

# THE IMPACT OF COOPERATIVE EDUCATION ON SMALL SCALE ENTERPRISES GROWTH: EVIDENCE FROM AFIJIO LOCAL GOVERNMENT AREA, OYO STATE, NIGERIA

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## Abstract

*This study investigated the impact of Cooperative Education on Small Scale Enterprises Growth: evidence from Afijio Local Government Area, Oyo State, Nigeria. Descriptive survey research was adopted for the study. It focused on ten (10) operators of small scale enterprises Data was collected using questionnaires. The questionnaire was given to experts for attestation so as to ensure that the items in the questionnaires were relevant to the subject matter put into consideration content validity, construct validity, predictive validity and concurrent validity. The data were analysed using Pearson Product Moment Correlation (PPMC) and analysis of variance (ANOVA). The findings revealed that there is statistically significant relationship between cooperative education and small scale enterprises' growth and there is significant impact of cooperative education on small scale enterprises in the study area. Based on the findings, it was recommended that proper training should be encouraged among small scale enterprises operators for better performance.*

Keywords: Cooperative Education, Small Scale Enterprises and Growth

## Introduction

Cooperative society is an association of persons usually of limited means of resources who voluntarily joined together to achieve a common goal and through the formation of a democratically controlled business organization, making equitable contribution to the capital required and accepting a fair share of the risks and benefits of the undertaking in which the members actively participate. Münkner (2015) in his assertion defined cooperative society as “that wherein persons voluntarily associate with themselves on the basis of equality and for the promotion of the economic interest”.

Cooperative education involved with several work-based terminologies such as cooperative, professional practice, sandwiched trainings, internships, externship, apprenticeship

and career academics. Cooperative education went through crises as cooperative organization themselves. However, in recent times, the resilience that cooperative have shown in addressing global financial and economic crises has sparked renewed demands for cooperative education.

Currently, there are efforts to promote cooperative as ideal alternatives business model of enterprises as opposed to share capital corporate entities. Cooperative education is therefore viewed as a critical factor in these initiatives of cooperative development which paid attention to the education different business operators particularly the small and medium scale enterprises. Cooperative education can be offered through various forms of training conducted by designated training institutions or individual experts. These forms may include a combination or one of the following: self-directed learning guided by organized tutoring, networking especially through peer learning, workshops, seminars or tailor made programmes, training of trainers and members, open and distance learning and long-term training programme leading to award of accredited certificates.

However, the relevance of education on the growth of small scale enterprises as well as the dearth of studies on the impact of cooperative education on small scale enterprises growth necessitates this study.

### **Statement of the Problem**

Cooperative education is a veritable engine of growth of small-scale enterprises. It is undisputable fact that education has a critical role to play in any country's development process. Developed countries have displayed a role played by their intangible assets such as knowledge, skills and innovations embodied in their human capital in bringing their respective sustainable development to the small-scale enterprises. This is also essential for continual growth of small scale businesses in a developing country like Nigeria to be achieved. There is dearth of study on the impact of cooperative education on small scale enterprises performances in Afijio Local Government, Area, Oyo State, Nigeria hence this study.

### **Purpose of the Study**

The general purpose of the study was to investigate the impact of cooperative education on small scale enterprises growth in Afijio Local Government Area, Oyo State, Nigeria. Specifically, it sought to;

- i. investigate the relationship between cooperative education and growth small scale enterprises in Afijio Local Government Area
- ii. evaluate the impact of cooperative education on small scale enterprises in Afijio Local Government Area of Oyo State.

### **Research Hypotheses**

Two hypotheses were set for the study and tested at 0.05 level of significance.

- i. Ho: There is no statistically significant relationship between cooperative education and small scale enterprises' growth
- ii. Ho: There is no significant impact of cooperative education on small scale enterprises in the study area.

### **Review of Related Literature**

#### **Conceptual Review**

According to Olabisi, McDonald & Emmanuella (2015) in his book Principles and Economics of cooperatives explains that cooperative is as old as humanity and that prior to the advent of the colonial masters, our parents practiced cooperative operation in their own primitive style. They had "owe" system that is, a joint assistance rendered to a member of a group or "ajo" or esusu" that is financial contribution organized by an interested group for the benefit of the participants.

