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# **NIGERIAN JOURNAL OF COOPERATIVE ECONOMICS AND MANAGEMENT (NJCEM)**

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# ANALYSIS OF THE EFFECTIVENESS OF COOPERATIVE SOCIETY AS A TOOL FOR SATISFYING HUMAN NEEDS

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## ABSTRACT

*The importance of cooperative societies cannot be overemphasized. Scholars agreed that it has both micro and macro effects on the economy. The study explores the micro effects of cooperative society as it relates to its effectiveness in satisfying members needs .A factor analysis was carried out on the response of the members and it was discovered that two categories of needs can be identified. Descriptive statistics was also carried out and the findings showed the effectiveness of cooperatives in satisfying human needs. The study recommended that the welfare of the members should be of priority to the government and the management of the societies.*

**Keywords;** Cooperative societies, Human needs, psychological and physiological needs.

## INTRODUCTION

Cooperation is old as man. Some forms of cooperation can be found in all areas of human endeavours activities. According to Oyeniyi [2005], cohesion of a family is based on cooperation; religious, social and traditional groups also strive on cooperation among the individual members.

These co-operative associations are referred to variously as Isusu in Ibo; Esusu or Ajo in Yoruba, and Adashi in Hausa. Cooperative society has been defined by various scholars in different ways. Okechukwu [2001;18]defined co-operative society as an incorporated association in which persons join together on their own freewill to obtain some economic service which would be either too difficult, or too costly for each to obtain by working alone.

Uchendu [1998; 25], referred to the re-arrangement of Duelfer definition by Berk as 'an association of persons with variable membership who have pooled themselves and their resources together on mutual or self-help basis to form a business enterprise which seeks to solve the socio-economic problems of these members by directly providing goods and services to them in their capacity as either the owner/customer or owner/employee of the co-operative enterprise.

The development of the consumer movement in Nigeria is traceable to the Second World War. The Second World War resulted in scarcity of consumer goods. Merchants were making huge profits at the expense of consumers. As a result of this, the need for consumer cooperation arose to combat profiteering.

At the later years, consumers discovered that, apart from economic reasons, there were some other benefits that can be derived from consumer cooperative. This study empirically examines the effectiveness of consumer cooperative society as a tool for achieving human needs.

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## **LITERATURE REVIEW**

Needs are drives existing within the individual having direct link to the external environment. Early needs theorists understood need as a consequence of deprivation (unsatisfied needs) or disequilibrium state giving direction to behaviour. But according to Asika (1995), recent developments in Needs theory of motivation have shown that in the absence of deprivation or disequilibrium state, needs are prevalent. He further stressed that the existing process of needs satisfaction was a major cause of human behaviour. Therefore all unsatisfied needs lead to human behaviour, and it is the desire to satisfy the unsatisfied needs that motivates the individual to behave in a particular way.

Prominent among the scholars that contributed to needs theory include; Abraham Maslow, Clayton Alderfer and B.F. Skinner. For the purpose of this study, the work of Abraham Maslow was examined in relation to the effectiveness of cooperative societies in fulfilling these needs in the lives of its members.

### **MASLOW'S HIERARCHY OF NEEDS**

According to Maslow (1943), man's needs can be described in a stair-step formation starting from the lowest to the highest level. Asika (1995), believed that there are basically two clear categories of needs:-Physiological needs and Psychological needs. The physiological needs are referred to as Basic Needs of Human Needs while the other four categories fall under the psychological needs. Each of the categories of needs is hereby explained below;

Physiological Needs These include the need for food, shelter, clothing, sex, money, drink, sleep and all other needs that must be satisfied in order to sustain life.

Security and safety Needs These consist of the needs to be safe from both psychological and physical harm. Psychological harm can be interpreted to mean economic insecurity and the need for protection from physical harm. Oyedijo (1995), also believed that it includes freedom from unusual and unmanageable stimuli and situations including the sudden change of conditions such as the loss of one's job or status.

Social/Love Needs .When the safety and security needs have been sufficiently satisfied, the next level of needs that emerge is the level of social needs. These include; the need for affection, sense of being part of a group, the need to love and be loved, the need for friendship and acceptance by other people and to be an important person to them.

