 members

For Udoka thrift and credit co-operative society

$$\frac{145 \times 30}{228} = 19.10$$

Approximately = 19 members

For Umukagu Multi-purpose co-operative society

$$\frac{145 \times 40}{228} = 25.43$$

Approximately = 25 members

For Umuaga credit co-operative society

$$\frac{145 \times 38}{228} = 24.20$$

Approximately = 24 members

For Okwesili Piggery co-operative society

$$\frac{145 \times 49}{228} = 31.20$$

Approximately = 31 members

For Oganiru Poultry co-operative Society

$$\frac{145 \times 28}{228} = 17.80$$

228

Approximately = 18 members.

The table below shows the names of randomly selected co-operative societies and their membership strength.

Table-1: Names of Co-operative societies and their membership strength

S/N	Names of Co-Operative Societies in Udi L.G	Number of Members	Members to be Given Questionnaire
1	Ifeadigo men farmers' co-operative society	43	27
2	Udoka Thrift & Credit Co-operative Society	30	19
3	Umukagu Multi-purpose co-operative society	40	25
4	Umuaga Credit Co-operative Society	38	24
5	Okwesili Piggery co-operative society	49	31
6	Oganiru poultry co-operative society	28	18
	Total	228	122

Source: Field Survey, Dec. 2014

Sources of Data Collection

The data was obtained from both primary and secondary source of data. The data used in this work was mainly on data collection. The primary sources were gotten from of personal interview, questionnaires.

The secondary source involved the use of seminar presentations and unpublished works, journals, newspapers which are relevant to the researcher.

Instrument Used For Data Collection

The instruments used were the primary and secondary instrument. The questionnaire is the instrument for data collection used by the researcher for this study. The questionnaire was given to respondent to obtain information on the problems of de-officialization of co-operative society. Data collection was also made by the use of internet, newspapers, personal interview.

Test for Reliability of Research Instrument

The researcher made use of the test and retest measure to ensure that the response and results given by the respondent are accurate. The test for reliability of research instrument is the measure of the accuracy of the instrument used for the researcher work.

Test for Validity of Research Instrument

The validity of research instrument was conducted by the researcher through the answer from the interview and research questions. The researcher sought the opinion of his supervisors who critically examined the instrument.

ANALYSIS AND DISCUSSION OF FINDINGS

In this chapter, effort was made to present and analyze the facts gathered from the respondents. It discusses the presentation, analysis and findings of the data collected.

The table below shows questionnaire distribution

Table-2: Questionnaire distribution and collection

No. of Questionnaire distributed	145
No. of Questionnaire collected	138
No. of questionnaire not returned	7

Source: Field Survey, Dec. 2014

From the Table-2 above, the researcher will be making use of 138 which is the number of questionnaire returned. The questionnaire response rate is

$$\frac{138}{145} \times \frac{100}{1} = 95\%$$

The remaining 5% represents the questionnaire not returned

The table below shows the problem that is associated co-operative that hinders the growth and development of the societies.

Table-3: Distribution of Questionnaire based on problems associated with co-operative independence in Enugu State

S/N	Questionnaire	SA	A	D	SD	N	EFX	Mean	Remarks
1	Low capitalization	86 62%	38 28%	10 7%	4 3%	158	492	3.5	Strongly agreed
2	Lack of clear policy guideline on co-operative	56 41%	47 34%	20 14%	15 11%	138	420	3.0	Agreed
3	Unqualified management committee	70 51%	53 38%	15 11%	-	138	469	3.3	Agreed

Source: Field Survey, Dec. 2014

Table-3 shows the problems associated with co-operative independence which is seen as low capitalization by 86 respondent representing 62% strongly agreed and lack of clear policy guideline on co-operatives 56 respondent representing 41% agreed while unqualified management committee 70 respondent representing 51% agreed.

The table below represents reaction of the respondent on the issue of encouraging de-officialization in Enugu State towards the development of cooperative Societies.

Table-4: Distribution of questionnaire based on possible ways of encouraging de-officialization of cooperatives in Enugu State

S/N	Questionnaire	SA	A	D	SD	N	EFX	Mean	Remarks
1	Providing enabling environment for growth and development of co-operative	87 63%	43 31%	8 6%	- 0%	138	493	3.5	Strongly agreed
2	Avoidance of infringement by government into co-operative autonomy	77 56%	38 28%	13 9%	10 7%	138	456	3.3	Strongly agreed

Source: Field Survey, Dec. 2014

Table-4 shows the ways of encouraging de-officialization of co-operatives which can be done through providing enabling environment for growth and development of co-operatives, 57 respondent representing 63% strongly agreed and avoidance of infringement by Government into co-operative Autonomy 77 respondent representing 56% agreed.

DISCUSSION OF FINDINGS

In the Table-3, low capitalization is seen as problem associated with co-operative independence which is supported by 86 of the total respondent representing 62% and 56 of the total respondent stated lack of clear policy guideline on co-operative while 70 respondent representing 51% stated unqualified management committee. De-officialization can be encouraged in co-operatives. This statement said to be true in Table-4 by 87 respondent representing 63% of the total respondent stated providing enabling environment for growth and development of co-operative and 77 respondent representing 56% of the total respondent stated avoidance of infringement by government into co-operative autonomy.

CONCLUSION

De-officialization is needed in co-operatives in order to enhance societies. All possible action must be taken to create a climate which is conducive to the development of autonomous and self-reliant co-operatives. There is a need for bringing about an improvement in the image of co-operatives at all levels. This depends essentially on the performance of co-operatives; their achievement and example of good work therefore need to be made known widely. In order to be effective, co-operative institutions must best serve members' economic and social needs. In order to be productive, financially viable and operationally efficient.

RECOMMENDATIONS

As result of the findings of the research work the following recommendations were made:

- The researcher recommends that government should provide enabling environment for small and micro-enterprise as well as the co-operative sector including appropriate policies, a regime of incentives and a strongly regulatory authority.
- Co-operative education and training should be encouraged, co-operative principle and practices should be promoted in order to ensure the development of technical and vocational skills which will enable them do things better and also solve commonly felt socio-economic problems more efficiently.
- Co-operatives should be re-organize in order to get fund from NGO's and foreign co-operatives and this attempt will help in the de-officialization of co-operatives.

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