According to the authors, owe was introduced to reduce labour and costs incurred in the development of firms and building projects while esusu and ajo were introduced to create a lively and conducive economic machinery to improve the members commercial endeavours and other pressing financial contribution. The rapid technological development coupled with unlimited nature of peoples demands in this present day have rendered incapable if not useless those traditional means of assistance

A cooperative society is not a new concept. It prevails in all countries, this is almost a universal concept. The cooperative society is active in all the countries worldwide and is represented in all the sectors including agriculture, food, finance, healthcare etc. To protect the interest of weaker sections, the cooperative society is formed. It is a voluntary association of persons, whose motive is the welfare of the members.

#### **Features of a Cooperative Society**

- As it is a voluntary association, the membership is also voluntary. A person if agree to join a cooperative society and can also leave anytime as per his desire, irrespective of their religion, gender and caste, membership is open to all.
- It is compulsory for the cooperative society to get registration. The cooperative society is a separate legal identity to the society.
- There is a limited liability of the members of cooperative society. Liability is limited to the extent of the amount contributed by members as capital.
- An elected managing committee has the powers to take decision. Members have the right to vote, by which they elect the members who will constitute the managing committee.
- The cooperative society works on the principle of mutual help & welfare. Hence the principal of service dominates it's working. If any surplus is generated, it is distributed amongst the members as a dividend in conformity with the bye-laws or constitution of the society.

### **Types of Cooperative society**

#### 1. Producer cooperative society

To protect the interest of small producers, these societies are set up. The producer cooperative society members may be farmers, landowners, owners of the fishing operations. To increase the marketing possibilities and production efficiency, producers decide to work together or as separate entities. They perform the several activities like processing, marketing and distributing their own products to the available market favourable to their members. This helps in lower costs and strains in each area with a mutual benefit to each producer.

#### 2. Consumer Cooperative Society

These businesses are owned and governed by consumers of the particular area or territory for their mutual benefit. Their view is to provide daily necessities commodities at an optimum price, rather than earning a pecuniary profit. Their aim is towards providing service to their consumers.

#### 3. Credit Unions Cooperative Society

Credit unions are generally member-owned by financial cooperatives. Their principle is of people helping people. They provide credit and financial services to the members at

competitive prices. Each and every depositors has right to become a member. Members attend the annual meeting and are given rights to elect a Board of Directors.

#### 4. Marketing Cooperative Society

With an aim of helping small producers in selling their products, these societies are established. The producers who wish to obtain reasonable prices for their output are the members of this society.

For securing a favourable market for the products they eliminate the middlemen and improve the competitive position of its members. It collects the output of individual members. Various marketing functions like transportation, packaging, warehousing etc are performed by the cooperative societies to the sell the product at the best possible price.

#### 5. Housing Cooperative Society

To help people with limited income to construct houses at reasonable costs, these societies are established. Their aim is to solve the housing problems of the members. A member of this society aims to procure the residential house at lower cost.

They construct the houses and give the option to members to pay in installments to purchase the house. They construct flats or provide plots to members on which the members themselves can construct the houses as per their choice.

### **Advantages of Cooperative society**

#### 1. Voluntary organization

The membership of a cooperative society is open to all. Any person with common interest can become a member. The membership fee is kept low so that everyone would be able to join and benefit from cooperative societies. At the same time, any member who wants to leave the society is free to do so. There are no barriers for and exist.

#### 2. Ease of formation

Cooperatives can be formed much easily when compared to a company. Any 10 members who have attained majority can join together for forming a cooperative society by observing simple legal formalities.

#### 3. Democracy

A cooperative society is run on the principle of “one man one vote”. It implies that all members have equal rights in managing the affairs of the enterprise. Members with money power cannot dominate the management to buying majority shares.

4. Equitable distribution of surplus

The surplus generated by the cooperative societies is distributed in an equitable manner among members. Therefore, all the members of the cooperative society are benefited. Further the society is also benefited because a sum not exceeding 10 percent of the surplus can be utilized for promoting the welfare of the locality in which the cooperative is located.

5. Limited Liability

The liability of the members in a cooperative society is limited to the extent of their capital contribution. They cannot be personally held liable for the debts of the society.

6. Stable existence

A cooperative society enjoys separate legal entity which is distinct from its members. Therefore its continuance is in no way affected by the death, insanity or insolvency of its members. It enjoys perpetual existence

7. Each for all and all for each

Cooperative societies are formed on the basis of self help and mutual help. Therefore, members contribute their efforts to promote their common welfare

8. Greater identity of interests

It operates in a limited geographical area and there is greater identity of interest among members. Members would be interacting with each other. They can cooperate and manage the activities of the society in a more effective manner

9. Government support

The government with a view to promote the growth of cooperative societies extends all support to them. It provides loans at cheap interest rates, provides subsidies etc

10. Elimination of middlemen

Cooperative societies can deal directly with the producers and with the ultimate consumers. Therefore they are not dependent on middlemen to get or distribute their products to the respective members

11. Low Taxes

To promote the cooperative movement and also because of the fact that it is a non-profit enterprise, government provides various exemptions and tax concessions.