Esteem Needs These refer to the need for reputation and recognition. It involves the need for prestige, power, success, self-esteem, high status and importance in the eyes of others; the desire for achievement, for adequacy, self respect and respect from others, independence as well as subjective sense of efficacy and confidence in the face of the world.

Self-actualization Needs The need for self-actualization is the highest level of needs in the Maslow's Needs Hierarchy. According to him, it involves the need to do that for which one is best fitted, to express one's initiatives and talents and to develop competence in a particular specialty. The desire to realize one's potential, to achieve one's ambition and be ultimately satisfied belongs to this particular category of needs. Kinard (1988), described it more vividly when he said that for the athlete, it may be breaking a world record, for the research scientist, it may be finding a cure for cancer, and for the therapist, it may be the satisfaction of helping a child to walk or laugh for the first time.

## **IMPORTANCE OF COOPERATIVE SOCIETIES**

Developing countries like Nigeria is witnessing a pent up in the establishment of cooperatives perhaps as a result of the members' awareness of various benefits that can be derived from the membership of cooperative societies.

However, according to Oyeniyi (2005), the benefits of cooperative societies can be summarized as follows;

### **Possibility of Investment**

It encourages pooling of savings of members which are in turn made available to needy members in form of credit. These available credit can be obtained by the members who may engage such funds in business venture or investment in stock market.

### **Social Benefits**

Cooperative societies help the members to satisfy their social needs through sense of belonging, acceptance and affection through attendance of meetings. It encourages community spirit and social responsibility.

### **Education benefit**

One of the principles of co-operative society is the continuous education of members. The nature and type of education will depend on the given circumstance of the society, the needs of the members and the environment. According to Uchendu (1998), the effect of the educational activity is usually a change in the outlook, attitude, level of enlightenment, understanding and habit of the members.

### **Employment Generation**

Various activities of different co-operative societies directly and indirectly generate employment opportunities. Through direct ownership of production, distribution and marketing facilities and outlets which require men to be engaged. Productive co-operative particularly generates full employment.

### **Self-help**

Co-operative societies encourage the spirit of self –help by members. By encouraging them in their various endeavours through provision of necessary information, input, credit and equipment on credit.

### **Standard of living**

Co-operative societies help to raise the standard of living of members through saving, loan and share of surplus.

### **Entrepreneurship Skill**

Entrepreneurship skills are gained by members who are directly involved in management of the society. Members are also exposed through participation in seminars, lectures, symposia, and field tours e.t.c.

### **Benefit of Price Advantage**

Co-operative society can obtain price benefits for members either by buying large quantity; this can attract discount that will help to reduce unit price and possibility of buying at reduced unit cost or by involving in marketing of output . Co-operative will be bargaining from a stronger position of large supplier for better price than small quantity to be supplied by individual members.

### **Rural Development**



According to Ihimodu (1988), Cooperative is a vital tool for solving many rural problems .In the rural areas where civilization and development facilities are low, the impact of co-operative societies can be enormous. The area of impact will include the following among others; mobilization of savings, provision of credit, expansion of cultivated land areas., mechanization, increasing output, supply of inputs, marketing of farm output, provision of raw materials to industries, improved level of income as well as standard of living.

In summary many, the main objective of this study was to confirm whether cooperative societies help its members to satisfy all the five levels of needs identified by Abraham Maslow.

**METHODOLOGY**

**PARTICIPANTS AND SAMPLING TECHNIQUE**

This study adopted a survey research design in which the purposive sampling technique was used to select 104 participants. A total of 104 copies of the questionnaire were randomly distributed to the members of cooperative societies at Ota, Ogun State. The researchers ensured that all the copies of the questionnaire were filled and returned and this explained the reason for its 100% response rate. 68 (65.4. %) of the respondents were males, while 36 (34.6%) were females. A further breakdown of the respondents showed that 24 (23.1%) indicated that they were single, 64 (61.5 %) were married and 12 (11.5%) were divorced while 4 (3.8%) respondents were widow(er)s. The table below shows the duration of work experience of the respondents.

