

**A CRITICAL ANALYSIS OF THE 'COOPERATIVE' STRATEGY  
TO POVERTY REDUCTION: A case study of cooperatives in  
Lagos, Nigeria**

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A Pro Gradu Thesis  
Sociology and Master's Programme  
in Development and International  
Cooperation  
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Autumn 2007**

# **SUMMARY**

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The aim of this thesis is to critically examine whether cooperatives can be effective at poverty reduction, in response to the renewed call for a cooperative strategy to poverty reduction. The thesis studied cooperatives as a social organization and examined the interrelationships between the cooperatives and the members, the factors that hold both together to promote and deter the success of the cooperatives, the motivation for members’ participation and their expectations from the cooperatives. These were then used to discuss and evaluate cooperatives as a poverty reduction strategy.

The study followed an inductive method for data collection and analysis. Focus group discussions were held with members and managers of two cooperatives and the constant comparative method was used to analyze the data generated.

The study concluded that there are three important factors that can determine if cooperatives can be effective at lifting the members above poverty. The conception and ideas of the members; that is their expectations of what a cooperative should and could do, their motivation for participation; are they fully motivated to actively participate? and what are the experiences of poverty in their lives; how do they conceptualize poverty? When these factors were combined in the study, the data concluded that cooperatives can not effectively lift the participants under study above poverty, although it could assist them to ‘manage’ poverty. Thus from the result of the study, the cooperative as a poverty reduction strategy will only act to overburden the cooperatives, yet the cooperatives can be assisted to perform within its capabilities.

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# 1. INTRODUCTION

It is no news that the incidence of poverty in Nigeria is high and rising. The most recent statistics given by the Nigerian Poverty Reduction Strategy Paper (2005) put the percentage of Nigerians living below poverty line at 70%. It is a reflection of poverty incidence in Sub-Saharan Africa and an indication of the urgent need for strategies to effectively combat poverty. Still, the Nigerian situation can be considered alarming because of the size of the population, which at the most recent census is estimated at 131 million (2006 census figures, National Population Commission).

Globally several initiatives have been launched and are being implemented to fight against the scourge of poverty. In Nigeria, different government administrations have initiated numerous programs and policies aimed at attacking, reducing and alleviating poverty in the country, through different national development plans and, most recently, by the Poverty Reduction Strategy Paper. With the scourge of poverty still rising, developing an appropriate program to combat poverty has taken a prominent place in the overall government objectives, and has renewed the quest for appropriate strategies. Whatever strategies are being adopted, 'participatory', 'community owned' and 'community grown' processes have been favorably linked to efficient and effective poverty reduction programs. This refers to the involvement of the community, especially the poor themselves in the process of development through participation, responsibility and choice in the design and implementation of programs and projects that are aimed at holistic well being (Sen, 1999: 3-5, and 290 – 292). This is the overall objective of poverty reduction.

These favored strategies have generated a renewed interest in the role of cooperatives, as community grown, individually owned organizations, in the fight against poverty. I say renewed because, during the 60s, 70s and 80s, there was great focus on the development capacity of cooperatives. National and international focus saw a growth in the number of cooperatives in developing countries. However the focus produced mixed and uneven experiences that have been reported as weak and at times a failure (Laidlaw, 1978: 51; Holmen, 1990: 32; Birchall, 2003: 7).

Notwithstanding these experiences, recent literatures on cooperatives continue to establish

through analysis and theoretical explanations that cooperatives will be effective as a poverty reduction group. (See Birchall, 2003: 3-4; Bibby and Shaw, 2005: 18-20). Nevertheless, the failure to maximize its potential has raised global debate on whether or not cooperatives could be effective as poverty reduction groups, and why the numerous previous attempts at engaging them in poverty reduction has not been as successful as expected. In the face of global rising poverty, this debate is timely and highly relevant.

This formed the basis of my initial interest in this study. With my interest piqued during a training period with a business development organization in Lagos Nigeria, I had the opportunity to come in close contact with several cooperative organizations. Two things struck and convinced me on the need of a study of this nature. One was that the cooperatives have large memberships of individuals from the informal sector who are poor and struggling to survive. The other was the relatively large number of cooperatives operating in the city of Lagos. In general they have very distinct characteristics and impact on the social relationships within the communities.

Consequently, searching the literature on cooperatives in Nigeria with a focus on past research study and theoretical exploration, two things stood out. One was that majority of the studies done on cooperatives in Nigeria has been focused on rural cooperatives, and most of the studies have studied cooperatives as a formal organization, institutionalized, with focus on organization, operations, management, decision making. That is a study of an economic organization, with the aim to build a more successful cooperative. The other interesting thing is that the normative characteristics, principles and values of cooperatives are critical to their expected success as poverty reduction actors on the lives of their members and community.

Therefore this study contributes to the 'poverty reduction strategy' discourse, by studying cooperatives as a social group with poverty reduction potentials. The main difference is that, my research and discussions were focused on the social relationship between cooperatives and their members, the impact each has on each other and the social and individual factors that determines the form and activities of cooperatives. My goal was to explore how the social relationships and social factors influence the overall efficiency and effectiveness of the cooperative organization.

Thus the study highlights the interplay of social factors within the cooperatives, while acknowledging their economic goals. So, I examined cooperatives as a social organization, which is the product of the social action of its members. That is, a dynamics of interests, expectations, motivations, contributions, obligations and emotions of the members as a determinant of the outcome of cooperative activities. In the words of Amartya Sen (1999: 279) “Every economic system makes some demands of behavioural ethics...And values do have very considerable reach in influencing the behaviour of individuals” (and organizations).

The thesis is structured into seven chapters including the current chapter. Also participants comments are reported in the language of the discussion ( a mixture of pidgin English and English language), while an English version translation of all comments used in this thesis is attached as an appendix (see appendix 1).

Chapter two of the thesis is a discussion of the research methodology followed from data collection to the analysis of the data. It includes discussion of challenges faced and ethical considerations. Chapter three of the study gives a detailed background of the Nigerian poverty situation. It examines the past efforts to fight poverty in Nigeria and the lessons that could be learnt from them as a basis for choosing new strategies and reviewing old processes of poverty eradication.

In chapter four, there is a detailed review of relevant literatures. Starting from conceptual definitions to a discussion of experts’ views on the topic of study; the chapter is an interweaving of experts opinions and excerpts from the data of the study, in the tradition of grounded theory method.

Chapter five and six is a detailed analysis of the data using the constant comparative approach. The discussion in chapter five focused on identifying and discussing the major issues of concern of the participants that relates to the research problem under study. Chapter six connects the central issues to form a storyline that answers the main research questions. In it findings were used in addressing the research questions. The study rounded up with its conclusions in chapter seven.

## 1.1 Background to the study

Cooperatives have attracted the attention of international agencies on the forefront of the fight against poverty on their possibilities to contribute to the global effort to halve the level of poverty (Birchall, 2004: 17-23). Also Birchall (2003: iv) argued that cooperatives and other forms of self-help organisations are an important, but sometimes overlooked, part of the institutional map in the economic and social sectors of developing nations. According to him, “This “cooperative-blindness” is a stumbling block to draw on the rich cooperative experience, and to understand the close fit between grass-root, participatory, community-based development and the power of cooperative people-centred business.” Thus efforts are being made to harness the contribution that cooperatives can make to poverty reduction in several countries, by stakeholders in the fight against poverty.

The United Nations (UN) is one of the international agencies that promote a ‘cooperative’ approach to development. In 2001, in observance of the International Day for the Eradication of Poverty<sup>1</sup>, the UN organized a panel discussion on the role of cooperatives in poverty reduction. The purpose was to highlight the important role cooperatives are playing towards achieving the Millennium Development Goals of full and productive employment, poverty eradication, social integration and the advancement of women. Although there are no separate UN structures that serve only cooperatives, however the General Assembly, The Economic and Social Council and other specialist agencies such as the International Labour Organization and the Food and Agriculture Organization have been working with cooperatives for years. In 1996, a resolution was adopted at the UN General Assembly urging that due consideration is given to the role, contribution and potential of cooperatives in achieving social and economic development goals. Also, UN guidelines on the role of cooperatives in social development were adopted in late 2001. (Birchall 2003: 16). The cooperative advantage is recognized to have the qualities that can make it an effective tool in helping the poor to mitigate poverty and poverty related disadvantages.

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<sup>1</sup> The United Nations General Assembly in resolution 47/196 of 22 December 1992, declared 17 October as the International Day for the Eradication of Poverty.



Also, the Poverty Reduction Strategy Paper (PRSP) being promoted by the World Bank constantly emphasizes the active inclusion of the poor in the preparation of each country's PRSP. Governments are expected to encourage citizens to actively participate in the preparation of each document. In order to achieve this it is expected that the poor must be fully involved in the process of PRSP preparation. Consequently, Birchall 2003: 18-20 argued that since cooperatives are organized collectives of individuals, are democratic, have economic aims and are owned by the poor for the benefits of its members, they have the features to be an adequate representative of the poor at both national and local level and will thus be an invaluable tool for the achievement of the goals of the PRSPs. Most important is the fact that cooperatives will not just be an adequate representative of the poor at national and local levels, but they can rather be a genuine source of generating practical and creative projects for poverty reduction. That is, if they are recognized, strengthened and involved in the process.

As in any other developing nation, cooperatives are an integral part of the Nigerian society, as a means of self-help for its members. Their proliferation in the society testifies to the need for people to cooperate for self-assistance and also suggests a failure of organized government institutions established to meet their needs. As an organized group, cooperatives are said to be based on the values of **self-help, self-responsibility, democracy, equality, equity** and **solidarity**. They recognize their accountability not just to their members but also to the society at large. (Panel on the "Role of cooperative in Poverty Reduction", First United Nations Decade for the Eradication of Poverty 1997 – 2006. (2001)). It is these values that have been identified to give cooperatives the potential to contribute in very important ways to poverty reduction, though poverty reduction has not been known to be one of the traditional goals of cooperatives.

Notwithstanding, although it has been suggested that if given an enabling environment, cooperatives can contribute substantially to meet the global goal of reducing poverty, they also have limitations. They have the tendency to appeal more to people on low to middle income than to the very poor, to rely more on professional management, which normally distance their members from its operations and most often in the developing world, the government interferes in their operations. (Birchall, 2003: ix)

What potential does the cooperative form (in Nigeria) have to reduce poverty? According to Birchall (2003): ix

...The question is an important one. It is part of a wider question, about what forms of economic and social organization the poor need in order to help themselves out of poverty. This is part of an even wider question about what techniques should be used by international development agencies, Non Governmental Organizations, National and Local governments to achieve sustainable development that is targeted at the poor.

Thus the question is timely and pertinent in the drive towards national poverty reduction.

## **1.2 The research problem**

Nigeria has huge economic resources and, Government and International Institutions have initiated various poverty alleviation and eradication programs with different focus. Still the poverty situation in Nigeria is considered very worrisome because none of the programs have been successful enough to have significant impact on reducing the incidence of poverty and alleviating mass poverty (see table 1). While the numerous programs tell of some concerted national efforts at fighting poverty, the continuing rise of mass poverty together with the number of different poverty reduction projects and programs reveals the need to search for more adequate and more effective means of fighting poverty.

In order to cope with the harsh economic situation and to provide some of their needs, the common people have been coming together to form cooperatives organizations. Thus the members expectedly own the cooperatives, they are a collection of the poor and common people that have identical needs, and their members cut across religious and ethnic divide. So they likely hold the potential to be effective for poverty reduction, but they have failed to achieve the likely potential in several attempts of involving them in poverty reduction efforts.

Significantly, the potential of cooperatives as poverty reduction groups lies in the principles and characteristics of cooperatives, while the characteristics of the cooperatives is linked to the context (socio, political and economical) in which they form and operate. So the potential of the cooperatives in Nigeria to be effective at poverty reduction in the lives of their members is intrinsically linked to the socio, political and economic situation of the Nigeria society as a determinant of the cooperatives' characteristics

**Table 1:** Some poverty reduction programs implemented by various Nigerian Government administrations

<b>Programme</b>	<b>Year</b>	<b>Target Group</b>	<b>Nature of Intervention</b>
Directorate for Food, Roads and Rural Infrastructure (DFRRI)	1986	Rural Areas	Supply and rural electrification
National Directorate of Employment (NDE)	1986	Unemployed	Training, finance and youth guidance
Better Life Programme (BLP)	1987	Rural Women	Self-help, and rural development programmes, skill acquisition and health care
People's Bank of Nigeria (PBN)	1989	Underprivileged in rural and urban areas	Credit facilities
Community Banks (CB)	1990	Rural residents, micro enterprises in urban areas	Banking facilities
Family Support Programme (FSP)	1994	Families in rural areas	Health care delivery, Welfare, Youth development
Family Economic Advancement Programme	1997	Women in rural and urban areas	Mobilization of rural and urban women, Training and adult education, social awareness and Nutritional improvement
Poverty Alleviation Program (PAP)	1999	Rural and Urban poor	Credit and Job creation
Youth Empowerment Scheme	2000	Rural and Urban youths	Job creation and Skills acquisition
National Poverty Eradication Program (NAPEP)	2001	Rural and Urban poor	Job creation, skills strengthening, Credit and Training
National Economic Empowerment Development Strategy (NEEDS)	2003	Rural and Urban poor	Job creation, Improved agricultural capacity, Industrialization, Economy diversification.

Sources: European Development Fund programming study for Nigeria, 2001 and other literatures reviewed in the study.

.Thus with the increase in poverty incidence and the failures of past efforts at poverty reduction, the possibility that cooperatives can effectively contribute to poverty reduction in the Nigeria society deserves a critical and objective exploration. This will be able to reveal the essential factors that are central to the growth and effectiveness (or otherwise) of the activities of the cooperative organization in the lives of its members and societies. It can then be used to objectively discuss if cooperative can become an effective means of fighting poverty in Nigeria. If so, then there will be enlightenment on how to take advantage of the potentials and if not, then rather than being over burdened with the goals

of poverty reduction, cooperatives can be assisted to achieve their best success within their capabilities.

This study explores the above situation within the limitations of the cases studied, by providing answer to the following question:

Can cooperatives be effective as poverty reduction machinery for members and the society in Nigeria?

To answer this question, the study should discuss and explore the motives, values and expectations of the cooperative members. These should then be related to both the present and expected activities of the cooperatives. In relating the members motives and expectations to the present activities of the cooperative, it will be possible for the members to judge the impact of the cooperative on their lives; if the cooperative has succeeded in reducing poverty from their lives, the type of problems and challenges they are experiencing in the cooperative, the reasons behind the problems and the responses of the members and the cooperative to the problems and challenges.

Also, by relating the motives and expectations to the future activities, the study will be able to discuss the capabilities of the cooperatives within the framework of the research question. That is, it will be able to discuss possible ways that changes in terms of expectations, operational processes and resources from external intervention, will affect the interrelationships, actions and interactions within the cooperative. It will also be able to discuss the impact that such changes in interrelationships, actions and interactions will have on the activities of the cooperative.

To accomplish these, the study will seek first hand information on why members came together to form their cooperatives. Also members of cooperatives should have the freedom to examine and discuss their relationship with the cooperative and vice versa. They should be able to give information on their conceptions and ideas of a cooperative organization, the type of services they expect from their cooperative, the intrinsic factors that influences their actions and reactions, their experiences of poverty and ultimately discuss if they consider that their cooperative can be effective at lifting them above poverty. It is expected that an analysis of the data generated from the discussion with the

members of the cooperative on these issues will produce a practical and objective discussion of the theme of the study.

## **2. EMPIRICAL METHOD**

This chapter is a detailed record of the process followed from the beginning of the study during data collection to the conclusion of the study through data analysis. In it I also talked about my experience while gathering the data, reflecting on my expectations before and during data gathering, the challenges faced including ethical issues, and the lessons learned. Grounded theory was the methodology chosen to guide the study. Grounded theory is a research strategy whose purpose is to inductively develop theory from the study of the phenomenon it represents (See Punch, 2005:163, Strauss and Corbin, 1990:23). In this method, data collection, analysis and eventual theory is a continuous process that flows together and stand in close relationship to each other. It is believed that because grounded theory is drawn from the data, it is more likely to offer insight, enhance understanding and provide a meaningful guide to action (see Strauss and Corbin, 1998:12). This was one of the major reasons that influenced my choice of grounded theory for this study.

Basically the choice of theoretical approach to this study is based on the nature of the subject matter of this inquiry. As explained in chapter one, the subject matter is to examine the multiplicity of goals and motives as perceived, identified and characterized by the members of the cooperatives and how these influences the outcome of the activities of the cooperative. So it is important to choose an approach that allows the subject of the study to reveal and determine the interrelationship of the factors that influence their actions and reactions. To achieve this, grounded theory becomes appropriate as a theoretical method to guide the study. The freedom it gives to the subject of study and the leading role of the emerging data makes it suitable for a study of social life and factors that sought to reveal the views and social factors that are otherwise not visible to the eye and are intrinsically determined. Nevertheless, one of the strongest attractions of the grounded theory approach and its suitability for this study is its unique design to produce data that translates to a loud voice of the participants in the analysis and report of the study; through the unique process of interweaving data collection, analysis and reporting in a continuous flow. Normally, this generates a large amount of data, which some may consider burdensome but to me becomes necessary and critical for stronger representation of participants views.