12. Rural credit

Cooperative societies have contributed significantly in freeing villagers from money lenders. Earlier, money lenders used to charge high rates of interest and the earnings of the villagers were spent on payment of interest alone.

Cooperatives provide loans at cheaper interest rates and have benefited the rural community. After the establishment of cooperatives, the rural people were able to come out of the grip of money lenders.

13. Role in agricultural progress

Cooperative societies have aided the government's effort to increase agricultural production. They have improved the life of the people living in rural areas. They serve as a link between the government and agriculturists. High yielding seeds, fertilizers etc are distributed by the government through the cooperatives.

14. Own sources of finance

A cooperative society has to transfer at-least one-fourth of its profits to general reserve. Therefore it need not depend on outsider's funds to meet its future financial requirements. It can utilize the funds available in the general reserve.

15. Encourages thrift

Cooperative societies encourage the habit of savings and thrift among their members. They provide loans only for productive purpose and not for wasteful expenditure.

16. Fair price and good quality

Cooperative societies buy and sell in bulk quantities directly from the producers or to the consumers. Products are processed and graded before they are sold. Bulk purchases and sales ensure fair prices and good quality

17. Social benefit

Cooperative societies have played an important role in changing social customs and curbing unnecessary expenditure. The profits earned by the cooperatives have been used for providing basic amenities to the society.

## **Education**

The need for cooperative education is that for cooperative societies to make a reasonable headway in the right directions. Education is the process by which people learn through instructions, teaching and learning.

### **Desirable education need for small scale enterprises**

**Guiding:** An education provides a framework that will serve as a guiding factor that will prevent the business owner not to do its business under influence that can hinder its business to flourish. **Knowledge and skills:** Education allows small scale enterprises to acquire the necessary knowledge and skills needed for their business to forge ahead among its counterpart across the globe.

**Development:** Through education, the development of the business of the small scale enterprises is guaranteed.

**Self-preservation:** Education of the small scale enterprise allow them to be well prepared themselves and nurture their business to face likely future challenge.

**Self-Direction:** The direction to follow in a logical ways will be enlightened by the education in favour of the small enterprises

**Self-reproduction:** Reproduction of the products specialized by the small scale enterprises will be more increased through proper education attained.

**Conducive environment:** An environment without hindrance to the business will always in support of the business and this can be attained through education knowledge.

## **Theoretical framework**

### **Conventional theory of cooperative**

Magne (2017) conventional theory assumes that no such success is possible given that cooperatives are not obliged to invest profits (focusing on employments and workers income) and that are too egalitarian to generate economically efficient incentives and to engage the employment of superior management. But there exists a cooperative advantage in the workers cooperative that lies in its capacity the increase the quality and quality of efforts of output. Convectional theory of cooperative according to Altman (2001) theory assumes that the manner in which a firm is organized does not impact the extent of x-efficiency. Moreover, where workers cooperatives focus on improving benefits and working conditions whilst maintaining and even growing employment they are incentivized into adopting and developing technologies that make them competitive.

### **Theory of education**

**The functionality of Education:** focuses on the ways that universal education serves the need of society. Functionalist first see education in its manifestation role: conveying basic knowledge and skills to the next generation (Durkheim, the founder of functionalist theory).



Functionalists point to the ironic dual of education in both preserving and changing culture. Studies show that, as students' progress through college and beyond, they usually become increasingly liberal as they encounter a variety of perspectives

### **Benefit of functionalist of education**

- Liberty right or independent action: Japanese Chinese counterparts, the society seek out and reverse the best individual, whether that person achieves the best score on a test or the most points on the basketball court. Japanese students, in a culture that values community in place of individuality, learn to be ashamed if someone singles them out and learn social esteem on how to honour to the group rather than to themselves
- Sorting: According to Talcott Parsons, Kingsley Davis and Wilbert says society needs demands that most capable people get channeled into the most important occupations. School identify the most capable students early. Those who's highest on classroom and standardized tests enter accelerated programmes and college-preparation courses.
- Networking: Networking is next to function of education to sorting. People in high school and college network with those in similar classes and majors. The most significant role of education in this regard is match making.

