

THRIFT COOPERATIVES AND FEMALE ENTREPRENEURSHIP DEVELOPMENT: A TOOL FOR POST INSURGENCY DEVELOPMENT OF NORTH-EAST NIGERIA

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ABSTRACT

The study was aimed at investigating the extent to which female who are members of thrift cooperatives have access to funds and its influence on their entrepreneurship development. Survey design method was adopted for the study. Data was collected from 84 women who are members of Virgin Thrift Society in Ngurore town, Adamawa State through Focus Group Discussion (FGD). Data was analyzed using descriptive statistics to answer the research question and the Pearson Product Moment Correlation (PPMC) was used to test the hypothesis at 0.05 level of significance. The result of analysis showed that 66.66% of the members have access to funds as seed capital to start their business, 11.90% access loan to meet family needs and 21.4% access funds to scale up their existing businesses. Moreover, there exists a significant relationship between having access to funds for business and the entrepreneurship development of female in thrift cooperative (r -value = 0.76, $P < 0.05$). Based on the findings, it was recommended that the North-East Development Commission (NEDC) should work with local thrift societies to set up micro-loan scheme for women who have been affected by the recent insurgency attacks so as to set up businesses and boost their existing business in order to build their capacity to cater for their respective families.

Keywords: Thrift, cooperative, savings, entrepreneurship, women, seed-funding, north-east Nigeria.

Introduction

According to the BBC (2017), Nigeria has the highest number of female entrepreneurs in the world. Amidst this large number base, female entrepreneurs in Nigeria often struggle to secure investment, banks normally require collateral like property which women do not have. Without access to capital, it is difficult for women to grow in their business. This is typical of a scenario where the women live in environment that is not

volatile to conflict, war and other natural disasters. But in a clime where women are just returning to their communities after a devastating conflict like the recent boko-haram insurgency in north-east Nigeria, access to capital to start up business in order to support their family is critical. Especially for women that have lost their husbands. Women's ability to own businesses and thus become a catalyst for economic growth of any nation is not in doubt. Lately, there is an expansion in the recognition that women make an important contribution to national economies in terms of job creation, economic growth and wealth generation (Andruita and Kartasova 2013)

Bamidele and Henson (2007) states that thrift cooperative and credit societies are member-based organizations that help members to address economic problems. They are not banking institutions because of their goal. They are established to encourage members to save money and to meet credit needs of people who cannot afford bank loans. Cooperative societies are widely spread organization in developing countries, they are known for strong commitment of, as well as participation in the decision making of their members (Haan, Louter and Gerald. 2003). Furthermore, these societies mobilize local savings and administer credit to members, thereby encouraging thrift and entrepreneurial activity. When first started, credit unions use relatively unsophisticated administrative practices, so that the costs are very small and most interest income from loans may either be distributed to the members or reinvested in the credit union within a capitalization programme. It is widely acknowledged that thrift cooperatives play the role of improving access to credits at critical moments or more succinctly, financial intermediation. Principally, such co-operatives aim at making it easier for people (especially people with low income) to save, thereby increasing the amount of money available for lending to members. Loans and credits are provided to members at much more traditional and easier conditions than the methods adopted by commercial banks and other financial institutions. The thrift and credits co-operative is the earliest of cooperatives to have been formed worldwide and also in Nigeria (Otto and Ukpere 2011).

Bamidele (2015) in an article titled: how thrift and credit societies can help Africa promote entrepreneurship stated the following roles of credit societies:

- It encourages thrift among the members and to meet the credit needs of people who might otherwise be exposed to exploitation. Members are known for strong commitment and participation in decision making.
- These thrift societies mobilize local savings and administer credit to members, thereby encouraging thrift and entrepreneurial activity. They have relatively simple administrative processes and transaction costs are small and shared. Interest income from loans and return on investments may either be distributed to the members or reinvested in the society within a given period.

- These have made micro entrepreneurs in some countries in sub-Saharan Africa competitive. This has been witnessed among the cocoa farmers and agricultural processors in southwestern Nigeria.

Otto and Ukpere (2011) carried out a study on credit and thrift co-operatives in Nigeria: A potential source of capital formation and employment. The study entails a survey of views and experiences in Nigeria and elsewhere on the utility of co-operative finance as sources of employment. The study relies more on secondary data. However, primary data was sourced to boost or confirm results as applicable to the Nigerian environment. Using the chi square, the views of 40 respondents about the efficacy of the co-operatives as a source of finance for project implementation and employment generation in Nigeria was undertaken. The findings reveals that co-operative credits and thrift associations as a veritable source of capital formation which is required for investment purposes. The thrift cooperative as a micro finance agency is also a direct source of employment for those engaged in its management or coordination.

In 2016, the punch newspaper in celebration of the international day of cooperatives on July 2, reported that “Millions of Nigerians are not adequately served by the formal financial sector and remain largely unbanked; they continue to find mainstream financial services to be unaffordable, unresponsive and unfriendly. As this is limits their opportunity to save, they are forced to rely on informal modes of saving and depend on credit unions, cooperatives, and Rotating Savings and Credit Association (ROSCA). Such institutions have clearly demonstrated the ability of people to organize themselves at basic level and come together to save and borrow to their mutual benefit”

The recent insurgency in the north-eastern part of Nigeria has negatively affected families, leading to women losing their source of their daily means of survival (micro and small scale businesses). Unavailability of funds has not allowed female entrepreneurs resuscitate their existing businesses or even start a new one to support their families. One major critical factor for every entrepreneur to lunch a business is the capital. Suffice to say, commercial and micro-finance banks are a major source of such capital. However dealing with underserved communities where women’s literacy level is extremely low and lack collateral makes it difficult for such financial institution to support these women. More so, a large population of rural women affected by insurgency is unbanked. According to a 2016 survey by the enhancing financial innovation and access (EFInA) reveal that the financially excluded women are concentrated in the north-east. In other words, they do not have access to basic banking services. What alternatives can be provided to support these women considering their critical roles in supporting their families, job creation and wealth

generation where some of them have lost their husband in the insurgency war? Can the thrift cooperatives serve as means of raising capital to influence entrepreneurship development of women in the north-east? This paper intends to answer two questions:

1. What do female members in thrift cooperatives use funds made available to them?
2. What is the influence of having access to fund on the entrepreneurship development of female members thrift cooperative?