As a strategy, grounded theory has its own set of particular techniques and procedures that differentiate it from deductive method of research, which aims to verify theory. Basically

the differences lie in the relationship between data collection, data analysis and theoretical sampling and the role of literatures in the research. The relationship between data collection and analysis in grounded theory is that data analysis starts from the first collection of data. It is the emerging directions from that analysis that will guide subsequent data collection, be analysed, and the emerging results used to guide further collection. This reciprocal process between data collection and data analysis continues until new data are not showing new theoretical elements, but rather confirming previous findings (Punch, 2005:167, Strauss and Corbin, 1990:23, Glaser, 1978:16).

The use of literature in grounded theory is organized around the purpose of grounded theory (Punch, 2005:168, Strauss and Corbin, 1990:49). According to Glaser (1978:31),

...In deductive research the analyst first reads the literature of the field to fullest coverage possible, from which he deducts or synthesizes a framework, usually theoretical, to study and verify in his research. ...In our approach (Grounded Theory) we collect the data in the field first. Then start analyzing it and generating a theory. When the theory seems sufficiently grounded and developed, then we review the literature in the field and relate the theory to it through integration of ideas.

Thus the researcher, using the inductive method of grounded theory, engages proactively with the literature from the beginning of the research process, interweaving the literature throughout the process of the emerging grounded theory as contributing to the theoretical formulation (Mills et al, 2006: 5). Strauss and Corbin (1998: 49-53) explained that the literature in grounded theory can be use in different and specific ways, amongst which he noted that the literature can be used to increase theoretical sensitivity, by providing examples of similar phenomena that can stimulate the researcher's thinking about concepts that can be used to analyze the data. The literature can also be used to "confirm findings and just the reverse, findings can be used to illustrate where the literature is incorrect, is overly simplistic, or only partially explains the phenomena".

So in this study, theoretical framework is a discussion of technical literatures in conjunction with findings from the data. The purpose is to integrate the findings from the study by interweaving both the findings and existing information in order to strengthen the internal validity of the theoretical findings.



**Figure 1:** The relationship of data collection and data analysis during theory generation  
Source: Punch F. Keith, 2005

## 2.1 Pre-research process

The very first step in gathering the empirical data started with identifying the participants for the study. I was guided by practical factors in selecting the participants for the study. I started by listing out my limitations and goals and tried to establish a balanced approach to identify the participants. From the list, my major limitations were:

Time – in terms of how much time the participants will be willing to give and how to synchronize availability.

Finance – The cooperatives are scattered all over Lagos, and transportation is very expensive in Lagos state.

Human: Since I was carrying the research myself, I can only be at one place at each particular time. Also with temperatures of over 30 degree centigrade, ones energy is easily spent.

My main goals with regards to gathering the data were:

To get detailed and reliable information

To get diverse views that cuts across the different levels in the cooperatives

To strive for representativeness as much as possible

To get respondents that will actively participate with enthusiasm and honesty

After evaluating my goals against my limitations, I opted to work with cooperatives that indicated high level of enthusiasm to participate; preferably at different stages of development and that I can have access to an appreciable number of their members. Base on these criteria, I identified the two cooperatives that I worked with. In working with two cooperatives, I decided to trade representativeness for in-depth and robust information. The aim of the interview sessions was to get detailed narratives and views and so in-depth and robust information can be readily chosen in place of representativeness (see Holstein &



Gubrium, 1995:74-75). The richness of the data will be highly relevant for the overall aim of the study and will set the stage for further studies by other researchers. Also I thought it is more productive to utilize my limited resources maximally by focusing on two cooperatives, than spreading the limited resources thinly, thereby getting less robust content from the study.

Once I had decided on the criteria for selection of the cooperatives to work with, identifying the cooperatives was easy. I was privileged to have an informal list of informal cooperatives from the subsidiary company to my internship organization. The subsidiary company is a Micro Finance Bank that was newly established. As a micro finance bank, one of the major clientele is cooperative organization. Thus, members of cooperatives approached the bank for its services, while the bank also have field staff that has the primary responsibility of identifying cooperatives that can benefit from her services. The bank thus, has an informal database of active cooperatives.

Moreover, as an intern with my organization, one of my official responsibilities included developing intervention services for cooperatives that are beneficiaries of micro finance. Thus I had regular and close contact with different cooperatives, and was able to discuss the idea of my study with some of them. Although several indicated interest in participating in the study, majority of them could not guarantee that members will be available for group discussions. It became easy to narrow down to the two that could give me the guarantee to have other members present for the interviews and group discussions. Notwithstanding I still had several cancelled appointments, before we could eventually meet for the sessions.

## **2.2 The cooperatives studied**

As initially mentioned, two cooperatives were studied. For anonymity the names of the cooperatives are coded as Cooperative 1 and Cooperative 2.

### Cooperative 1

The cooperative was founded and officially inaugurated on 1<sup>st</sup> of April 1997. It started with seven affiliates societies, and had an elected management committee to steer the

affairs of the cooperative. The cooperative is a single purpose cooperative with main objective to make credit available for its members. Members are charged 1% interest on loans.

As at the time of the interview, the cooperative had forty-two affiliates' societies, each with an average number of 50 –70 registered members. The cooperative has nine full time staff and a secretariat, the building is owned by the cooperative. More so the cooperative has other investments, which includes; a nursery and primary school for the benefit of members and non-members alike, and trades in household electronic items and plots of land, for the benefit of members. Also, the cooperative sponsors its management staff to relevant seminars and workshop for professional training in cooperative management.

An elected management committee, made up of members, is responsible for managing the cooperative. The president is the head of the committee. However, the cooperative has a chairman that oversees the activities of the committee. He is the founding father of the organization and has considerable influence over its activities.

The cooperative can be termed successful in terms of assets acquired over the years and the size of membership.

## Cooperative 2

The cooperative was formed in 1998 and was registered in the year 1999. Six union heads act as management of the cooperative and a president with two paid employees as supervisor and secretary. Members are made of 33 zones comprising of 20 persons per zones. The union heads are elected, but the president is the founding father of the cooperative.

The main objective of the cooperative is to provide assistance for the growth and success of the members businesses. The major means of assistance is through making funds available for members as loan. Though the cooperative has been in existence for 8years, it was only able to get formal loan for its members through a micro finance bank very recently. Notwithstanding, the bank refused to provide loan (bulk money) to the cooperative, as was the normal practice, rather members of the cooperative were given loan individually. This prompted me to have an interview session with the Business

Development Manager of the micro finance Bank on his organization's policy of working with cooperatives, with a focus on the reasons for the policies and their experience of working with cooperatives.

Members of the cooperatives are mostly micro and small business owners from diverse types of businesses, their place of residence are used to group members into zones. Each zone has its treasurer and secretary. The secretariat of the cooperative is at a makeshift rented hall, highly dilapidated.

The cooperative gets its regular funds from members' registration and monthly fees. Although only about 5% of its total members pay their fees regularly. The cooperative is in dire need of cash, but cannot raise cash from its members because they are not willing to pay any fees. At the time of the interview, the two employees of the cooperative are being owed two months salary and have threatened to quit. The president has been taking personal responsibility for the payment of staff salary.

The educational background of the management members of the cooperative is highest Diploma in Agriculture and lowest primary school certificate. Cooperative management has not received any formal training on management of cooperatives.

### **2.3 Data collection**

Altogether, eighteen people participated in the interview and focus group discussion. The gender mix was three females and fifteen males in total. Two focus group discussions were organized and two interview sessions, thus there was one focus group discussion and one interview session with each of the cooperative. My decision to employ the focus group discussion was based on the desire to get my information from the interaction of the members rather than individual views. In focus group discussion, the interaction gives the room for reflection, analysis and corroborative comments that can either support or debunk popular views, making information more reliable and elaborate (Fontana and Frey, 1994; Morgan, 1988).

Also, conducting a focus group discussion would be less expensive in terms of finance and less demanding in terms of time both for me and for the intended participants. Thus the sessions were semi structured. Interestingly, my role as the researcher in the focus group discussions with members of both cooperatives was mainly as a moderator and less of a facilitator. This was because the discussions were quite heated, intense and passionate and not unrelated to the fact that the participants were not compelled to participate, but choose to participate so that their views will be heard.

At Cooperative 2 eight cooperative members participated in the focus group discussion, and three management staff, comprising of the president, Coordinator and Secretary participated in interview session. At cooperative 1 three cooperative members participated in the focus group discussion, and four management staff and members of the cooperative, comprising of the chairman, the Manager, and two management committee members, actively participated in the interview session. Although the four management committee members were also part of the focus group discussion.

Five of the participants at the focus group discussion of Cooperative 2 have been with the cooperative since inception while three of the participants were new members, just few months old in the cooperatives. This combination of old and new members of the cooperatives in the focus group discussion was very profitable for the content of the discussions, as broad views of issues were discussed bothering on both historical, present and future expectations and perceptions of the relevance of cooperatives in poverty reduction in Nigeria, based on their experiences in their cooperative.

Before the focus group discussions, members were informed about my research, and so those that participated were those that indicated interest and made themselves available on the appointed day. Thus the participants were very active, vocal and enthusiastic throughout the sessions. This was very positive for the research.

The language used for the interview was a mixture of English language and 'pidgin English' an informal and common variation of English language spoken in Nigeria, it was the common language between the participants and myself and the everyday language of the participants. This made the participants to be fluent in expressing themselves and the

discussions to be easily understood. This was also a positive factor for the research, because the goal of the chosen research method is to give the participants the room to optimally express their ideas and views without any reservations, and language is one of the major tools for individual's expressions. A common language between the researcher and the participants creates a favorable atmosphere for the discussions and contributions.

Prior to the discussions, I did not prepare any set of questions to guide the discussions. In place of questions I had topics for discussions that can be broadly grouped under 'poverty' and the 'social interaction in the cooperative'. This was because I wanted the participants to have a free hand in discussing the topic and highlighting areas that are relevant to them, while I provide guidance. After introducing the topics, the participants were allowed to lead the direction of the discussion on areas that are important. In order for this to be, the participants need to be comfortable and familiar with the subject of discussion. This was possible in this research because the participants could personally identify with the key themes of 'poverty' and 'cooperatives', and with the mix of old and new members and committee members in the focus group, they could actively participate in the discussion.

A total of 4-6hours was used for each of the focus group discussions, while 3-4 hours was used for the sessions with the managers. The discussions were recorded on audiotape combined with note taking by me. Same day after the sessions, the recordings were transcribed by me.

## **2.4 Data analysis**

Data analysis was done using the Constant Comparative Method (CCM). The Constant Comparative Method of analysis constitutes the core of the grounded theory approach to qualitative data analysis (Glaser and Strauss 1967:21-22). The method utilizes different type of aids, such as memo writing, close reading and rereading, coding (open and axial), data matrices etcetera, during the process of analysis. The process of constant comparative analysis starts with first of all comparing incident to incidents with the purpose of establishing the underlining uniformity and its varying conditions. It is the uniformity and the conditions that become the concepts that are generated. Coding and comparison continues as the analyst compares the generated concepts to more incidents with the goals

of developing the properties of the concepts, verify the concepts and generate further concepts until theoretical saturation is established. Finally, the analyst compares concepts to concepts with the purpose of finding the concepts that fit best to the set of indicators and establish the conceptual levels between the concepts. The integration between the concepts becomes the theory. (Glaser, 1978:49-50, Strauss and Corbin, 1998:78-84)

In this study, the focus group discussions were with two groups in each cooperative, that is, the members of the cooperative as one group and the managers of the cooperative as the other group. In total four focus group discussions were held in two cooperatives. The text from the transcript of the discussion was the input for the analysis process used to make sense of the data. The analysis basically consisted of two activities, namely breaking the comments into codes and categories and connecting the emerged relevant categories as a whole to produce the derived theory. From these activities, a three-step analysis procedure was derived, as shown in table 2 below:

**STEP 1: Comparison within a single focus group discussion.**

In the first step, comparison was done in the text from each of the focus group discussion. So comparison was done within the text from the four groups that participated in the study. Open coding was the process used in the comparison. Different parts of the discussion were examined to determine what was being said and labeled with an adequate code. The purpose of this activity was to generate as much codes as possible that will formulate the core message of the discussion and reveal inconsistencies and commonalities in the data.

**STEP 2: Comparison between interviews of both cooperative**

Comparison was done in the data from different cooperative. The comparison was done, from the data between the members and managers of each cooperative. This activity had two aims, first was to further develop the concepts in the study by refining the long list of characteristics or codes that forms each category or concept. When done it became possible to describe and define the concepts in concise themes that will function as criteria for developing a hypothetical relationship between the central concepts. Axial coding was used to perform this activity. While further developing the concepts, some codes were combined with other codes to form a pattern. Axial coding was done until all relevant themes contained in the interview that are related to the research questions were covered.

**Table 2:** Analysis procedure of the study

<b>Type of comparison</b>	<b>Analytical activities</b>	<b>Aim</b>	<b>Guiding questions</b>
Comparison within each single discussion group	Open coding: Summarizing the core of the interview, finding consensus	Develop codes and categories for a clear understanding	What is the core message of the discussions? How are the views related? Are there contradictions
Comparison between discussion from both cooperatives	Axial coding: Formulating Criteria for comparing the discussions	To conceptualise the subject of the discussion by identifying and defining properties	Does cooperative 1 have the same views as cooperative 2? What are the differences between their views? What are the reasons for the differences if any?
Comparing views from all the groups in the discussion	Selecting themes from open coding that forms the central issues of concern. Finding consensus on the views and summarizing the relationship	To find consensus on relevant themes. To develop an holistic profile of the relationship between the relevant themes	What are the central issues from both perspective? And how are they related to the study objectives?

The second aim of the comparison between interviews from different cooperative was to discover the combination of codes that exist in the data. Codes from the different groups were compared and contrasted to identify their combination. The activity was guided by questions that explored what were the similarities and differences between the views expressed by each group.

**Step 3:** Comparing views from all the groups in the discussion.

Data from all the groups were compared, the central issues of concern to the participants in the study was identified. The relationship between the central issues and the theme of the study was discussed and analysed, forming a storyline that answers the research questions.

## **2.5 Evaluating scientific relevance**

The research method of focus group discussions chosen by me for this study, though appropriate and effective in achieving the goal of getting in-depth, elaborative and cumulative data within a flexible and stimulating setting, has its own challenges and limitations. The challenges of these methods are basically technical and contextual in nature, and generally borders on the validity and reliability of the study.

According to Glaser and Strauss (1967:223) the concept of validity and reliability in qualitative research refers to issues of Credibility (ensuring that the theoretical framework generated is understood and based on the data from the study), Usefulness (worthwhile end product) and Trustworthiness (extent to which one can believe in the research findings). Lincoln & Guba (1985:290) and Sandelowski (1986:30-32) elaborated on these concepts and emphasized that validity and reliability in qualitative research embodies the truth-value, transferability, consistency and neutrality of the research. In real terms, Punch Keith (2005:182), pointed out that the validity of the research data refers to aspects that includes the possibility of interviewer bias and effects, the accuracy of respondent's memories, people's response tendencies, dishonesty, self-deception and social desirability. These are technical challenges that are evident in data from qualitative research, specifically interview sessions.

However, these challenges can usually be addressed by careful research design and planning, which Bryman (2004:275) called 'the canons of good practice'. Accordingly, different researchers and authors have identified a long list of strategies for achieving validity and reliability in qualitative research. Lincoln and Guba (1985:301) suggested some steps that will counter these identified challenges. Their suggestions concern an in-depth understanding and thorough appreciation of the research context, acknowledgement of the inherent distortions, and development of trust between researcher and participants. Others included, prolonged engagement with and observation of informants, Triangulation, Peer debriefing, theoretical sampling, employing an auditor, prevention of premature foreclosure on the data, maintaining a journal to enhance self-reflection during the process of data collection (see Lincoln & Guba, (1985: 288-331), Sandelowski (1986:27), and Silverman, (1993:145-164). As a young and growing researcher carrying out this study



with noted limitations in the resources of time, finance and field assistants, these challenges were experienced as expatiated by Punch Keith (2005:182). However, due to noted limitations, I was only able to employ limited strategies to achieving validity and reliability in this study. Thus while I discussed some of the strategies adopted to promote validity and reliability in the study, I also give space to discuss in details, the challenges and weakness of the study.