### **The Conflict theory**

In this theory, Collins (2008) sees the purpose of education as maintaining social inequality and preserving the power of those who dominate society. Conflicts theorist examine the same functions of education as functionalists. Functionalist sees education as a beneficial contribution to an ordered society. Conflict theorist points to several key factors in defending their position. First, properly taxes fund most school; therefore, schools in affluent districts have more money. Such areas are predominantly white. They can afford to pay higher salaries, attract better teachers and purchase newer texts and more technology. Student who attend those schools gain substantial advantages in getting into the best college and being tracked into higher-paying professions. Students in less affluent neighbourhood that do not enjoy these advantages are less likely to go to College and are more likely to be tracked into vocational or technical training.

Conflict theorists also contend that only do the economics favour the white affluent, but so does school testing-particularly IQ testing, which schools can use to sort students. They argue that the tests which claim to test intelligence, actually test cultural knowledge and therefore exhibit a cultural bias.

### **The symbolic integrationists' theory**

Thorndike (1968) examined a group of students with standard IQ tests. The researchers then identified a number of students who they said would likely show a sharp increase in abilities over the coming year. They informed the teachers of the result, and asked them to watch and see if this increase did occur. Then the researcher's repeated the IQ tests at the end of the year, the students identified by the researchers did indeed show higher IQ scores. The significance of this study lies in the fact that the researchers had randomly selected a number of average students.

Also, Ray (1970) conducted research similar to Rosental-Jacobson, which say Kindergarten classroom where both students and teachers were African American, the teacher assigned students to tables based on ability, the "better" students sat at a table closer to her, the "average" students sat at the next table and the "weakest" students sat at the farthest table. Rist discovered that the teacher assigned the students to a table based on the teacher's perception of the students' skill levels on the height of class without any form of testing to verify placement.

### **Empirical Review**

Eikebrokk & Olsen (2021) report a positive relationship between training, competence and performance among SMEs involved in e-business activities. Their study used a sample of 339 SMEs drawn from three European countries - Norway, Finland and Spain. Based on their empirical analysis, the authors claimed that training explains variances in e-business competencies and performance in terms of efficiency, complementarities, lock-in and novelty.

Another research by Looi & Maritz (2021) found that the level of entrepreneurial skills of the entrepreneurs in Malaysia is still moderate and needs more entrepreneurship development training programme in areas, such as creativity enhancement and innovation, the skill to make business accounts, creating promotions and advertising skills, skill to set the right price and selling skills. These researchers also agreed that educating entrepreneurial contributes to increase of knowledge, skill and experience required to make businesses more robust and competitive. The government and its agencies are responsible for providing appropriate entrepreneurial training to fulfill entrepreneurs' needs.

According to a study of nine MFIs in Guinea, Senegal, Burkina Faso and Mali, it was revealed that only one managed to offer substantial training whereas the rest did minimal education for clients and no other social services (Webster, 1996). However, especially for people with access to credit, savings or substantial income increase, "many practitioners believe

that at least minimal training is important and enhances entrepreneur's chances of success and increase their loan repayment rates. Though minimal education is never defined in terms of training hours, it provides the opportunity for acquisition of basic skills such as cash flow analysis, management of borrowed funds and so on.

A study in Mauritius by Roopchund (2020) concluded that women entrepreneurship development programs do not adequately meet the demands of the New World Economy. SH suggested that entrepreneurship development programmes should include a wide variety of topics, such as business ideas generation, qualities of an entrepreneur, market research and marketing, communication skills, human resources management, production planning and quality management, costing and pricing, accounting and bookkeeping and related legal aspects.

Previous research reveals that entrepreneurial training can also be done informally. Agyapong, Mmieh, & Mordi. (2018) assert that several of the informal training (apprenticeship) and the job training occur in MSMEs in Ghana. He says that areas where such entrepreneurial training typically takes place include: mechanic shops (fitting), seamstresses and tailoring shops, hairdressing and barbering, traditional catering (chop bars), electrical repairs (radio, television, fridges) furniture designs and carpentry, plumbing and masonry and merchandising and retail trade.

Olaolu & Obaji (2020) in Bowen study done in Nairobi, Kenya found that 49.5% of those who had received training in the area of business reported that their businesses were doing well. The study results also showed that 60.8% of those not trained reported that their businesses were doing poorly as compared to 39.2% whose entities were doing well without training. This study was based on 198 respondents comprising of business owners and managers.