Hypothesis

There is no significant relationship between having access to funds and entrepreneurial development of female members of thrift cooperatives

Methodology

The study adopted a survey research design. The study population consists of all members (148) of Virgin Thrift Cooperative in Ngurore town, Adamawa State, north-east Nigeria. The study adopted a purposive sampling technique to select 84 females. 15 female of this sample are displaced women that fled from the insurgent activities in Borno and Yobe States to take refuge in Ngurore town while engaged in petty trade. A Focus Group Discuss (FGD) was used in data collection. Section A of the FGD guide collected demographic data of the women, section B elicited responses on funds access what collected funds from the thrift cooperative are utilized for while section C elicited responses on their entrepreneurial development and engagements.

Analysis and Results

Data was analyzed Hypothesis-by-hypothesis at 0.05 level of significance. Simple percentages, bar chart and the Pearson Product Moment Correlation was used.

Research question 1

What do female members in thrift cooperatives use funds made available to them? To carry out these analysis, simple percentage, frequencies and bar chart was used. The summary of the analysis is as shown in table 1 and figure 1.

Table 1
Frequency and simple percentages showing the utilization of funds made available to female members of thrift cooperatives (N=84)

S/N	Utilization	Frequency	Percentage
1	Family upkeep (tuition, feeding, medical)	10	11.90
2	Starting a business	56	66.66
3	Business expansion	18	21.41

The results presented in table 1 show the utilization of funds made available to female members of thrift cooperatives. As presented, 56 respondents out of the 84 representing 66.66% utilized the money they collected in starting a business, 21.41% used it for expansion of their existing businesses while the remaining 11.90% utilized the funds for their family bill payment such as children’s tuition fee, feeding and medical. The chart in Fig.1 further illustrates in pictorial form, the utilization of funds received from thrift cooperatives.

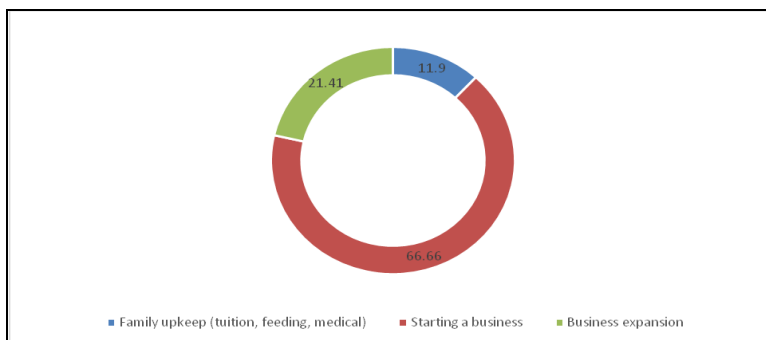


Figure 1: Chart of the utilization of funds made available to female members of thrift cooperatives

Table 2
Pearson Product Moment Correlation Analysis of the Relationship between Having Access to Funds and Entrepreneurial Development of Female Members of Thrift Cooperatives. (N=84)

Variable	N	X	SD	r-value	Sig of r
Fund access	84	8.31	2.12	0.76	.000*
	84	14.81	3.89		

Significant at $P < 0.05$

The correlation analysis result presented in table 2 shows that a correlation coefficient of 0.76 was obtained for the relationship between having access to funds and entrepreneurial development of female members of thrift cooperatives. The result further shows that the relationship was significant at 0.05 probability level.

The positive correlation coefficient indicates that as access to funds increases among the members of the cooperatives, entrepreneurial development towards the

establishment of businesses increases. Therefore, we reject the null hypothesis and uphold the alternate hypothesis that there exist a significant relationship between having access to funds and entrepreneurial development of female members of thrift cooperative.

Discussion of findings

The above research question indicated that female members of thrift cooperatives utilized funds accessed for initiating a new business. This corroborates the findings of Otto and Ukpere (2011) that reveals co-operative credits and thrift associations as a veritable source of capital formation which is required for investment purposes.

The findings that shows a significant relationship between accessing funds from thrift cooperatives and the entrepreneurship development of female members is supported by Bamidele and Henson (2007) who found out that thrift cooperative and credit societies support members to address economic problems of starting their business with the funds available to them.

Summary, Conclusion and Recommendation

The purpose of this study was to investigate the utilization of accessed funds by female members of thrift cooperatives and it relationship on their entrepreneurial development in Ngurore town of Adamawa state, north-east Nigeria.

Through a purposive sampling technique, 84 females were selected from Virgin thrift cooperative. Focused group discussion was used for data collection. The result of analysis reveals that:

- A higher percentage of women utilized funds from thrift cooperative to start their business
- There exist a significant relationship between having access to funds and entrepreneurial development of female members of thrift cooperative.

Following the findings, It was recommended among others that:

1. North-East Development Commission (NEDC) should work with community thrift cooperatives to set up micro-loan scheme for women who have been affected by the recent insurgency attacks so as to set up businesses and boost their existing business in order to build their capacity to cater for their respective families.
2. Organization involved in entrepreneurship development training should intensify efforts to train women engaged in thrift cooperate so as to build their capacity to

ensure business sustainability since they have great interest in entrepreneurship development considering their access to finance.

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