From the stage of the planning of this research to the actual data collection, I fully acknowledged the inherent challenges of possibility of distortions in participants stories of what they say, what they do and what they say they do and what they think they are expected to say, also the accuracy of participants using the language of communication to express themselves clearly and lastly the possibility of my bias as influenced by personal characteristics, academic studies and professional work experience. Although several researchers will rather claim complete objectivity in employing the interview method of data collection, it is widely contested and recent literatures have suggested that:

...The interview is a conversation, the art of asking questions and listening. It is not a neutral tool, for the interviewer creates the reality of the interview situation. In this situation answers are given. Thus the interview produces situated understandings grounded in specific interactional episodes. This method is influenced by the personal characteristics of the interviewer, including race, class, ethnicity and gender... (Denzin and Lincoln, 1994:353)

Firstly, in order to counteract the challenge of bias in this research, conscious efforts were made not to report personal opinion on the study, by reporting verbatim the opinions, views and comments of the participants during the interview. Also by choosing to approach this study using the grounded theory strategy, I opted to allow the data from the interview determine the conceptual direction of the study, deliberately bringing to the fore the views of the participants to counteract personal judgments and bias.

However, in line with Lincoln's and Guba's (1985:316) suggestion, that "thick description provide a database for the readers so that they can make judgments about the transferability of findings to other situations and contexts", I deliberately put in detailed writing as part of the research report, the personal and professional context of the background, planning and process of this research. By writing about my motivation, interest and expectation of this research and by writing about my reflections and thoughts during the research, I hoped to

enlighten my reader and future user of the research report of the personal context of the research, that they may understand and judge for themselves the probability, type and effect of possible researcher's bias in this study (See Patton, 1990:472).

Furthermore, it was in recognition of the present threat of distortions in participants' stories of what they say, what they do and what they say they do and what they think they are expected to say, that I choose the focus group discussion and group interview as my method of data collection. The forum for peers to corroborate, refute and discuss their comments, views and perception, is considered a proper way to counteract this inherent threat. More so, the use of a common language between the participants and myself facilitated the free flow of conversation and easy expressions and understandings of participants' views.

## **2.6 Limitations and challenges of the study**

As noted earlier, the weakness and challenges of this study stem from the level of my experience and the limitations of research resources. The first and basic challenge that I experience in the course of this study was limitation of available time. This limitation affected the research from two ways. Lincoln & Guba (1985:301) suggested prolonged engagement with and observation of participants as one of the strategies of achieving credibility and trustworthiness in a qualitative research. Prolonged engagement here will refer to the length of time spent with the participants in qualitative research, however this study as a master's thesis is bounded to be completed within a given academic calendar, thereby setting the boundary in terms of time spent on the whole process of the study.

Thus I had to plan the data collection of this study within practical availability of time; therefore, I had one contact with the participants in the focus group discussions and interviews for the actual data collection. Other contacts I had with the participants were outside the scope of this study, during my formal internship responsibility and also during the initial discussions to introduce the idea of the research and seek cooperation from willing participants. These other professional contacts with the participants prior to initiating this study, helped developed an appreciable level of trust and openness between the participants and me.

Another effect of the limitation of time was on the number of cooperative members that were available for the study. For a study of this nature, the more the participants in the discussions, the more the robust and diverse views that will be recorded, hence efforts were made to get as many members as possible to participate in the discussions. Initially, a large number of the members indicated their interest to participate, but only few of them were able to present themselves for the actual study, because of their time for daily business operations. Participants in this study cut across the different categories of members in the participating cooperatives. By having participants that were founding members, new members, committee members and management staff in the discussions, the study was able to record robust and diverse views.

Another challenge related to the number of participants was the number of focus group discussions held. It would have been ideal to have more focus group discussions. But due to the number of members available for the study and the pressing need for their time, it was only feasible to have one focus group discussion per cooperative. This will have effect on the generalization of the findings of the study.

Also on generalization, because the data for this study was from members of two cooperatives, the findings cannot be said to be representative of all cooperatives in Nigeria. However, generalization is not the direct objective and goal of this study, rather, the goal is to reveal concepts and factors within the scope of the study that will help generate propositions that will act as guide for further research. This can be achieved by an in-depth study of a limited number of cooperatives. More over, by giving detailed description of the cooperatives and participants for this study, my reader can assess the factors within the case for transferability or generalization purposes.

Another challenge was achieving a balanced gender mix in the participants at the study. Although gender issues are not the direct focus of this study, yet as an exploratory study, this would have added more essence to the research from an interesting angle. Unfortunately achieving a gender mix in the participants was directly outside my influence in this study, as it was those that were willing and made themselves available that the study accommodated.

## **2.7 Ethical issues**

Although ethical issues faced in this study was part of the general challenges experienced, I decided to discuss it separately from challenges due to its unique form and relevance to research. The first ethical issue I experienced in this study was on how to get cooperative members to make themselves available for the discussions. It was made clear to me that if members reluctantly show up for their regular meetings, how much less will they attend a research session that they cannot directly relate to improving their daily income. Thus it was hinted that if I offer to give them ‘something’ (implying some form of financial reward), then they would make themselves available.

This was a major challenge because to carry out a study I not only need members to be present for the sessions but also needed at least an appreciable number of members to participate. Thus it became very tempting to facilitate their participation by giving ‘something’. However, I reasoned that as important as having appreciable number of participants in the sessions, it is more important to have participants that are willing and enthusiastic about participating and sharing their views. Thus I decided to talk to the members and work with those that will voluntarily make themselves available. Luckily enough an appreciable number of willing participants turned up for the study, however, the ethical challenge was real; is it more profitable to have a focus group session with one or no participants or to have the focus group session with financially motivated participants?

Interviewing in qualitative research gives inquirers many opportunities to emotionally involve the participants about the topics (see Renzetti and Lee 1993). Having different categories of members of one organization in focus group discussions bothering on indirect evaluation of the potential and current effectiveness of their organization on their lives released a lot of intense emotional views, fault finding with each other, and at times even verbal personal attacks on each other. The major source of the tension was members’ views of management staff and their management style, and vice versa.

The discussions generated high level of tension between the managers and the members of the cooperative, even to the end of the discussions. Few weeks after the focus group discussion, the president of the affected cooperatives confirmed that some of the members

and management staff that participated in the session have broken away from the cooperative and registered their own cooperative. I felt responsible for it. Though this was not one of the objectives of organizing a focus group discussion, it was an outcome of it.

The ethical issue here is self-evident; it bothers on emotional security and confidence of both the participants and researcher. However, I have been faced with guilt, questioning my skills and expertise at facilitating this particular session, and wondering if this outcome couldn't have been prevented if the situation was handled in a different way. These are questions that cuts down to my confidence in this research, and may make me very reluctant to employ the focus group discussion in future research.

Relevant authors have pointed out that qualitative researchers tend to have more personal relations with the research participants. In particular, our participants are often socially disadvantaged, and they need social advocates for them. According to Glesne (1999:126):

As research participants willingly open up their lives to researchers - giving time, sharing intimate stories, and frequently including them in both public and private events and activities - researchers become ambivalent, alternatively overjoyed with the data they are gathering, but worried by their perceived inability to adequately reciprocate.

The issue of expectations of the research participants and the desire of the researcher to contribute to changing the situation of the participants can lead to frustrations on both parts, especially when the participants are often socially disadvantaged, and need social advocates. In this study, I became so involved in the issues discussed that it was difficult to separate my role as a researcher from that of a social activist. Also, it raises the question of the practical use of my research, how will findings from this study contribute to improving the situation of the participants in practical terms?

As I listened to participants talk about their activities and its impact or non impact on their lives, I could see huge gaps in their activities, especially as it relates to their relationship with other development organizations, because of their seemingly ignorance on technical issues. Specifically, I could see such gaps in their relationship with my internship organization and went ahead to advise them on how they can improve the relationship to their benefit as against the profit of my internship organization. The desire to contribute

meaningfully to their lives and compensate them for participating in the research was the motivating factors that prompted my advice.

Also on expectations, it was clear in the course of the discussions that the participants were highly expectant on the outcome of my research. They could identify me with my internship organization and were aware that the organization was partly funded by an international organization. They were expectant that the international organization will act to improve their situation base on the report of my research. Although I tried to explain the position of my research to them, their expectations were still very high.

### **3. OVERVIEW OF POVERTY IN NIGERIA**

The aim of this study is to critically analyse whether cooperatives can be effective as a poverty reduction group in Nigeria. So it is necessary to discuss the Nigeria poverty situation by reviewing past and current poverty reduction strategies adopted in Nigeria. A sound discussion of the characteristics and uniqueness of the poverty situation in Nigeria is a pre requisite for an objective evaluation whether the cooperative organization will be effective at poverty reduction. This chapter started with a conceptual definition of poverty and a detailed summary of poverty in Nigeria; discussing the incidence and characteristics, and an analytical review of past strategies and programs adopted in the fight against poverty. The chapter forms a base for a discussion of the potential of cooperatives being effective at poverty reduction in Nigeria.

Though my goal is to give a detailed review of the poverty reduction strategies adopted in Nigeria, this chapter was greatly limited due to unavailable or fragmented statistical and other relevant information materials. This is due to the low level of technological documentation in Nigeria and a shortage of related country specific literature. Thus in combination to drawing from several fragmentary sources, this chapter draws heavily on the few available materials, all of which are acknowledged in the reference section.

#### **3.1 Some relevant facts about Nigeria**

Nigeria is situated on the Gulf of Guinea in West Africa. Its neighbors are Benin, Niger, Cameroon and Chad. It has a land area of 910,771 sq km and a population estimate of 131,000,000 (The Nigerian Population Commission 2006 estimate). Regionally that makes it the most populous country in Africa and globally, it is said to constitute 2 percent of the world population and is expected to be between the fifth or sixth most populated countries in the world by 2025 (United Nations Systems in Nigeria, 2001). Current mortality rate is 97.1/1000 with life expectancy of 47.1 years.

The capital of Nigeria is Abuja, while Lagos is the economic centre and one of the most populous cities in the country, with a current population estimate of 9.0 million (The Nigeria Population Commission Census figure 2006). The official language in Nigeria is

English, while Pidgin English, which is a corrupt version of the English language, is commonly spoken amongst the lower populace. However, Nigeria has more than 200 hundred languages spoken in the country from an estimate of 374 ethnic groups (UNDP 2001). The major religions practiced in the country are Islam (50%) and Christianity (40%).

Nigeria is the world's seventh largest oil producer. Apart from oil, Nigeria is blessed with other natural resources including tin, columbite, iron ore, coal, limestone, natural gas, lead and zinc. However the 2006 United Nations Human Development Index placed the country in 158<sup>h</sup> position, making Nigerians one of the 20 poorest nations in the world.

Nigeria gained independence from British rule in the year 1960, but in the country's 47 years of independence, it has been ruled by the military regimes that usually take over power by bloody coups, for 30years. However the country had its first handover of power from a democratically elected government to a democratic government in 2007. The country practices the federal system of government with a centralized state. The current president is Umaru Yar'Adua.

### **3.2 What is poverty?**

The relationship between poverty reduction strategies and cooperatives is the heart of this study. It is a relationship that has been argued to have the potentials to be effective as a poverty reduction strategy in societies. ( Bibby, 2006; Birchall 2003, 2004; Spear, 2000). Thus the expected efficacy of cooperatives as a poverty reduction strategy will be based on the relevance and astuteness of the understanding of poverty. Poverty is multi-dimensional, so its understanding is quite varied and extensive. This study identified three main conceptualizations of poverty from recent relevant literature.

One of the main views on poverty explains poverty to be a severe deprivation of the basic human needs at the individual or household level. Poverty is a material deprivation and can be measured in monetary terms. A direct link to this view is the 'one dollar a day poverty measurement' by the World Bank. Conceptualizing poverty in monetary terms has the benefit of making the quantitative analysis of poverty straightforward with the possibilities



to carry out comparisons between countries over time. However, it has been criticized that it fails to recognize non-material forms of deprivation such as illiteracy and social discrimination among others (Appleton and Song, 1999: 3, 27; Van der Hoeven and Shorrocks, 2003: xix).

Another view of poverty defines it as the failure to achieve basic capabilities such as being adequately nourished, living a healthy life, possession of skills to participate in economic and social life, permission to take part in community activities, etcetera. This view is directly linked with the work of Sen (1999) and this conception of poverty has been used in the development of the United Nations Development Programme's Human Development Index (HDI) and Human Poverty Index (HPI). The UNDP (1997, 1998) HDI combines three components in the measurement of poverty: life expectancy at birth (longevity), educational attainment, and standard of living determined by income per capita.

It is this conceptualization of poverty that forms the basis for the belief that poverty is multi dimensional. Notwithstanding the many advantages of this conceptualization of poverty, it is argued that it requires a greater variety of data and that no consensus exists on how capability deprivation at the household level is to be computed.

A third conceptualization of poverty that recently came into the limelight (1990s), and has a fundamentally different approach to the understanding of poverty, is the view that poverty must be defined by the poor themselves or by the communities that poor people live in. This view came out of the work on participatory appraisal of rural projects and has direct relationship with the publication series known as 'Voices of the Poor' in three volumes namely 'Can Anyone Hear Us?' (Narayan et al, 2000), 'Crying Out for Change' (Narayan et al, 2000) and 'From Many Lands' (Narayan et al, 2002) (see Chambers 1994).

From these studies, the nature and expression of poverty was acknowledged to be specific to location but also with distinct commonality across nations and cultures ( Narayan et al, 1999:8). Strongly emphasized in the studies is the psychological dimension of poverty, its multi dimensions and how the different dimensions of poverty reinforce each other and interlock to trap the poor in poverty. Karlsson M<sup>3</sup> in Pleskovic and Stern (2001: 9-10) presented five conclusions about poverty given by the poor from the 'voices of the poor' studies. These are:

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<sup>3</sup> Karlsson Mats was the vice president, External Affairs and UN Affairs World Bank

1. Poverty needs to be viewed in a multidimensional way. Hunger is a universal understanding of poverty. Equally strong is the sense of powerlessness, voicelessness and humiliation that comes with being poor.
2. The state has been ineffective. People everywhere fear police, they hate corruption and they trust only their own institutions.
3. Non-Governmental Organizations play a limited role. People rely on informal networks
4. Households are under deep stress. Gender relations are crucial to understanding poverty, particularly the position of men.
5. The social fabric is often poor people's saving grace and it is under threat.

The World Development Report (2000/ 2001) recognizes many of the conclusions on the meaning of poverty and has developed three principles that directly augment what is known of poverty and how to attack poverty. These principles are:

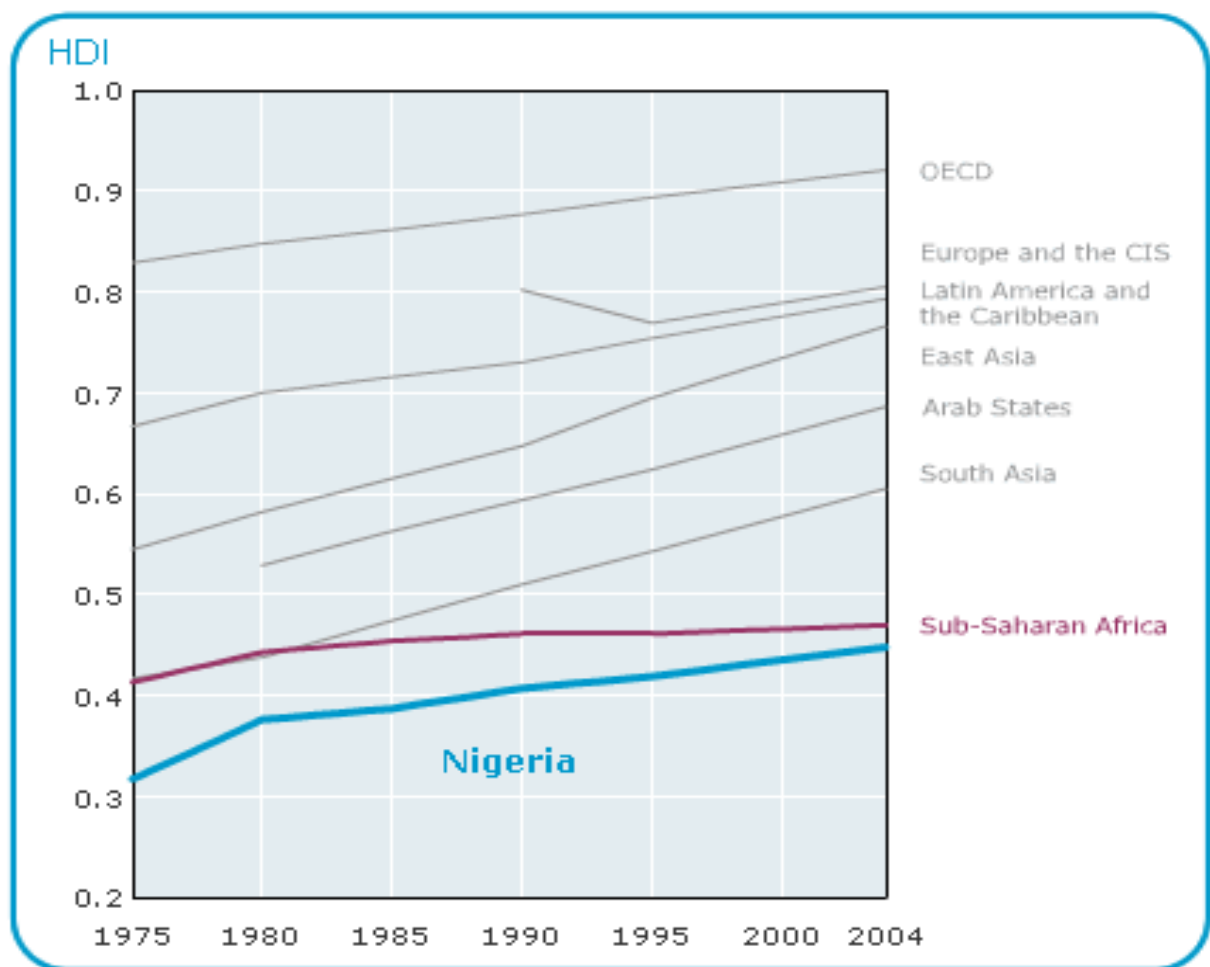
- Empowerment: with a pro-poor state and voice for the community
- Security: against natural disaster, war, violence and unforeseen changes in income and health
- Opportunity: promoting assets and enhancing the return on them through public and private policies.