**Table 1**

**how long have you being working**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less than 3yrs	16	15.4	15.4	15.4
	3-10yrs	40	38.5	38.5	53.8
	11-30yrs	40	38.5	38.5	92.3
	31-60yrs	8	7.7	7.7	100.0
	Total	104	100.0	100.0	

**Source: Survey Findings (2007)**

**Measures**

The major sources of data used in carrying out this research work are the primary and secondary sources. The primary data were a more reliable source in this study which includes the use of questionnaire; the secondary data includes journals, library textbooks and non-governmental publications that were used in this study. It was a 22-item questionnaire with a five- point-rating format. Upon administration of the questionnaires to the respondents, we recorded a reliability co-efficient alpha value 0.840. (see Appendix 1). A confirmatory study was conducted on the data collected and were analyzed using Factor Analysis.

**DATA ANALYSIS AND PRESENTATION**

**RESULT**

The 22-item scale contained 18 questions that were asked to elicit information on how cooperative society has actually benefited the respondents in satisfying their five levels of needs. The remaining 4 questions were meant to elicit demographic data.

Table 2 below shows the mean of each of the item (question) in the questionnaire.

**TABLE 2**

**Item Statistics**

	Mean	Std. Deviation	N
physiology need 1	3.7692	1.28645	104
safety needs 1	2.3077	1.17479	104
social needs 1	3.0769	1.11209	104
esteem needs 1	1.8077	.96619	104
self actualisation needs 1	2.2308	1.01666	104
self actualisation needs 2	2.2308	.97772	104
self actualisation needs 3	2.4615	.97466	104
self actualisation needs 4	2.5000	1.08833	104
physiology needs 2	2.0769	1.24395	104
physiology needs 3	3.3077	1.38702	104
physiology needs 4	2.1538	1.26774	104
physiology needs 5	2.1538	.91130	104
safety needs 2	3.0000	1.21480	104
safety needs 3	1.6538	.83340	104
esteem needs 2	3.1538	1.29801	104
esteem needs 3	2.5385	1.08765	104
social needs 2	1.9231	.83250	104
social needs 3	2.1538	1.20492	104
sex	1.3462	.47805	104
age	2.5385	.79955	104
marital status	1.5769	.84408	104
how long have you been working	2.3846	.83965	104

**Source: Survey Findings (2007)**

**Factor Analysis**

The researchers conducted factor analysis on the data in order to group related benefits of cooperative society into its categories. Using the criteria of Eigenvalue greater than 1, it can be seen from the table below that the first seven components have their Eigenvalues greater than one. The implication is that the data can be grouped into seven categories

**TABLE 3**

**Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.345	28.842	28.842	6.345	28.842	28.842
2	2.901	13.186	42.028	2.901	13.186	42.028
3	1.957	8.895	50.923	1.957	8.895	50.923
4	1.878	8.535	59.458	1.878	8.535	59.458
5	1.542	7.010	66.467	1.542	7.010	66.467
6	1.254	5.702	72.169	1.254	5.702	72.169
7	1.029	4.676	76.845	1.029	4.676	76.845
8	.843	3.830	80.675			
9	.764	3.471	84.147			
10	.723	3.288	87.435			
11	.660	3.000	90.434			
12	.508	2.310	92.745			
13	.439	1.995	94.740			
14	.367	1.668	96.408			
15	.241	1.093	97.501			
16	.209	.950	98.451			
17	.137	.625	99.076			
18	.090	.410	99.486			
19	.064	.291	99.777			
20	.032	.147	99.924			
21	.014	.065	99.989			
22	.002	.011	100.000			

Extraction Method: Principal Component Analysis.

**Source: Survey Findings (2007)**

However, a careful observation of the scree plots (see appendix 2) shows that the data collected can be grouped into two major components. As a result of this, factor analysis was conducted on the data and was limited to two components by the researchers. Table 4 below shows the two factors;

**TABLE 4**

**Rotated Component Matrix** <sup>a</sup>

	Component	
	1	2
safety needs 1	.778	
self actualisation needs 2	.765	
social needs 3	.703	.467
esteem needs 3	.693	.446
self actualisation needs 1	.663	
esteem needs 1	.640	
esteem needs 2	.639	
self actualisation needs 4	.610	
self actualisation needs 3	.604	
physiology need 1	.430	
social needs 1		
how long have you been working		
age		
physiology needs 3		.804
safety needs 2		.736
physiology needs 2		.731
physiology needs 4		.670
physiology needs 5	.477	.668
social needs 2		.548
sex		
marital status		
safety needs 3		

Extraction Method: Principal Component Analysis.  
 Rotation Method: Varimax with Kaiser Normalization.