## **Methodology**

The study is a descriptive survey research. The purpose of this design is to collect detailed and factual information that describes existing phenomena. The study targeted operators of all small scale enterprise operators within Afijio Local Government Area, Oyo State who had undergone Cooperative and education on small scale enterprises. This study focuses on ten (10) operators of small scale enterprises where 150 respondents were selected. In order to determine an adequate sample size for this study, the values of significance level and effect size were well-thought-out to optimize sampling effort within the constraint of the available resources. Then,

Krejcie and Morgan’s (1970) sample size table was applied to decide on the sample size for this study.

Data was collected using questionnaires. Some questionnaires were self-administered. The questionnaires covered the following areas as highlighted by the objectives: impact of cooperative education on small-scale enterprises, nature and content of small-scale programmes/skills provided by training agencies deficiencies inherent in entrepreneurial programmes and improvement of entrepreneurial training programmes. The questionnaire was given experts for attestation so as to ensure that the items in the questionnaires were relevant to the subject matter put into consideration content validity, construct validity, predictive validity and concurrent validity. The data were analysed using Pearson Product Moment Correlation (PPMC) and analysis of variance (ANOVA).

**Results**

The results were arranged according to the stated hypotheses.

Ho1: There is no statistically significant relationship between cooperative education and small scale enterprises’ growth

**Table 1:** *Pearson Product Moment Correlation (PPMC) Analysis of Small Scale Enterprises’ Growth and Cooperative Education and Training*

	Cooperative Education and Training	Small Scale Enterprises’ Growth
Cooperative Education and Training	1	.152
Pearson Correlation		.064
Sig. (2-tailed)		
N	150	150
Small Scale Enterprises’ Growth	.152	1
Pearson Correlation	.064	
Sig. (2-tailed)		
N	150	150

The table above shows that there is positive relationship (0.152) between Small Scale Enterprises’ Growth and Cooperative Education and Training. Therefore we reject the null hypothesis and accept the alternative that there is statistically significant relationship between cooperative education and small scale enterprises’ growth.

Ho2: There is no significant impact of cooperative education on small scale enterprises in the study area.

**Table 2: ANOVA<sup>a</sup>**

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	64.203	1	64.203	3.479	.004 <sup>b</sup>
Residual	2731.290	148	18.455		
Total	2795.493	149			

a. Dependent Variable: Small Scale Enterprises' Growth

b. Predictors: (Constant), Cooperative Education and Training

From table 2, since  $p \leq 0.05$ ; we reject the null hypothesis and accept the alternative hypothesis that there is significant impact of cooperative education on small scale enterprises in the study area.

### **Discussion of findings**

From the analysis and interpretations of the research hypotheses above using regression and correlation analysis techniques with the aid of spss version 20.0, the result to the finding gives a positive acceptance of the alternative hypothesis which indicates the positives relationship that occurs between the dependent and independent variable.

From the result of the regression and correlation model analysed and interpreted above, it could be observed that, the three variables are statistically significant. This therefore implies that most of the independent variables plays a significant role in the impact of cooperative education and training on small scale enterprises growth. Thus the alternative hypothesis (H1) is accepted while the null hypothesis (H<sub>0</sub>) is rejected. This, no doubt shows that, there is a significant relationship between cooperative education and training and small scale enterprises growth.

The results of this study confirms the result of the research by Eikebrokk & Olsen (2009) who reported a positive relationship between training, competence and performance among SMEs involved in e-business activities.

### **Conclusion**

The study examines the impact of cooperative education and training on small scale enterprises growth in Afijio Local Government, Oyo State, Nigeria. The specific objective were to determine the feature of cooperative education and training among small enterprises in Afijio Local Government area and also to evaluate the impact of cooperation education small scales enterprises in Afijio Local Government area of Oyo State. In attaining the highlighted objectives a structure questionnaire was administered for information data collection. A stratified random

sampling techniques was used for the selection of the respondent were selected across the study area.

Two hypothesis were tested to determines if there is any significant relationship between cooperative education and training and training on small scales enterprises growth, and to test if there is any significant impact of cooperative education and training on the small scale enterprises growth in the study area

From the result of the regression and correlation models, it could be observed that, that the factors of the independent variable plays a significant role in the impact of cooperative education and training and small scale enterprises growth .

### **Recommendation**

Based on the findings of this study, the proper training should be encouraged among small scale enterprises operators for better performance. Job training is also recommended for employees in the small scale enterprises in order to improve their skills. Off the job management Training either by Part-time, day release, Sandwich courses should be encouraged to improve skills of managers in small scale enterprises

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