The view on poverty as multidimensional is quite relevant for this study. This study aligns with the World Development Report (2000/ 2001) that to be effective in attacking poverty, a poverty reduction strategy should meet the stated principles of Empowerment, Security and Opportunity.

### **3.3 Overview of poverty in Nigeria**

Despite being one of the world's largest oil producing and exporting countries, Nigeria has been experiencing increasing incidence of poverty since the 1980s, the severity of the situation is made worse by a rapid population growth rate of about 2.83 percent per annum. Available statistics noted that Nigeria has experienced a 22% increase in proportion of the

population experiencing poverty from the years 1992 – 2000. More so, income inequality has increased during this period (Brock, 2004:32-33.). The poor in Nigeria not only suffer from income poverty but also from material poverty. Survey data for Nigeria imply that education and literacy levels are poor and declining (see World Bank 2003), the level of HIV/ AIDS are rising: estimate of 2,600 000 in 2003 to 2,900, 000 in 2005 (UNAIDS 2006). Corruption is also prevalent, with a position in world perception index out of 160 countries is 142 and regional index of 35<sup>th</sup> out of 45 countries (Transparency International 2006).



**Figure 2:** The Nigerian Human Development Index, showing its position against global and regional ranking  
Source: UNDP Human Development Report 2006

However, it's Human Development Index (HDI) though rising is still below the average of sub-Saharan Africa. The Human Development Index focus attention on wider aspect of development than the 'per capital income' measurement, and a country with an HDI below 0.5 is considered a low developing country. The Human Development report gave the

Nigerian HPI-1<sup>2</sup> value as 0.470, ranking 76th among 102 developing nations (see figure 2 above)

Over 60% of Nigerians do not have access to electricity supply, and majority of those who have access experience very high frequency of power cuts. The consequences of fuel shortages are high transport costs and sharp increase in prices of staple foodstuff (European Development Fund, 2001). Although statistics show that the incidence of poverty is highest in the rural areas, urban poverty is rising more quickly than rural poverty (UNDP 1998). Nevertheless, with rising food prices, unemployment, poor social infrastructures, both the rural as urban dwellers continue to experience a declining poverty situation in the last decade (See Ayoola et al. 1999: 40-41).

The causes and effects of poverty in Nigeria are considered quite diverse and complex. The situation has been accounted for as a situation of massive unequal distribution of more abundant resources, improper management of the economy, corruption, administrative inefficiencies, political instability, etcetera (see European Development Fund report 2001; Brock et al. 2004; Okojie et al 2000). It is not surprising that despite having one of the largest debt in Africa and a rising profile of poverty, Nigeria has been dropped from the list of Highly Indebted Poor Countries (HIPC) and thus is not eligible for debt relief under the scheme.

Qualitative studies (example, 'Nigeria: voice of the poor' World Development Report 2000/ 2001<sup>3</sup>) highlights that non-material expressions of poverty are more numerous and repeated than material descriptions, cutting across all regions. According to the report:

Study participants widely associated poverty in their communities with a lack of dignity, status, security and hope. In addition to material deprivation characterized by poor, insecure housing, food insecurity and limited access to utilities and services, the poor were described as wretched and lacking in any opportunity to change their situation or provide their children with greater opportunity. (Nigeria: voices of the poor, 2000: 40)

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<sup>2</sup> The HDI measures the average progress of a country in human development. The HPI-1 represents a multi-dimensional alternative to the \$1 a day poverty measure. Also the registered rise in the HPI value of Nigeria is attributed to improvements in some of the social components that make up the HPI value.

<sup>3</sup> The Nigerian country report, that was part of a large-scale comparative research effort titled Consultations with the Poor. It used participatory methods to focus on the voices of the poor. The research involved 23 countries of the World and was initiated by the World Bank Poverty Group.

The programming report of the European Development Fund for Nigeria (2001:2), gave a ranking of the major cross cutting problems facing the poor across all regions of the country as shown in table 3 below:

**Table 3:** Ranking of major problems facing the Nigerian poor

<b>Rank</b>	<b>Urban poor</b>	<b>Rural poor</b>
1	Lack of piped water	Lack of potable water
2	Unemployment	Inadequate access to education facilities
3	Inadequate access to education facilities	Inadequate access to health facilities
4	Inadequate access to health facilities	Lack of rural feeder roads
5	Irregular supply of electricity	Unavailability of markets
6	Lack of agricultural inputs	Unavailability of electricity
7	Lack of good roads	Lack of processing machines

Source: European Development Fund Nigeria program report 2001

The report summarized its findings on the poverty profile of Nigeria in four important lessons:

1. Despite the existence of views on poverty that are common to all zones, qualities and characteristics of poverty differ by social group and by geographical and economic context.
2. The existence of diversified coping strategies according to both location and gender.
3. In the view of the poor not all the identified problems require the same kind of support to be solved
4. More importantly, the study has highlighted a marked lack of trust towards the local government.

Participants at this study quite strongly emphasized their frustrations with the social situation of the poor. They differentiated the economic benefits they are able to generate as members of the cooperative from their poverty situation, which they understood to be caused and sustained by social and structural factors that the little improvement in their income cannot tackle. In their words:

*“Even if my business start to do well, I be still poor man, my respect na from only my family” (Member cooperative 1)*

*“The cooperative get school, but my pikin nor dey go the school. The school far from my house. But cooperative school, na still poor man school na ...”*  
(Member cooperative 1)

*“Na how cooperative wan take remove poverty from my life, na cooperative go take my pikin go hospital if he sick, na cooperative go stop armed robbers wey come my shop or even for road take my money? Na cooperative go put money for the pocket of people wey go come buy my market? Even sef, na cooperative go say make area boys nor come destroy my market, say make i give them money? ...”* (Member cooperative 2)

### **3.4 Past efforts at poverty reduction in Nigeria**

Since independence poverty reduction has been an active part of the Nigerian government policy. In a complex political arena like the Nigerian State, discussions about poverty reduction policies and programs have been mixed with a wide range of issues that have frequently determined the styles, strategies and delivery methodologies. They include issues like: ethnic division, regionalism, religion, equitable distribution of oil wealth, resource control, increasing ethnic and religious conflicts and the rising and crippling monster of corruption, especially in government offices (See Abah and Okwori 2002; Durotoye 2000; Anyanwu 1997).

Also critical to the Nigerian government attempts at poverty reduction, are external pressures from the international community. There have been consistent external pressures to address poverty to the different governments. The mainstream discourses of the different international institutions makes it mandatory that the governments must show commitment to poverty reduction through good governance and macro economic reforms, with the goals of domestic ownership and stronger investors' confidence. However such external pressure for reforms could also be seen as having a negative edge on government efforts at poverty reduction (Brock et al 2004: 157).

According to Durotoye (2000: 26), these competing domestic and international pressures, and the political complexities that surround them, has led the Nigerian State to a critical junction. With such pressures, it is not surprising that the Nigerian political history is packed with series of high profile poverty reduction programs. Although majority of the programs emerged under different political administrations, there are personnel continuities, with particular individual actors and their close networks moving through the poverty reduction programs of successive regimes (Brock et al, 2004: 159). They have been criticized as having common features that includes a tendency towards large programs of capital investment and direct material gains for ‘beneficiaries’. Programs directed at poverty reduction have had three fundamental objectives: economic growth and development, price stability and social equity.

After independence in 1960, the first government plans for poverty reduction was to be achieved through the National Development Plans. The focus of the development plans was on rural poverty, as it understood poverty to be a rural phenomenon. Consequently, the first National Development Plan 1962 – 1968 was focused on agriculture and primary production. However whatever achievement was made was wiped off by the civil war that broke out in the country within this period. After the war, the second National Development Plan 1970 – 1974 was made, still the focus was on agriculture and three areas were identified for government assistants:

1. Grants for the development of agriculture, forestry, and livestock and fishery
2. Establishment of a National Credit Institution
3. Special Agricultural Development Schemes where the federal government enters into both financial and management partnership with state governments in implementing projects.

The third National Development Plan 1975 – 1980 was a continuation of the development processes and policies begun in the second National Development Plan. However within this period, the continued worsening economic conditions in the country pressurized the government to set up what was termed as panic measures addressing poverty (Oyeranti and Olayiwola 2005: 12). These programs includes: Operation Feed the Nation (OFN), Agricultural Development Programs (ADPs), River Basin and Rural Development Authorities (RBRDAs), and the Green Revolution Programme. The programs were

criticized as being mere political slogans.

In the early 1980s, the emphasis of development policies shifted towards addressing poverty at the grassroots in order to spur rapid economic growth in the rural economy. Thus the 4<sup>th</sup> National Development Plan 1981 –1985 was born. Generally, the purposes of these National Development Plans were to achieve improvement in the real income of the average citizen, equitable distribution of income and a reduction in the level of unemployment. It should be expected that with such objectives the Development Plans would be able to have positive impact on the poverty situation in the country. However, the reverse was the case. Poverty continued to increase, the economic situation worsened, rural to urban migration escalated with all its attendant consequences. By 1985, the incidence of poverty has multiplied from below 20% of the population in the 1970s to almost 40% of the population in 1985 (see report of European Development Fund programming study for Nigeria, 2001: 1). By 1985, international pressure increased on the government for sweeping macro economic policies to address the situation. By 1986 the government adopted the Structural Adjustment Program of the World Bank/ International Monetary Fund. The emphasis of the program was on non-inflationary economic growth, and social questions of poverty were severely neglected. The adjustment policies of the program failed to achieve economic growth and poverty problem worsened (Oladeji and Abiola, 2000: 40-41). By 1996 the incidence of poverty amongst the populace had increased to 65.6% from 46.3% in 1985.

Within the period of 1985 – 1996, the government initiated several programs. These included the ‘Better Life Programme’ (BLP) 1987, targeted at rural women to provide skill acquisition and health care, the ‘People’s Bank of Nigeria’ (PBN) 1989, targeted at the underprivileged in rural and urban areas, providing credit facilities without collateral, ‘Community Banks’, 1990 targeted at rural residents and micro enterprises in urban areas, providing banking facilities and its related services and benefits, the ‘Family Support Programme’ (FSP) 1994, targeted at families in rural areas providing health care delivery, welfare and youth development.

These programs were evaluated to have achieved some measures of success on



infrastructure, unemployment and agricultural productivity (Ogwumike 1995). However the proportion of their impact was negligent in the face of the looming proportion of the population experiencing poverty. (Osaghae 2001: 14-16; Oladeji and Abiola, 2000: 42; Brock et al, 2004: 159).

With continued rise in the incidence of poverty and the increasing global concern for poverty eradication, the government set up a broad based Poverty Alleviation Programme Development Committee (PAPDC) in 1994. The main objective of the committee was to advise the government on the design, coordination and implementation of poverty reduction policies and programmes. From the PAPDC, the country adopted a new approach to poverty alleviation called the 'Community Action Programme for Poverty Alleviation' in 1996. From the aegis of this new approach, several programs were launched. They included the 'Universal Basic Education Programme' (UBE) targeted at providing primary education for rural children, the 'Poverty Alleviation Programme' (PAP) in 1999. The PAP programme distributed funds from the national budget to programs for job creation and material benefits to communities. It was criticized as being rapidly constituted with little consultation (Obadan, 2002:16). By late 2000, the government scrapped the programme and instituted a new program called the Youth Empowerment Scheme (YES). The programme was targeted at reducing the scourge of youth unemployment, which was creating increasing incidence of civic unrest and urban insecurity.

In 2000, the Anglo Abdullahi Committee was set up with a mandate to streamline and rationalize existing poverty alleviation institutions. This led to the emergence of the 'National Poverty Eradication Programme' (NAPEP) and the 'National Poverty Eradication Council' (NAPEC) in early 2001. The NAPEP had the ambitious goal of 'the eradication of absolute poverty in Nigeria' to be carried out in a series of stages from restoring hope to wealth creation. Its activities included coordinating all poverty eradication efforts in the federal government through one agency, relating with Community Based Organizations and Non Governmental Organizations through partnerships, and facilitating the involvement of international donor agencies and the private sector. In general NAPEP oversaw the implementation of series of job creation and skills strengthening initiatives through its institutional structure that stretches from the national

centre to the local level. However the program has been criticized as a continuation of the old-style poverty programmes from previous government regimes (Brock et al, 2004: 165; Garba, 2006:8).

During the late 2000 and early 2001, the Poverty Reduction Strategy Paper' (PRSP) of Nigeria was drafted. . In specific terms, the summary of the strategies highlighted by the PRSP (World Bank Group, 2000) is based upon:

- Bottom up and demand driven identification and prioritization
- Capacity Building and Empowerment
- Service delivery comprising of; targeted intervention and building on existing safety nets of the poor, and promotion of pro poor national growth strategies
- Coordination, Monitoring and Evaluation

From the PRSP Nigeria has developed an economic reform program called National Economic Empowerment Development Strategy (NEEDS). Implementation of NEEDS started in 2003, and it is currently in operation. It operates with state level counterparts called State Economic Empowerment Development Strategy (SEEDS) (Nigeria Poverty Reduction Strategy Paper – National Economic Empowerment and Development Strategy, 2005: xv-xxi). Yet, the PRSP has been severely criticized, especially as it related to its drafting process, which is supposed to be the pillar for 'participatory', 'country owned' and 'country driven'. (Communiqué from Broad-based Policy Roundtable on NEEDS, 2006: 2-3; Brock et al, 2004: 170).

There are also several other internationally sponsored poverty reduction programs currently being implemented in the country. An example is the United Nations sponsored National Millennium Goals for Nigeria. This program is expected to operate within the years 2000 – 2015 and achieve a wide range of bold objectives that includes poverty reduction, education, gender equality, health, and sustainable development.

Obviously, Nigeria cannot be said to have lacked the drive to combat poverty, indicated by the numerous poverty reduction programs that the country has embarked upon from independence in 1960 to date. Despite the overwhelming efforts at poverty reduction, the

continued scourge of poverty and related low Human Development Index has made these programs to be severely criticized. Firstly, critics have identified the institutional and individual continuities that link the processes of current policies to previous ones. Such common similarities include structural and conceptual designs, including personnel.

Secondly, the programs have been criticized as ‘command and control’ top – down style strategies. From conceptualisation to implementation, the processes of wide consultation and participation are severely faulted for several reasons including personal and political interests.

Apart from criticisms levelled at the different poverty reduction efforts of the government, the general Nigeria poverty situation has been criticized as being a poverty of leadership. The argument is that within the wealth of material and intellectual resources as evidenced by the numerous theoretically sound poverty reduction projects, the continued scourge of poverty can only be attributed to leadership as it relates to coordination, motivation, boldness to take far reaching decisions and sincerity for accountability and selfless service (Achebe 1983).

However, the plethora of poverty reduction programs goes a long way to show the complex nature of the Nigerian poverty situation. A situation that is kept constant by sets of various competing factors that interwove in complex fashions, at times expected, at other times unexpected, yet active and resilient enough to keep millions in poverty despite the efforts (howbeit feeble or weak) to make a difference. At this stage it can be said that it is this complex nature of the poverty situation in Nigeria that makes the ‘cooperative strategy at poverty reduction’ attractive to the Nigeria situation. This is because the cooperative advantage is seen as possible panacea to the lack of participation, ownership and consultation of the poor in previous poverty reduction strategies. In the same vein the complexities could be the albatross of the cooperative strategy.

## **4. ABOUT COOPERATIVES**

This chapter is a discussion of relevant literatures and experts' views about cooperatives. According to the grounded theory tradition, the discussions in the chapter interlink both the experts' views and findings to form a frame and act as a guide to the emerging data of the study. The chapter started with conceptual definitions and went further to discuss the social properties of the cooperative organization.