<sup>a</sup>. Rotation converged in 3 iterations.

**Source: Survey Findings (2007)**

**DISCUSSION OF FINDINGS**

From the study, it was discovered that one of the items under the physiological needs has the highest number of mean in the distribution. The implication is that members disagreed that cooperative society is an effective medium of fulfilling their physiological needs.

However, an item under safety needs has the lowest values of mean. This implies that the respondents considered cooperative society as a very effective medium to satisfy their safety and security needs. They agreed that cooperative society provided a cushion



effect for them in the case of sudden change of conditions. The descriptive statistics also showed that members get loan from the society to buy properties that will enhance their self esteem.

With respect to the social needs of the members, three questions were asked and two out of the three questions revealed that members agreed that the society helped them to satisfy their social needs. They agreed that cooperative society provided platform for them to express their love to others and also to have sense of belonging.(see Table 2 )

In order to determine the opinion of the respondents about effectiveness of cooperative society in fulfilling their self actualization needs, four questions were asked .The responses revealed that many members were actually undecided as to whether the Society actually satisfied their self actualization needs.

The scree plot revealed that the needs of the members are better classified into major categories. This finding confirmed the opinion of scholars about the fact that there are two major classifications of needs. Asika(1995), referred to it as physiological needs and psychological needs.

### **RECOMMENDATIONS AND CONCLUSION**

Based on the findings of the study, the researchers therefore recommend the following to the government, management as well as members of cooperative societies in Nigeria.

- Government can help cooperative societies to overcome their problem of capitalization, by making fund available to them
- Banks are also encouraged to show interest in funding the co-operative projects.
- Members are encouraged to be showing interest in the affairs of cooperative societies that they belong.
- Seminars should be organized to educate the leaders as well as the members of cooperative society on how to manage the society with honesty and accountability.
- The society should ensure that the welfare and the progress of its members in their various professions are paramount in their activities. By this, significant contributions can be made by the society in fulfilling the self actualization needs of its members.

In conclusion, it can be seen from the findings of this study that the importance of cooperative society cannot be overemphasized. It helps to increase the standard of living of the citizenry. Although the study revealed that the physiological needs were not directly satisfied by the cooperative but government can support the effort of the society by ensuring that the rate of unemployment in Nigeria is drastically reduced. This study confirms and concludes that the two major human needs are satisfactorily addressed by the cooperative societies.

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**Appendix 1**

**RELIABILITY TEST**

**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
physiology need 1	48.5769	110.615	.449	.831
safety needs 1	50.0385	107.299	.647	.822
social needs 1	49.2692	115.849	.306	.837
esteem needs 1	50.5385	113.804	.470	.831
self actualisation needs 1	50.1154	115.676	.353	.835
self actualisation needs 2	50.1154	113.035	.502	.829
self actualisation needs 3	49.8846	116.841	.315	.837
self actualisation needs 4	49.8462	110.811	.542	.827
physiology needs 2	50.2692	118.102	.177	.844
physiology needs 3	49.0385	109.397	.452	.831
physiology needs 4	50.1923	112.701	.376	.835
physiology needs 5	50.1923	109.516	.738	.821
safety needs 2	49.3462	110.442	.490	.829
safety needs 3	50.6923	119.827	.214	.840
esteem needs 2	49.1923	105.788	.635	.821
esteem needs 3	49.8077	106.254	.758	.818
social needs 2	50.4231	114.266	.532	.829
social needs 3	50.1923	104.235	.762	.816
sex	51.0000	126.291	-.195	.846
age	49.8077	123.031	.042	.845
marital status	50.7692	129.810	-.317	.856
how long have you being working	49.9615	119.571	.226	.839

**APPENDIX 2**

**Scree Plot**