### **4.1 What makes a cooperative?**

From available literature, it is clear that the concept of Cooperatives is used widely and with varying meanings emphasizing different aspects of the term. Basically they are conceptualized as a socio-economic group, with different authors emphasizing either the economic or the social aspect of the group. But universal are the principles of cooperatives that guide its activities as a socio-economic group. These principles, however, have been the focus of heated debate (Holmen, 1990:25). In table 4, a synoptic view of the cooperative ideas and principles is given, based upon Munkner (1974, 3):

In 1995, the International Co-operative Alliance (ICA), the global representative of cooperatives, defined a cooperative as:

An autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise

This definition emphasizes the basic characteristics of cooperatives, which are:

1. Cooperatives are independent organizations owned by members.
2. They are associations of persons, this could mean individuals or corporate bodies
3. Membership is voluntarily and members are free to leave
4. They are organized to meet their own needs as defined by members
5. They are democratic with voting rights being assigned by person rather than by size of holding

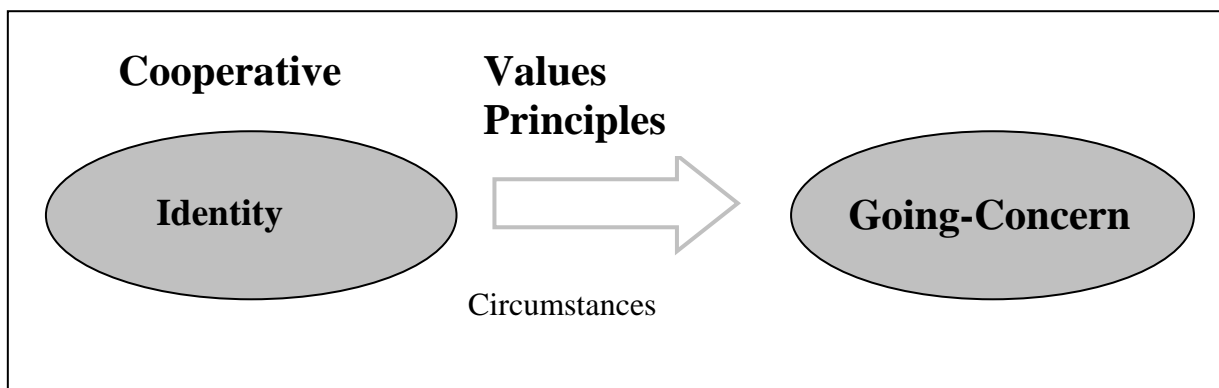
**Table 4:** List of the cooperative principles and values that makes cooperatives a distinct form of economic organizations

<b>General Ideas</b>	<b>Cooperative Principles</b>
Self-help Solidarity	Self-help based on Solidarity (Personal cooperation) Voluntary and open membership Member promotion as the motive for self-help action and the way in which the mutual assistance is realized Identity of co-owners and customers of the cooperative enterprise
Democracy	Democratic Management and Control of the cooperative society as a whole and of the cooperative enterprise
Economy	Economic efficiency of the cooperative enterprise, measured by its effect for (Long-term and Short-term) member promotion
Liberty	Voluntary association (voluntary membership) Autonomy in goal-setting, decision-making and management
Equity	Fair and just distribution of the results arising out of the operations of the cooperative enterprise
Altruism	Open membership (no artificial limitations/discriminations for admission of new members, equal status of old and new members)

Source: H-H Munkner 1974

These qualities are considered essential to the potentials and expected performance of the cooperative as a poverty reduction organization. The qualities form the uniqueness of the cooperative and distinguish the cooperative association from private profit-oriented enterprises as well as from state-owned enterprises (Pfaller, Bussi & Reuss, 1994: 4). According to Birchall (2003: 4), the more the emphasis on the principles and values of cooperatives, the stronger the argument for cooperatives as a means of reducing poverty. Thus he argued that the potential of cooperatives to reduce poverty is dependent on how well these values and principles of cooperatives are respected.

Dr Jong-Soo Lee, in his paper presented at the congress ‘Mapping Cooperative studies in the New Millennium’ (2003:3), laid out the relationship between the cooperative identity, values, and principles in the following illustration on fig 3:



**Figure 3:** The relationship between cooperative identity, values and principles  
 Source: Jong-Soo Lee, 2003

The cooperative identity is the product of its members, objectives and methods, and the values and principles are the tools that are derived to keep the cooperative identity as a going concern. That is, the cooperative develops its principles and values to be effective in its activities and improves the standard of living of its members. Lee (2003:2) pointed out that the principles of cooperatives are dynamic, responding to changing circumstances and environment in order to keep the cooperative as a going concern. He explained that since the initial adoption of the cooperative principles in 1937 by the International Cooperative Alliance (ICA), the principles have been revised twice in 1995 and 1996. He argued that the changes were necessary in the attempt to adapt to the changing socio-economic environment, and keep the cooperative relevant in a competitive economy. He sees future changes as well for the same reasons.

Lee also saw the values of cooperatives as the necessary belief that facilitates the collaboration amongst members and is relevant to the creation of the cooperative identity as distinct from other form of economic organization. By regarding the values of cooperative as ethical beliefs of the members, it becomes pertinent to ask the question if the cooperative values are principal content of cooperativeness as suggested by the ICA or they are the ethical values of the cooperative members.

By highlighting the interplay of values, principles and circumstances in the identity and consequently, growth and effectiveness of the cooperative, Lee created the room for practical and close studies of cooperatives. Such studies could explore the capabilities of the cooperatives in relation to their unique identity rather than on normative identity based

on universal values and principles. If values and principles interact with circumstances to create identity and keep the cooperative as a going concern, then the cooperative identity and capability will be relative to environment. It is no wonder then that the stated values and principles of cooperatives have been the source of heated debate in the cooperative discourse. Traditionally, the values and principles of cooperatives have been understood to be a product of cooperativeness (see Wylie, 2001: 13), and as the factors that has given the cooperatives the potential to be effective at poverty reduction in the lives of its members, if conducive environment is created. However it has been argued that the meanings of these stated values and principles are actually relative depending on the circumstances and interpretations given to them by the members of the cooperative and the social environment (see Munkner, 1995: 13). Thus the values and principles cannot be assumed to be fixed but flexible, and as the values and principles respond to the social and environmental circumstances, the potency and capabilities of the cooperatives have the possibility of changing also. So, two registered cooperatives with the same stated values and principles might in actuality have different capabilities and possibilities.

For example the study revealed how the principle of ‘democratically owned’ in a cooperative organization can be perceived differently by the members of the cooperative from its theoretically assumed meaning. Also, the data from this study departs from this natural assumption as theoretically defined.

Reviewing these characteristics of cooperatives from the data of this study, the first difference that hits the reader is that although the cooperatives studied are associations of persons and independent, they are actually ‘owned’ by the promoters or the individuals that started the cooperatives. The members consider themselves owners as users of the services of the cooperative by virtue of their meeting the obligations of membership. The relevance of this is that there is an absence of the natural bond of commitment and loyalty that ‘real democratically’ ownership is expected to produce between the members and the cooperative. The commitment of the cooperative to providing services to the members depends on the ability of the members to meet the required obligations of membership, particularly financial obligations. Thus while the members can be called owners of the cooperative, the theoretical relevance and meaning of ‘members ownership’ in cooperatives is lost to the members; the relationship between the members and cooperative is instrumental and not natural, thus influencing the social capital in the cooperative.

*“I know why I join this cooperative, and if I nor get wetin I want, I go leave ...” (Member of cooperative 2)*

*“If you think of trust or corruption you no go be member of this cooperative, na just come do your own business and then you go” (Member cooperative 1),*

*“Members nor dey gree come meeting again, because them don tire, cooperative nor do any thing for them, even sef they say make we come pay member fee from the small money wey we get” (Member cooperative 2)*

Munkner (1995) commented on the content of the cooperative principles and argued that it is easier to agree on the principles as abstract ideas, but as soon as the concrete contents of the principles are defined, there will emerge differences in opinion and of the notion of the principles. Commenting on some of the principles of Cooperatives, he asked, on the principle of voluntary association:

... can we speak of voluntary membership, if persons have to accept membership as something inevitable, due to lack of alternatives...(Munkner, 1995: 15)

Then he noted that there are always restrictions to the voluntary of association that makes the principle of voluntary association a relative concept. However the challenge with this is that such relativity is almost always attributed to either the policy of the cooperative; example will be restrictions on withdrawal of membership so as to protect the economic viability and stability of the cooperative, or to political/ state interference. In the words of the International Co-operative Alliance of 1949 and 1950 (as quoted in H-H Munkner 1995:15) “ In countries where the right of free association is denied and where any divergent opinions are suppressed, free and independent co-operatives cannot exist.”

Howbeit, in a developing society, with very high incidence of poverty, can we speak of voluntary membership, if individuals are compelled to become members of a cooperative because of needs that ought to have been met by other socio-political structures or institutions, but can only be met by the cooperatives established by others. If the option of an alternative has been taken away, then the behaviour of the individuals in the cooperative is expected to be influenced by the fact that once an alternative is possible, they may



choose the alternative when compared to their cooperative. *“We know that members are here to meet their needs, and if they get another way of meeting their needs that is cheaper they will leave the cooperative. And also if they don’t have need again they will leave the cooperative...”* (Manager cooperative 1)

Example is the information from this study that members of cooperative 2, opted to deal directly with a micro finance bank rather than through their cooperative. *“Already now through this micro finance bank, some of our members have collected loans for their business. Still after collecting the loan, they wont come for meeting, even to return the payback, they will take it to the bank directly instead of bringing it to the cooperative to take to the bank... The problem of trust is still there, the members don’t trust the cooperative, they don’t trust themselves even, everybody want his case to be answered first...”* (Manager cooperative 2) In the face of an alternative, they chose to deal directly with a micro finance bank rather than their cooperative. Thus the notion of ‘the voluntary of membership’ can be interpreted to be ‘circumstances beyond my control has forced me to become a member of this cooperative’ so my allegiance is ‘as much as my needs are being met’. *“Na trial, maybe e go fit help me or maybe not, na trial make me join ... so everybody dey find who go solve their problem”* (Member of cooperative 2)

H-H Munkner went on to point out the relativity of the principles of cooperatives. Quite relevant to this study are the comments on ‘self interest versus group interest’, a challenging situation highly mentioned by the participants in this study. Theoretically, as a consequence and part of cooperation, the group interest is not separated from the individuals (self) interest, as all benefit to the group is shared equally amongst all individuals. According to Watkins (1986: 121-122)

Each co-operator, while answering for himself and his own welfare, is conscious of his trusteeship for the interest of his fellow member. This trusteeship includes loyal support of the society’s economic action and also faithful discharge of all the functions of membership...

This according to Munkner (1995:17) is not enough, and so to acknowledge the weakness of human beings he added “... provided his (individual co-operator) own interests are also met”. Rhetorically, he asked, “What is the right balance between self-interest (egoism), group interest (group egoism?), general interest (altruism) and state interest... Are these interest identical, supplementary or conflicting... can members be educated or guided to give priority to general interest and group interest over self-interest...”

These questions take on increased significance in a society where other mitigating factors have heightened the level of egoism in the individuals that forms the cooperatives. Specifically, in a society where there is high prevalence of poverty, deprivation and corrupt practices, the instinct for self-preservation and survival would have been reinforced and strengthened to the extent that self-interest becomes priority. When such individuals become members of the cooperative, self-interest becomes either overtly or covertly prevalent. It is no wonder the participants kept asking rhetorical questions on “ who owns the resources of the cooperative? If the resources are not enough to go round all the members at the same time, who gets what at what time...” their questions kept emphasizing the need for them to protect their interest and their scepticism that any other person will protect their personal interest in a fair and square manner. This is captured below in box 1, a record of part of the conversation between members of cooperative 2 during focus group discussion as they try to explain why they have to protect their interest in the cooperative below:

These different meanings and interpretations of the principles and values that are inherent in the cooperatives reflect fundamental differences in the capacity, capability and challenges in the types and efficiency of the services provided by the cooperatives for members. In order to examine the capacity, capability and challenges of the cooperative, it is relevant at this point to go to the beginning and review the available literature on the ‘whys’ of cooperation and membership.

## **4.2 Why cooperate?**

The combined values, principles and characteristics of the cooperative has been termed the cooperative advantage, signifying the advantage of cooperatives over other privately and state owned enterprise, especially as it concerns poverty reduction (see Birchall, 2003: 4). In order to understand the nature of the cooperative advantage that gives them the economic and social advantage, it is relevant to understand why people come together to form cooperatives and why individuals participate in cooperatives.

**Box 1:** Conversation of members of cooperative 2 on self-interest versus group interest in the cooperative

*“Cooperative is SUPPOSE (emphasis mine) to be a group of people that has agreed to help themselves and do everything together so that their business can grow”*

*“Cooperative is a group, because government and big companies cannot help the poor, the poor people has come together so that they can help themselves gradually”*

*“But in a cooperative you are suppose to help other members of the group”*

*“No cooperative means that you have the chance to help yourself”*

*“If cooperative is for other people, even if they are members of the cooperative, to help each other, what of if the available money is not enough to go round everybody?”*

*“Cooperative means first come first serve”*

*“That is not correct, cooperative means that if you bring your little money and everybody bring their little money, and put them together, then the total will be big enough to help everybody”*

*“That is not correct, cooperative means that if you bring your little money and everybody bring their little money, and put them together, then the total will be big enough to help everybody”*

*“Ha ha ha(laughter), if the total money is big, from many people (contributors/ members), the money will still not be enough to go round everybody”*

*“The problem with this cooperative is that everybody is poor, even the president is poor. So everybody is looking for who can solve their problem, it is if you know that your problem has been solved before you can ask your brother about his own problem”*

It is important to separate the motivation for the formation of cooperatives from the motivation of the members to participate in cooperative association because the motive for the formation of the cooperative organization is different especially when the cooperative is started by ‘promoters’ and not directly by members. Although whichever way a cooperative is formed, there is always a stage of attracting new members for growth and outreach.

There are considerable studies that have been done on the emergence of cooperatives, although majority of the studies have theoretically examined cooperatives as an economic enterprise. That is emphasizing the economic nature and characteristics of the cooperative organization. Historically, the emergence of cooperatives has been traced to the time of the Rochdale pioneers (in the year 1844, The Rochdale cooperatives were formed in the UK to combat poor quality food and high prices). Thus the emergence of cooperatives has most often been associated with market failures and state crises, and as a response of ordinary citizens to these failures (Birchall, 2003:5; Parnell, 2001:3; Spear, 2000:508).

Within the economic framework of studying the emergence of cooperative, the theory of contract failure has been used to study the emergence of Not-for-Profit enterprises, of which cooperatives are categorized as part of. The contract failure theory (see Arrow, 1963; Hansmann, 1987, 1996) applies to the exchange of goods and services, and refers to failure in economic contracts that result in exploitation, and ‘opportunistic behaviour’. In situations like this, people are more likely to transfer their business and trust to organizations that by design are less likely to engage in exploitation.

Accordingly, the history of cooperatives has been traced to societies where such contractual problems either minor or major are facilitating excessive exploitation. In response to such situations, individuals form groups that they believe are far trust worthier by their institutional design and thus less exploitative (Spear, 2000:510-512).

Social entrepreneurship has also been mentioned as one of the supply factors that facilitate the creation of cooperatives. Social entrepreneurship is team based and most often mediated through professionals, advisers, and support organizations. The choice for an institutional form of entrepreneurship is influenced by contextual and historical factors.

The contextual factors increase the strategic possibilities for cooperatives both in terms of their formation and growth (see Spear 2000). The more favourable the factors, the more it will be able to influence the extent of the cooperative advantage over other forms of organizations and influence appropriate institutional support. Some contextual factors that could influence social entrepreneurship of cooperatives include: Legislation and tax regimes, Regulatory framework, State developmental frameworks and Cultural factors.

In this study, the two cooperatives that participated were started for economic reasons, basically as a response to the poor economic situation, poverty and specifically because of the failure of financial institutions to cater for the financial needs of micro and small businesses. An individual started one of the cooperatives; the other was started by a group of five individuals.

The data reasonably suggest that in a situation of dire economic failure and severe poverty conditions, people will mainly be motivated by economic factors, to the downplay of social factors. Participants at the study were very emphatic that their decision to start and become members of the cooperative was plainly economic, and made it known that for other social needs, they belong to other associations, which they feel will more efficiently cater for those needs. E.g. they made known that for community development, each of them belongs to separate ethnic association, and for other psychological and social needs their religious association cater for them. *“This cooperative society na group of different different people from different places wey hear say if you come here you go fit get help for your business”* (Member cooperative 2)

*“The thing wey tie all of us together be say, we all need money for our business and na for only here we go fit get the money ...”* (Member cooperative 1)

This is relevant because the participants in this study could not identify with community development either through initiation of development projects, participation or policies advocacy. The focus was on immediate returns that will contribute to their business growth using the minimal resources of both time and finance.

Although, Spear (2000) emphasized market failures, entrepreneurship and institutional factors as explaining the emergence or not, of cooperatives, he noted that different factors

are relevant for the continuation of the cooperative or social enterprises. Thus he differentiated factors relevant at the emergence stage from factors relevant to the continuation. However, his predominantly economic approach to explaining the emergence of cooperatives reveals some relevant features of the cooperative advantage, which are:

1. Cooperatives are effective responses to state and market failures
2. Trust is a major cooperative advantage for user/consumers in contract failures, and there is a trust dimension in almost all goods and services
3. Cooperatives are also an effective self-help response for weaker actors
4. Entrepreneurship is also a relevant facilitator of cooperative emergence

### **4.3 Growth of cooperatives**

A fruitful analysis of human action requires us to avoid the atomisation of under- and over socialized conceptions. Actors do not behave or decide as atoms outside a social context, nor do they adhere slavishly to a script written for them by the particular intersection of social categories that they happen to occupy. Their attempts at purposive actions are instead embedded in concrete ongoing systems of social relations (Granovetter, 1985:487)

Available literature on the growth of cooperatives listed several factors that have been identified as facilitators of the growth. For this study, I will broadly group such factors as economic (management style), contextual (policies and legislature) and Social (social capital). More so, because this research studied cooperatives as a social organization, I will focus on the social factors that influence the continuation of cooperatives from the theoretical literature.

#### **4.3.1 Social capital within cooperatives**

The quality of the relationship between people in organizations, associations or even countries can strongly influence their performance (see Putnam, 1993; Fukuyama, 1995). The increasing realization of the relevance of relationship between people and organizational performance has spurred increasing research into the area. The term social capital has been used to characterize the quality of such relationships. The main active

factors of social capital are trust, norms and networks. These factors can be used to improve the effectiveness of economic, political and organized social activities with which it is linked (Spear, 2000:519).

Trust has been identified as central to the establishment of social capital through norms of reciprocity within social and economic networks. (See Spear, 2000: 519). Dealings in relations that is dependent on each other, often contains some elements of risk, because the expected benefits of the transaction is dependent on the actions of other actors single or multiple. When the expected benefit is enjoyed, it reinforces the norms, the level of trust and the strength of the relationship (See Coleman, 1990:91; Buskens, 2000:4-5).

Cooperatives have been identified as organizations that are uniquely structured for the reproduction, utilization and accumulation of social capital. This is because of its key associative nature and strong links to the community that includes democratic process, social and community benefits, worker involvement and the presence and role of trust in the cooperative form. Putnam (1993:167-174) argued that networks of reciprocal and high trust relations can allow for more efficient economic exchanges and activities to take place. As an associative organization, trust and reciprocal relations are critical for efficient and effective services of cooperatives; trust is regarded as one of the major cooperative advantage and an integral part of the social capital in cooperative organizations (Spear, 2000:518). As an integral part of social capital, trust “help improve the capability of member users to monitor the enterprise, communicate amongst themselves, make collective decisions and align the interests of enterprise staff with those of users...” (Spear, 2000: 519).

In his book on Social Networks and Trust, Buskens (2000) showed that the behaviours of actors in a trust relation could be influenced by the social context of that trust relation. He distinguished two aspects of the context, which he called, Temporal Embeddedness and Network Embeddedness. Temporal embeddedness refers to the extent to which two actors have transactions over time (both past and in future), while Network embeddedness refers to the extent to which actors are linked to third parties (see Raub and Weesie, 1993a, 2000a). Although Buskens (2000) mentioned in his book that much is not known about the precise effects of social networks on trust, data from this study indicate that social tie, which is a form of social network, can have a direct effect on trust within certain context.

In this study, participants often mentioned weak social ties and weak trust as one of the major problems of the cooperative. They laid emphasis that the members are ‘strangers’ referring to their different ethnic, religious or geographical background, which within the context of Nigeria are important factors for social tie and networks.

*“Before, people wey make cooperative group will know themselves even to their grandpapa, but now, the members come from different places, some na christians, some are moslems, some na even pagan, so the only way to know say they are serious and cannot run away, is if they pay their membership fees regularly and they have savings here. But that one is not even enough, we still employ staff, with duty to go check this members business place regularly, to be sure that they don't run with the loan*  
*” (Manager of cooperative 1)*

*“You know, to get trust means that you know each other for a long time, you know what the person can do and cannot do, but cooperative like this, for city, this is not possible. You will not say because a person is not from your tribe or village, the person cannot be a member. So trust is a problem” (Manager cooperative 2)*

Thus they were saying that because they lack this form of social tie, their level of trust to actively participate in the cooperative is weak. The spirit of cooperation is weak, and individualistic behaviours are high.

The essential characteristics and functions of trust have been extensively discussed in sociological literature. Misztal (1996:65-88) did an extensive review of trust in sociological literature, from which she identified three functions of trust. The first she identifies as the ‘Integrative function of trust’, which from Parsons (1937) work, concerns system-level trust in normative systems. This brings into focus the notion of trust as the condition, which regulates and controls roles as well as the condition of the system integration. However, Misztal criticized Parsons notion of trust that used, as a substitute for familiarity, conformity and symbolic legitimation, trust does not provide an effective instrument with which to analyse social reality. (Misztal, 1996:72) The second function of trust she identifies as ‘Reduction of Complexity’. From Luhmann’s (1988) research, actors increasingly need trust because of the growing complexity of modern society and because the consequences of decisions are becoming more uncertain. He associated trust with self confidence and wrote that people are more willing to trust if they possess inner security.



His notion of trust transforms the problem of trust from questions about the actual characteristics of trust relationships into one concerning the beliefs people hold about other people's beliefs. Luhmann's notion of trust was criticized that it empties the concept of trust of any objective reference or moral content. The separation of people's trusts attitudes from objective grounds and the reason for having confidence in someone or something is less justified. Thus the rational notion of trust was acknowledged. People do evaluate their conditions as less or more encouraging trusting attitudes, they calculate the probability of some events and they hold some specific beliefs and feelings justifying or not justifying the specific relations.

The third function of trust, which is identified as 'Lubricant for Cooperation', emphasizes the individual level explanation of trust (see Arrow, 1974:23). Research on this function has been carried out using the rational choice theoretical approach in it interests are related with goals, both are seen as the driving force of action, motivated by the rationality of maximizing utility. Thus actors in trust relationship are assumed to be not only rational but also unconstrained by norms and purely self-interested. Trust is thus seen to be the product of the relationship between a person's expected gains and the expected losses from another person (Coleman, 1990: 108 – 115 and 509 – 511). This notion of trust has been severely criticized that it cannot be applied to individual actions motivated by passions, emotions or pro-social orientations and that preferences are denied an independent role in the determination of behaviour (see Misztal, 1996:88; Hetcher, 1987:184).

In this study, to the participants, the expected outcome of placing trust in the cooperative is the benefit of the group – the cooperative and other members. This is understood by them to mean a reduced probability of their personal needs being met, which is their sole motivating factor for becoming a member of the cooperative. While the justification for their understanding is quite debatable, they related it to the fact that the cooperative does not have enough resources to meet the needs of all the members, so they have to take turns in benefiting from the services of the cooperative, even though the entire members have pressing needs. This has increased their instinct for self-preservation and individualistic behaviour. Thus at any point in time there are two conflicting interests in the cooperative; the interest of the cooperative versus the interest of the members – “ *Na true say if u manage small money, put am for good business, the money go grow, but if the cooperative never meet all the need of the members, how he go take put the money for business? Abi na*

*which one cooperative go first do, put the money for business or help members?”*  
(Member cooperative 2).

Secondly the interest of the individual members versus other members – *“Running a cooperative like this is difficult, apart from money issue, managing the people is very difficult, everybody’s mind is on their own problem and how to solve it”* (Manager cooperative 2)

*“To enjoy cooperative needs patients, but at times problem nor get patience ooo”*  
(Member cooperative 1)

#### **4.3.2 Why members participate?**

As we have seen above, the constant actions and interactions of the members in the cooperative could either strengthen or weaken trust, which is an important ingredient of their social fabric. It thus becomes relevant to examine why the members participate in the cooperative, because their actions and inactions in the cooperative is a function of the reason they participate. Apart from being a main factor for trust relations in the cooperative, members’ participation also provides for an information rich environment. In general, members’ participation provides the necessary conditions for a ‘cooperative advantage’ (Birchall and Simmons, 2004: 469). Spear (2000: 520) highlights that members’ participation aims to promote social goals and ethical practices that are implicit in the cooperative principles, and when incorporated into the cooperative strategy, increases its commercial advantage.

There are different theoretical explanations for the motivation of individuals to participate in a cooperative. The explanations can be generally grouped into two broad categories, which are Collective and Individual factors, but also a combination of both factors. The broad array of explanations actually reveals the controversy that exists in explaining the motivation for participation of cooperative members. In social psychology, the controversy is between the understanding to people being innately competitive or cooperative (see Argyle, 1991). This controversy is influenced by the historical view of evolutionary biology that explained most behaviour as motivated by ‘selfish’ genes and also by the

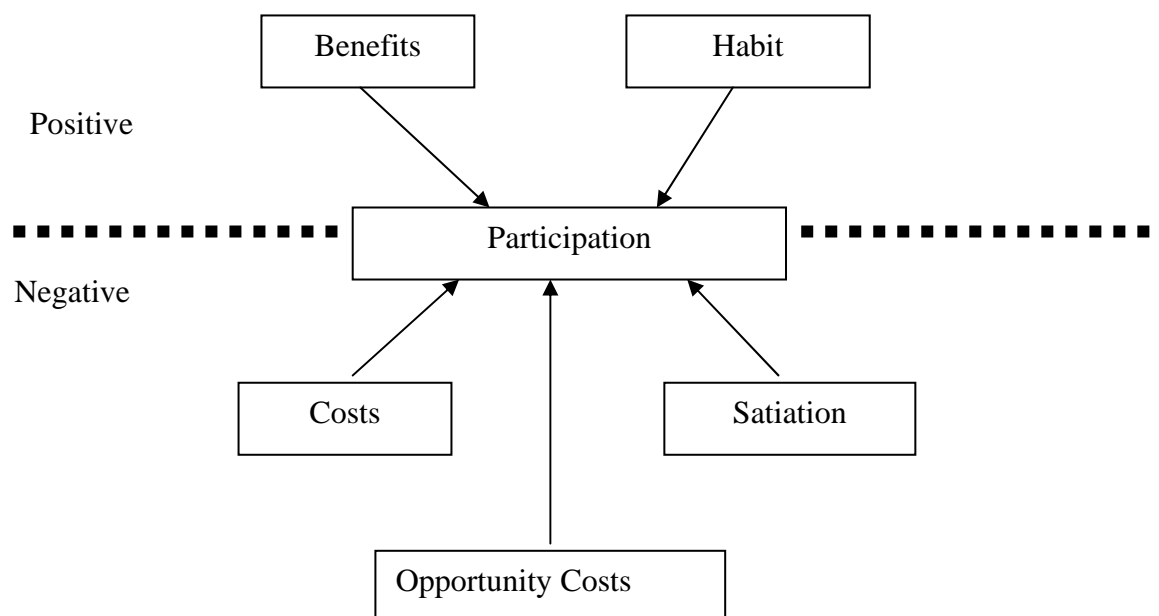
viewpoint that suggest that self seeking individuals can learn to cooperate (see Dawkins, 1976, 1998; Axelrod, 1984)

To the sociologists, individual's calculation of utility is influenced by habitual behaviour, social solidarity and high trust relationships (see Birchall, 1988; Crow, 2002). In political science, the rational choice theory has for long explained motivation for individual participation in collective organizations as 'free rides' on the efforts of others to achieve personal pay offs, which they have calculated to exceed the cost of their participation. Rational choice theory has been criticized that it predicts excessive abstention better than it explains participation (see Olson, 1965, Finkel, et al 1989). However, other attempts to consider wider motives for participation have produced a large variety of motivation and even combination of different explanations. According to Birchall and Simmons (2004: 470) the most sophisticated model of further attempts for wider explanations of participation, is the model of Whiteley and Seyd (1998). They combined the social psychological and rational choice explanations in the 'General Incentives Model', which features selective, collective, and expressive incentives, including altruism and social norms. The model is applied to the tasks of explaining why some people become highly active and also why others "burn out" and subsequently become inactive. However their study was not on cooperatives but on political parties in Britain.

Quite related to the factors that participants identified, as motivating their participation and non-participation in this study, is the individualistic approach, that is developed from social exchange theory. As indicated in Fig. 4 below, the approach assumes that people are motivated by individual rewards and punishments, and the approach made a generalization of how the incentives interact to achieve participation (see Homans, 1974; Blau, 1964; Ekeh, 1974).

In this study, participants could identify more with the individualistic incentives. They were very emphatic that their main reason for becoming members of the cooperative is because of the opportunity to meet their business needs. Their first motivating factor is personal business benefit, and also several of them mentioned their culture of forming associations and groups to meet different specific needs in their lives. *"Na our culture to join plenty meeting whether person like it or not. Towns meeting, church meeting, market*

meeting, meeting too plenty. So this cooperative be like business meeting, to solve business problems” (Member cooperative 1)



**Figure 4:** The interaction of individualistic incentives on participation  
Source: Birchall and Simmons, 2004

“To the members if their business is running they are ok...” (Manager cooperative 1) So to them benefit is the major motivating factor, and cultural way of meeting needs by becoming a member or starting an association is another important factor.

Also opportunity costs are motivating factors for either participation or non-participation. Members that have benefited from the cooperative services and are running successful businesses, commented that they are not motivated to participate in cooperative activities because the opportunity cost of attending and participating in the activities is the productive time for their business. “The time for meeting dey talk talk, at times dey too much. If be say, I go just fit come here, get the money for my business and go back to the business without too much talk talk for better for me” (Member cooperative 1)

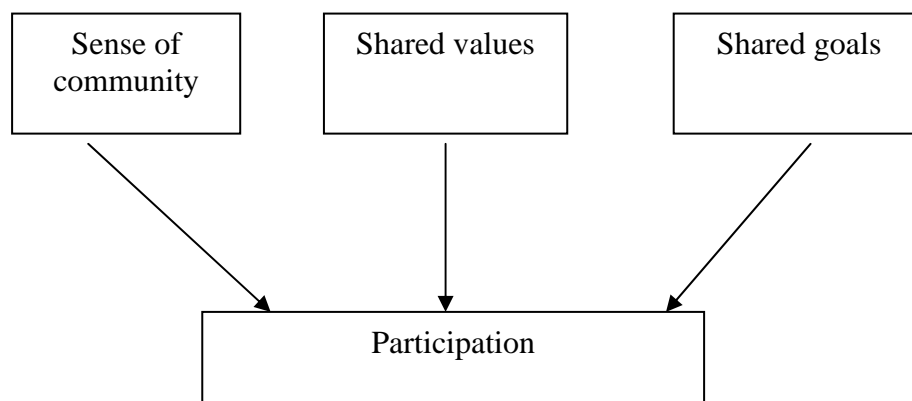
So they will rather be in their business than participate in the cooperative activities. Satiating also will be a motivating factor for weak and non-participation. Since their main motivating factor for participation is to meet their specific business needs, if and when that need is satisfied, the main motivating factor is satiated and so participation becomes either weak or non-existent.

Participation has also been explained by the collectivistic approach which was drawn from Sorokin 1954, Mansbridge 1990, Van Vugt et al 2000, Argyle 1991, and Axelrod 1984,1997(Birchall and Simmons, 2004: 470). This approach (see figure. 5 below) interprets the motivation of individual participation in cooperation, using significantly different variables which assume that:

1. People express mutual need that translate into common goals – Shared goals
2. People feel a sense of duty to participate as an expression of common values - Shared values
3. People identify with and care about other people who either live in the same area or are like them in some respect – Sense of community

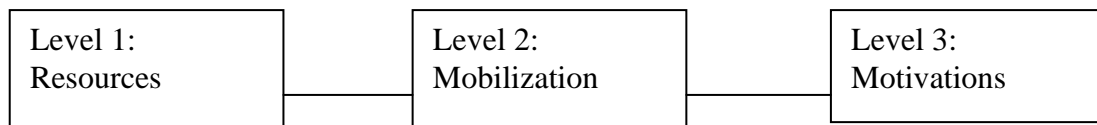
It generalizes that the more each of these three variables are present the more likely people will participate. Participants from this study could identify with the first assumption, as noted earlier, they emphasized that they shared a common need, which is lack of funds to run their businesses.

The participants did not express feelings that relates to the other two assumptions. The combination of an absence of shared values and sense of community with the presence of other factors discussed above, contributes to the presence of individualistic attitude in the cooperatives. Also there have been several attempts to combine both approaches in explaining participation, for a more holistic understanding of participation. A holistic approach to understanding participation will be able to combine both demand and supply variables that explain participation (see Whiteley and Seyd, 1996:225).



**Figure 5:** Interaction of collectivistic incentives on participation  
**Source:** Birchall and Simmons, 2004

In an attempt to provide such a holistic explanation for participation, Birchall and Simmons (2003) developed a model combining both variables, which they termed the ‘Participation Chain’ approach (See fig 6). The model has three links in the chain; it is an expansion of studies of participation from different areas such as politics, interest groups, social movements, voluntary works, and etcetera. Thus it is holistic and attempts to incorporate variables from a wider perspective.



**Figure 6:** The ‘Participation Chain’ approach to understanding participation  
**Source:** Birchall and Simmons, 2004

The first level refers to the resource capacities of potential participants, which includes time, money, skills and confidence (see Parry et al, 1992; Verba et al, 1995). Based on resource-based theories, this level observes that participatory activities vary in their resource requirements and individuals vary in their resource endowments, thus resource constraints is an important factor in determining who becomes active in what way (see Verba et al, 2000: 254 - 265).

The next level refers to the mobilization of participants. Research on the mobilization of participants has observed that some participants are more strongly engaged by certain catalyzing issues and factors (see Lowndes et al, 2001). Such issues may include negative personal relationship with the cooperative, sense of relative deprivations or a desire for faster change (see Birchall and Simmons, 2004: 472). Some other factors identified as important to mobilization includes creation and promotion of opportunities in relation to attractiveness, timeliness and relevance (see Lowndes and Wilson, 1999), and recruitment efforts, especially when the recruiting agent and the expected participant are from the same social network (see Klandermans and Oegema, 1987, 1994; Jordan and Maloney,1996). The third link in the chain refers to members’ motivations to participate. Each of the level is non-sequential and the factors work independently to affect participation.

The interesting thing about this model of participation is that apart from incorporating a wide variety of relevant variables that motivates participation, it also emphasizes the

importance of each of the different categorized variables. That is by modeling the approach in a chain metaphor, they emphasized the need that each of the links is to be made as strong as possible if participation is to be strengthened. The chain is only as strong as its weakest point. Also, the link in the chain, points that the levels must be connected up effectively, if participation is not to fail. They pointed out that the future lies in getting the right combination of the factors and ensuring that they are in alignment with each other. Thus coordination of the different levels is an important criterion for participation to be strengthened. The model is considered highly beneficial in giving insights as a framework for future research into the participation of members in cooperatives and it was quite relevant in providing insights in this study. As the Cooperative Commission (2001) makes clear “successful cooperative businesses require a large and widespread membership that is supportive of the broad principles of cooperation and the participation of an active and informed membership”.

#### **4.4 Cooperatives in poverty reduction**

Cooperatives have been identified as playing a major role in economic and social life of the society, by contributing positively to the lives of its members and staff. Thus they have been identified as making not only personal development a reality but also contributing to the well being of the entire populations at the national level (see Birchall, 2003, 2004, Spear, 2000, Munkner, 1995). In relation, the cooperative enterprise has been receiving significant and growing attention from development partners and actors. The World Summit for Social Development Copenhagen 1995 recognized the relevance of cooperatives in the people centred approach to development and pledged commitment to developing the potentials of cooperatives. Also in 1996 and subsequently 2002, the General Assembly of the United Nations adopted resolutions that recognized the potential of cooperative in social and economic development, and urged its member States, that due consideration be given to the role and contribution of cooperatives in achieving particularly, the social development goals of poverty eradication, employment creation and enhancement of social integration. More so, in 2002, the International Labour Congress adopted recommendation that states that the promotion of cooperatives should be considered as one of the pillars of national and international economic and social development. The European Union also expressed its support for the cooperative

movement by developing and adopting the Statute for a European Cooperative Society in 2003.

The growing interest and attention on cooperatives is not unrelated to the increasing and enduring incidence of poverty in the world. Undeniably, poverty eradication has become one of the biggest social challenges facing the world today. With 2.8 billion out of the world's 6 billion people living below the poverty line of less than two dollars a day, the poverty problem is immense challenging (Narayan and Petesch, 2002). With the looming challenge of global poverty, and the challenging insights from groundbreaking participatory studies like the 'Voices of the Poor' (see Narayan and Petesch, 2002) and theoretical exposition like 'Development as Freedom' by Sen Amartya (1999), people centred approach to development and poverty eradication is being promoted globally. In this vein international stakeholders in the fight against poverty have acknowledged and appreciated the contribution of cooperatives to economic and social growth throughout the world. In 1994, the United Nations estimated that the livelihood of nearly 3 billion people was made secure by cooperative enterprises. Nearly 800 million people are members of cooperatives today and they account for an estimated 100 million jobs and furthermore, they are economically significant in a number of countries by providing foodstuffs, housing, finance and a wide variety of consumer services to the common population (International Labour Conference, Report V (1), 2001), International Co-operative Alliance, 2006,).

Historically, cooperatives have been reported to have been successful in taking whole classes of people rapidly out of poverty at its best especially in developed nations. Yet its story is a mixed success story (Birchall, 2003:7). Howbeit they were reported to have achieved more successes than failures in such developed nations in the USA and Europe. In such areas they were quite active in sectors where people felt socially excluded e.g. Food cooperative, Tenant management cooperative, credit unions, and so on. Thus the cooperatives were mainly people grown and driven, out of their desires to fill social and economic gaps being experienced in their societies. With the success of the cooperative form of organization in Europe, the colonial masters imported various European models of cooperatives to the developing countries during the period of colonization. The cooperatives in the colonized nations, took the role of intermediate form of organization between subsistence-base economy of local societies and the market base economies of the



West. But also, the colonial masters considered the cooperatives to be advantageous and worthy of promotion because they were economic organizations and not political and so cannot pose a threat to the status quo (Birchall, 2003:8).

In the postcolonial period, the cooperatives were giving a high profile in the economic planning and were targets of considerable amounts of development aid. According to Laidlaw, (1978: 64), this period was “a period of extravagant praise and great expectation for cooperatives”. A notable difference in the history of cooperatives in the developed nations and developing nations is that while cooperative developed from the response of individual to social and economic gaps in their society in the developed nations (see Birchall, 2003:4-6), they developed from the efforts and activities of firstly, the colonial masters, and subsequently of the government and international aid agencies (see Holmen, 1990). The consequences of this was that cooperatives in such developing nations mainly benefited those who found employment in cooperative development and the more affluent farmers who were in a better position to make use of cooperative services (see Verhagen, 1984). Laidlaw (1978) reported that cooperative experts warned during these periods of developing cooperatives by government and other agencies, that the pace of development of the cooperatives were too fast creating the danger of the growth of bureaucracy. Cooperative education was neglected, but worse yet was that cooperatives became a funnel for government services, financial credit and political favours. In the words of Verhagen (1984:3), such “massive and quite unprecedented efforts of cooperative institution building simply created vested interest that would not let go of control”. Thus during this period, though they were some notable success, there was increasing awareness that the poor had not been reached (Verhagen, 1984:4).

Notwithstanding the historical records of cooperatives, it is the cooperative value and principle that has influenced the strong argument that it is an important form of organization that can meet quite concretely all dimensions of poverty as it relates to Opportunity, Empowerment and Security (see Birchall, 2003: 20-25; 2004:46-48). Thus one can say it is not cooperative per se that has the potential to reduce poverty, but rather it is the values and principles that are the main ingredients for holistic poverty reduction. As it was said by Birchall (2003:4), an expert on cooperative issues; ‘...they (cooperatives) have the potential to reduce poverty and – **provided their values and principles are respected** – will do this more effectively than other forms of economic organization’

(emphasis by the author). This means that if the values and principles of the cooperatives should for any reason be different or be modified by any factor(s), then the cooperative loses its potential to reduce poverty.

This is the salient and often ignored clause in the ‘cooperative potential to reduce poverty’ strategy. As we have seen, the history of cooperatives in poverty reduction is a story of mixed successes and failures. While there have been numerous documentations of successful cooperative activities in reducing poverty amongst its members, there has also been several failed attempts of cooperative to reduce poverty amongst its members, most especially in developing countries (see Holmen, 1990:32,). Birchall (2003:7) summarized the evaluation of cooperatives in poverty reduction as follows:

In summary, cooperatives began by enabling people to raise themselves above poverty, but later they became a means by which low and middle-income people continued to accumulate economic advantages. They raised whole classes of people out of poverty and prevented them from slipping back into it, which is in its own terms an achievement. Sometimes this meant that poorer people were unable to benefit. At other times the open membership principle meant that the poor did benefit, but not as part of a planned design. Cooperatives were not designed as tools of poverty reduction, but were a means by which groups of people could gain economic advantages that individually they could not achieve

Several important information can be understood from this evaluation from an expert. They are:

1. People raised themselves and not cooperatives that raised the people, howbeit with cooperative as a tool, above poverty.
2. Low and middle income people accumulated economic advantages and not the poor – people who live below one dollar a day
3. Sometimes poorer people were unable to benefit – how often is the sometimes? because the cooperatives were not designed as tools for poverty reduction, the probability of the ‘sometimes’ will expectedly be high.
4. Cooperatives were one means (impliedly amongst others) by which groups of people could gain economic advantages – what about social and political advantage?

The point is that while there is agreement on the relevance of the theoretical principles of cooperative to effectively combat poverty in a holistic way, in line with the three goals of Empowerment, Security and Opportunity, there is need to focus attention on the factors and variables that act to create, interfere, distorts and destroy those values and principles that creates the cooperative advantage.

#### **4.5 Criticism on cooperatives in poverty reduction**

The performance and suitability of cooperatives as instrument of development and by extension for poverty reduction has been severely criticized and sometimes rejected all together. The criticisms have highlighted the limitations and weaknesses of the cooperative organization, questioning the practicalities and possibilities of the cooperative form of organization to meet the expectations of development stakeholders in the fight against poverty. Birchall summarized the limitations of cooperatives as:

...They have a tendency, once established, to appeal more to people on low to middle incomes than to the very poor...they have had a tendency to grow and to rely more and more on professional management, which has meant being distanced from their members and becoming more like conventional businesses...they have often been used as tools of development by governments that have not allowed them to become fully autonomous, member-owned businesses (Birchall, 2003: ix)

Moreover, accounts of experiences from cooperatives in the developing world differ with mixed and uneven records of performances both between and within countries. Laidlaw remarked, “most observers would say that the performance of cooperatives has been disappointing (or even) ... a failure” (Laidlaw, 1978:51). Newiger (1983:37) declared, “Cooperative performance in many developing countries leaves much to be desired”. Puri (1979:3) noted “ a disconcertingly wide gap between expectations and achievements” of cooperatives, while Verhagen (1984:181) argued that rural cooperatives “aggravate dependence at the local level, rather than self reliance”. Thus some researchers have considered the historical experience of cooperatives performance as disappointing and discouraging, provoking massive critiques. Several factors have been identified as responsible for the failed attempts to employ cooperatives in development and poverty reduction. One of such critical factors broadly identified as undermining all attempts of using cooperatives to benefit the poor and create development is the conclusion that

cooperatives cannot bring structural change. One of the expectations of cooperatives as agents of development and holistic poverty reduction has been to act as instruments aiming to change existing social structures that promote poverty. A study on the performance of cooperative in achieving their social objectives that was carried out by United Nations Research Institute for Social Development (UNRISD) in 1975 reported that:

Rural cooperatives have seldom achieved the development goals set for them by economic and social planners. This has been most clearly evident when the goals have included structural changes (UNRISD, 1975:10)

The study was based on the ideal that class distinction among members of the cooperatives should be eliminated or at least greatly reduced and that the cooperative should promote egalitarianism with regard to the means of production and with regard to income and benefits. The study was based on the stated goals of 40 cooperative organizations in 10 developing nations (UNRISD, 1975; Apthorpe R & Gasper D, 1982).

Contrary to expectations, it was found out that cooperative associations are most often controlled by members of local elites, to whom members of the cooperatives are tied in informal clientage (Young C et al, 1981:23). These elites have been able to achieve wide access and linkages to resources that give them advantages over their members. Studies concluded that cooperatives often are incorporated into already existing social structures rather than causing the emergence of patronage networks (see Kirsch O et al, 1980; Gyllstrom B, 1988).

Although majority of these studies were carried out in rural cooperatives, the cooperatives that participated in this studies, though located in an urban city exhibited similar traits. Established by individuals, the promoters over the years have grown more successful in their businesses than the members, and they hold positions of esteem and honour in the cooperative that is hierarchically above those of the members. The reason for this is not unconnected to the fact that (as it relates to cooperative 1 {the successful cooperative} in this study), for any external organization and institution to have dealings (either for business purpose, as in credit facilities or for intervention in providing training or other resources) with the cooperative, the promoters are the main contact persons for the cooperative. Thus they enjoy benefits that include knowledge, skills, material resources

(assumed) and social honour amongst their members. So although the cooperative is run democratically, members defer to the ideas and opinions of the promoters, and when there is a clash of ideas or opinions, the option is for the opposing members to breakaway and either form their own cooperative or else become members of another cooperative.

It has been argued that equality is not one of the principles of cooperatives rather equity is the basic principle of cooperation. So expecting that cooperatives will create an equalitarian society that will reduce social stratification in order to promote access to resources which can uplift above poverty, is seen as being above the capability of cooperatives (see Holmen, 1990:34).

Munkner (1976:14) advised, “It is not realistic to believe that cooperative societies are capable of creating the preconditions for their own development”. This failure of cooperative to change existing social structures has been traced to the way that the cooperatives were introduced in developing countries. The cooperatives were introduced from outside by external parties and too early, not in tune with the available resources (both human and material). Thus rather than changing existing social structures, they contributed to the perpetuation of the very structures identifies as obstacle to genuine development (See Holmen, 1990:35).

Also critics of the cooperative as instrument for poverty reduction has argued that from experience, cooperatives do not benefit the poor. This was strongly emphasized by participants in this study:

*“The problem with this cooperative be say everybody dey poor, president sef dey poor, so everybody dey find who go solve their problem, na if u know say your problem do solve before you can ask your brother about him own problem” (Member cooperative 2)*

*“The problem with this cooperative is that we don’t have money. Our members are poor people, they wont pay their dues, so the cooperative is poor” (Manager cooperative 2)*

*“...So even though anybody can be member, the person must be able to pay all the fees, because it is the money collected from the members fees that we use to develop the cooperative” (Manager cooperative 1)*

It is frequently assumed that the cooperative is an organization for the poor, but according to Holmen (1990:36) this is a false assumption. It is an idea imposed upon the cooperatives from above and it reflects the expectations of international development agencies and national governments. Several of the criticism of cooperatives has pointed to this failure (see Newiger 1983:39; UNRISD 1975: ix). However, the objective of serving the poor is not mentioned among the basic cooperative principles, thus cooperatives are not designed to meet this objective. As have been argued, in order to cooperate, you must have something to pool, and most of the Third World's rural poor have not (Holmen, 1990:36).

In order to clarify why cooperative could not serve the poor, and identify the social group that can be expected to benefit from cooperative activities, Munkner (1976) distinguished between rich, relatively rich and poor peasants. He differentiated between the rich and relatively rich, and argued that cooperatives attracted the relatively rich and argued that the term 'poor' is too general and differentiated between the relatively poor (those able to make small savings but not enough to build up reserves), the real poor, (persons living at subsistence level) and the destitute. He argued that other means will be necessary to help the poor at subsistence level, while cooperative could be effective for the middle layer. After his report, the United Nations then commissioned the inter-agency Committee for the Promotion and Advancement of Cooperatives (COPAC) to carry an evaluation study on the impact of United Nations Development Program (UNDP) projects on the conditions of the poor. The report from that study suggested that special cooperatives should be set up for the poor. This was in line with the advice from Munkner's report, that government should concentrate their efforts on programs explicitly directed towards the poor (Munkner, 1976:9).

Bad Management has also been blamed on why cooperative has failed to be effective at development and poverty reduction. Several factors have been identified as responsible for the poor management of cooperatives, some of which includes, external goal setting, inflexible bureaucratic routines, and paternalistic management attitude (see Verhagen, 1980:13). Holmen argued that the factors responsible for bad management of the

cooperatives are strongly related to the approach of promoting cooperation from above. Too often cooperatives have been instructed to do what they are not meant to do, while at the same time, they have been hindered to do what they are meant to do – enable their members to help themselves through innovative economic activities (Holmen, 1990: 42). Such interference ended up facilitating the tendency for cooperative members to look upon their cooperatives as mere external resources to be utilized for locally and personally preferred objectives. This destroys the self-help attitude and spirit of cooperation amongst members that numerous studies have established to be a pre requisite for an efficiently and effectively functioning cooperative (See Verhagen, 1980; Gyllstrom, 1988; Hanel, 1986; Mabogunje, 1980).

Despite the wide critique against the performance of cooperatives as development machinery, the main point of the criticisms has not been on the cooperatives per se; rather it has been on the expectations of and interference with the cooperatives. In the words of Dulfer 1975:14 (as quoted in Holmen, 1990), the cooperative crisis is largely a “crisis of unrealistic expectations”. Critics have continuously emphasized that the exaggerated declarations that cooperatives would solve most development problems by serving especially the poor is beyond the capabilities of the cooperatives. They see cooperatives as an economic association that has been given social and political goals that they are not able to achieve. From this study, participants could only relate economic expectations and goals to their cooperatives, while commenting that other social and political needs, expectations and goals are directed towards separate associations.

Paradoxically, cooperatives are organizations that need (suppose) to emerge from below in response to felt needs, and grow gradually alongside with their members in the way they desire it to grow, but if successful they are attractive to external parties who tend to build them and interfere in their activities, from above and outside in order to achieve externally set objectives and goals. This renewed attraction to cooperatives is not unconnected to the people centered approach to development that is being globally promoted. To overcome the growing problem of poverty and development within individual nations, recent studies and professional literature have called for the abandonment of ‘comprehensive planning paradigm’, and recommended participatory and people owned initiatives and implementations (See. Sen, 1999; Martinussen, 1997; Tisch et al, 1994; Cheema & Rondinelli, 1983; Hyden, 1983; Mabogunje, 1981; Mawhood, 1985). So despite the

strong and persistent criticisms, development stakeholders continue to expect that cooperatives could be effective at poverty reduction strategies and they should be involved in the process.

The dilemma of the cooperative as an effective poverty reduction strategy for development, is ‘how do you plan, create and sponsor ‘voluntariness’, ‘self-help’, self reliance’, ‘members owned’, etcetera (basic values and principles of the cooperative that creates the cooperative advantage) without the strategy becoming ‘a comprehensive planning strategy’ that interferes with the cooperative activities with the attendant disadvantages and results of a planned development, externally owned, and externally controlled and sustained strategy? This is challenging because as we have seen, it has frequently been demonstrated that “external control causes apathy and refusal” (Muller, 1984: 49), that “self help actions do not follow from government (or international organizations) enterprising (Munkner, 1985a:153)... but are only taken as a last resort when there is no hope for outside assistance” (Munkner, 1983:18).

Summarily, this review has been able to highlight the potentials and challenges of cooperatives. It has been able to critically analyze these potentials and challenges, while incorporating the data from the study. From the review, it has been understood that theoretically speaking, cooperatives has enormous potential to be effective as a poverty reduction strategy, within the scope of its values, principles and characteristics, which is summed up in the cooperative advantage. However, the review has noted that the theoretically given cooperative advantage does not always hold true in real life situations. The values and principles that combine to create the cooperative advantage are greatly influenced by a wide variety of factors that act to create the identified challenges to cooperatives being effective as a poverty reduction strategy. Thus while the supporters of cooperative as a poverty reduction strategy has concluded that cooperatives only need enabling environment created for them in order to fulfill the expectations of a holistic poverty reduction strategy, the critiques, has summarily summed up the cooperative as a poverty reduction strategy as ‘a crisis of unrealistic expectations’, noting that cooperatives are expected to do what they are not designed to do and prevented from doing what they are designed to do.



## **5. CORE IDEAS GENERATED FROM THE STUDY**

The purpose of this chapter is to analyze the empirical data. The chapter discusses the methodology followed to analyze the data and the findings from the data. In this study, focus group discussions were held with two cooperatives. The discussion was with two groups in each cooperative, that is, the members of the cooperative as one group and the managers of the cooperative as the other group. In total four focus group discussions were held in two cooperatives. The text from the transcript of the discussion was the input for the analysis process used to make sense of the data. The analysis basically consisted of two activities, namely breaking the comments into codes and categories and connecting the emerged relevant categories as a whole to produce the derived theory. From these activities, a three-step analysis procedure was followed (See table 2).

To get the core ideas from the large amount of data generated during the study, comparison was done in the text from each of the four focus group discussion. Open coding was the process used in the comparison. Different parts of the discussion were examined to determine what was being said and labelled with an adequate code. The purpose of this activity was to generate as much codes as possible that will formulate the core message of the discussion and reveal inconsistencies and commonalities in the data.

### **5.1.1 Relevant views from members of cooperative 1**

According to the data from members of cooperative 1 (see table 5 below), a cooperative is a group of people with same needs that could not find alternative means of solving their problems. The cooperative association is meant for the poor in the society because the rich people in the society do not have a need for cooperative activities, while it is the poor that needs to pool resources together to meet their needs. Thus the cooperative is relevant as long as the members cannot meet their needs outside the assistance from the cooperative. However, the poor that make up the membership of the cooperative must have surplus finance to meet membership obligations and make savings in the cooperative.

There is a specific purpose for the cooperative, which is to meet the identified needs of members. All cooperative services should be focused on meeting such needs; other social activities are unnecessary and time consuming, therefore undesirable to members.

**Table 5:** Relevant comments and Codes from focus group discussion with members of cooperative 1

<b>Comments from participants</b>	<b>Derived Codes</b>
Cooperative is for people wey not have enough money to solve them problem to come together, and put their money together so that they can help themselves	Same needs, Cooperation for self assistance
To enjoy cooperative needs patients, but at times problem nor get patience ooo	Not immediate benefit from cooperative, Urgency of pressing needs
Also you need to know how the cooperative dey work otherwise you nor go fit be member of the cooperative	Knowledge of cooperative operations, Active participation related to knowledge
The thing wey tie all of us together be say, we all need money for our business and na for only here we go fit get the money	Lack alternative source of solution, Same needs
The time for meeting dey talk talk, at times dey too much. If be say, I go just fit come here, get the money for my business and go back to the business without too much talk talk for better for me	Do not desire social activities in cooperative, preferred focus on business services,
As the cooperative dey help person, and the person come get the money to run the business, time nor go dey for cooperative again	Time as a resource for members participation, Business needs versus cooperative demands,
Na our culture to join plenty meeting whether person like it or not. Towns meeting, church meeting, market meeting, meeting too plenty. So this cooperative be like business meeting, to solve business problems	Diverse associations for diverse needs, Cooperative as a group for specific need, Culture, Business focused

The cooperative activity should be business oriented and focused. The data also emphasised that cooperative can provide assistance to members to manage their economic situation, but the benefit from the cooperative is not immediate. The services of cooperatives to members can be increased if the cooperative has access to external funding, however, external interventions will create and increase distrust and animosity due to arguments about ownership of resources and its management. Cooperatives cannot be effective at poverty reduction because poverty is wide and beyond the scope of cooperative, also cooperatives can be more effective and efficient if they focus on

providing specific services related to an identified need, than if it engages in providing numerous services to meet general needs.

### 5.1.2 Relevant views from managers of cooperative 1

From the data (see table 6 below), cooperative organizations is for people that can afford to meet the necessary financial obligations of membership and are willing to exercise patience before benefiting from the services.

**Table 6:** Relevant comments and Codes from focus group discussion with managers of cooperative 1

Comments from participants	Derived Codes
So even though anybody can be member, the person must be able to pay all the fees, because it is the money collected from members fees that we use to develop the cooperative	Membership base on ability to pay fees
Also the person go dey ready to save money for sometime with the cooperative, when the savings don reach the time as we agree, the person can then start to collect loan small small	Membership base on ability to accumulate savings, Benefit from cooperative services not immediate
Before, people wey make cooperative group will know themselves even to their grandpapa, but now, the members come from different places, some na christians, some are moslems, some na even pagan, so the only way to know say they are serious and cannot run away, is if they pay their membership fees regularly and they have savings here.	Weak social ties, Weak commitment
We know that members are here to meet their needs, and if they get another way of meeting their needs, that is cheaper, they will leave the cooperative, and also if they don't have need again they will leave the cooperative. That's why its important for the cooperative to grow	Participation based on needs being met, Participation based on unavailable alternative,
To the members if their business is running they are ok, but as we know for this country, its not only loan or management that can make your business run, other things dey like NEPA, or even customers to buy	Limited impact on poverty, Poverty is multidimensional
You see, it is the members money that is the cooperative money. So every member here want to protect their money. Government money, is for everybody and so people will just take the money and say its part of their 'national cake' and refuse to pay back.	Members ownership deterrent to corruption
Yes he mean say, if government now decide to give the cooperative money to help the members, it cause different problems and the way the members behave fit change	External resources may not promote growth

It is important that the cooperative is financially strong and stable to be able to meet the members' needs. The interest of the cooperative is above those of the members in order to keep the cooperative strong at all times.

The major challenge being faced is the weak social ties between members due to the wide and diverse background of the members and absence of natural ties. Members' active participation is dependent on the ability of the cooperative to meet the needs of the members at the cheapest rate. Therefore there is the pressure of competition with other private associations and agencies on managers of the cooperative.

The scope of poverty is wider than the cooperative can effectively tackle. Cooperatives can effectively provide services to meet its direct goals, if it has enough resources. If the resources are not sufficient, external intervention may provide support where needed, however, such external assistance may usher in new and bigger challenges for cooperatives.

### **5.1.3 Relevant views from members of cooperative 2**

As indicated in the data (see table 7 below), Cooperatives are made up of people from different background with the objective of getting assistance to meet the financial needs of their business. Within the cooperative individuals strive to meet their own needs as the foremost priority. Members are poor, so the cooperative cannot generate enough financial resources from the members to be effective in its services. Ideally a cooperative should not be for the poor that cannot afford any amount of extra income beyond their daily consumption and may not have enough for daily consumption. However in reality it is the poor that are attracted and that have need for cooperative activities. From their experiences with the cooperative, the strength of the cooperative is based on the strength of the members; the cooperative will be more effective if the members are not so poor.

The poor economic and social condition in the society is directly responsible for the ineffectiveness of the cooperative. This is through the poverty level of the members of the cooperative and indirectly through the poverty level of members of the society and unavailable social amenities. Thus cooperative activities cannot eradicate poverty from the lives of members, because poverty is multidimensional, wide in scope and beyond the possible effect of cooperative services. Although cooperative activities cannot eradicate poverty it can provide assistance for survival.

**Table 7:** Relevant comments and codes from focus group discussion with members of cooperative 2

<b>Comments from Participant</b>	<b>Derived Codes</b>
This cooperative society na group of different people from different places wey hear say if you come here you go fit get help for your business	Group of Strangers, Weak social ties, seek help for business
Cooperative na group wey be say because government and big company nor dey fit help poor man, poor people go come together so them fit help themselves small small	Poverty, Cooperation for Self help, Government failure, low improvement
The problem with this cooperative be say everybody dey poor, president sef dey poor, so everybody dey find who go solve their problem, na if you know say your problem don solve before you can ask your brother about him own problem	Poverty, Individuality, Seek aid, Self help
Na how cooperative wan take remove poverty from my life, na cooperative go take my pikin go hospital if he sick, na cooperative go stop armed robbers wey come my shop or even for road take my money? Na cooperative go put money for the pocket of people wey go come buy my market? Even sef, na cooperative go say make area boys nor come destroy my market, say make i give them money? The one thing wey cooperative say he wan do for members he never fit do am, na if them come be many things, mean say the cooperative go just die, he go come turn to NGO	Poverty beyond cooperative services, Narrow and focused activities for cooperative effectiveness, Poverty is Multidimensional
Make I ask you one question, rich people dey join cooperative? Because if you get money to solve your problem, wetin go come make you join cooperative again	Lack of money to solve own problems
The way cooperative go take work, na if the members get money to take make am work. If the members dey very poor, and them come dey cooperate, that one na poverty cooperation	Improved pre-membership financial condition, Poverty of members
If government want to help cooperative make them work, dem go first help the poor people make them nor poor too much again	Growth related to poverty in society, Level of poverty in the society

The cooperative needs external assistance to be effective in providing needed adequate services to members. However, cooperative activities will be more efficient if members generate the resources needed.

#### **5.1.4 Relevant views from managers of cooperative 2**

Data from the discussion with the managers of cooperative 2 (see table 8 below) highlighted that though the poor are attracted to the cooperative to help them manage their economic situation, having poor members weakens the cooperative and makes it difficult for the cooperative to provide services to its members. A cooperative thus need external assistance to help it provide its services. It is important that the economic situation of the members is improved, so that members can participate in cooperative activities and be owners (contributors) of the cooperative resources. Ownership of the cooperative resources

by members facilitates accountability and reduces the chances of corruption. The cooperative will be more effective if the members are the ones promoting the growth and development of the cooperative and external assistance is focused on improving the poverty level in the society.

**Table 8:** Relevant comments and codes from focus group discussion with managers of cooperative 2

<b>Comments from participants</b>	<b>Derived code</b>
Our members many, most of them just want to see if we can help them, if not then they don't come again for meeting	Uncertainty, Opportunistic members
When I started this cooperative, I was paying the staff from my pocket, and even till now, I still pay the staff from my pocket. Because I want the cooperative to succeed	Management commitment, Strong individual ownership
Apart from the business of the cooperative, which is to help the members business succeed, we don't do anything again for our members	Single focus, Business oriented
if we can get assistance it will help us to make the cooperative strong so that members can benefit	External assistance
Already now, through this micro finance bank, some of our members have collected loans for their business. Still after collecting the loan, they wont come for meeting, even to return the payback, they will take it to the bank directly instead of bringing it to the cooperative to take to the bank	Uncommitted members
The problem of trust is still there, the members don't trust the cooperative, they don't trust themselves even, everybody want his case to be answered first. This is not good for cooperative	Distrust from inadequate resource, Individuality
You know to get trust means that you know each other for a long time, you know what the person can do and cannot do, but cooperative like this, for city, this is not possible. You will not say because a person is not from your tribe or village, the person cannot be a member. So trust is a problem	Weak trust, Weak social ties, ethnic ties as a source of trust

The cooperative is experiencing huge financial problems and lack of loyalty and commitment from the members to the cooperative. It cannot provide services to meet the needs of its members, so the members are uncommitted and do not actively participate in the cooperative activities. Members are poor, so their focus is to seek for their individual solution; this has greatly increased the level of distrust in the cooperative. Also, the data emphasised that due to weak and non-existent social tie, trust is greatly weakened in the cooperative. When combined with the attitude of individuality in the cooperative, the

cooperative could not provide the expected services to members and is unsuccessful in attracting external assistance as a group.

## **5.2 Relevant differences in views expressed by both cooperatives**

Comparison was done from the data of the members and managers of each cooperative to identify the relevant differences in their views (see table 9 below). This activity had two aims, first was to further develop the concepts in the study by refining the long list of characteristics or codes that form each category or concept. When done it became possible to describe and define the concepts in concise themes that will function as criteria for developing a hypothetical relationship between the central concepts. Axial coding was used to perform this activity. While further developing the concepts, some codes were combined with other codes to form a pattern (see appendix 2 for codes and categories). Axial coding was done until all relevant themes contained in the interview that are related to the research questions were covered.

The second aim of the comparison between interviews from different cooperatives is to discover the combination of codes that exist in the data. Codes from the different groups were compared and contrasted to identify their combination. The activity was guided by questions that explored what were the similarities and differences between the views expressed by each group.

The comparison was based on criteria generated from the views expressed by the members of the cooperative that are relevant to the goals of the study. The criteria used to compare both cooperatives are:

- Views on membership focus
- Management style
- Goals of operations
- Types of current problems
- Identified causes of members weak participation
- Capability to meet members' needs

**Table 9:** Tabular presentation of the differences in views expressed by cooperative 1 & 2

CATEGORY		CATEGORY	
Cooperative Conception		Current Problems	
Cooperative 1	Cooperative 2	Cooperative 1	Cooperative 2
CODES	CODES	CODES	CODES
Ability to pay membership fees before becoming a member	For the poor (ability to pay membership fees, make savings not necessary for becoming a member)	Not mentioned	Opportunistic members
Ability to accumulate savings before becoming a member	Focused on specific objective of the cooperative for effectiveness and efficiency	Not mentioned	Scarce funds for operations
Have 'something little' before becoming a member	Focused on members growth to help the cooperative	Not mentioned	Poverty level of members
Focused on meeting diverse needs of the members to retain members		Not mentioned	Weak or non-existence access to external help
Focused on cooperative growth to help members		Not mentioned	Strong sense of individuality

Both cooperative managers differed on some of their basic conception of a cooperative. From the managers of cooperative 1, cooperative should target members that have at least a little extra financial resources that can be used as investment in the cooperative through savings and payment of membership fees, for them to reap the benefits of being members of the cooperative. This is highly relevant for the success of the cooperative, and thus the activities and efforts of the managers are focused on growing the cooperative as a means of strengthening the cooperative for more robust services for members benefit.

*“So even though anybody can be member, the person must be able to pay all the fees, because it is the money collected from members fees that we use to develop the cooperative” (Manager cooperative 1) “Also the person go dey ready to save money for sometime with the cooperative, when the savings don reach the time as we agree, the person can then start to collect loan small small” (Manager cooperative 1)*

This conception of who should be members of the cooperative is the focal point of all the other activities of the cooperative. Because the members could afford to make savings and pay the membership fees, the cooperative could generate funds internally for its operations.



Thus its members could benefit from different services provided by the cooperative. Very importantly also, is that the managers make considerable effort to be accountable in the cooperative business and to provide quality services to the members to keep them satisfied and retained as members of their association. Management attitude is strongly member oriented creating an atmosphere where members are treated as 'kings'.

*"We know that members are here to meet their needs, and if they get another way of meeting their needs, that is cheaper, they will leave the cooperative, and also if they don't have need again they will leave the cooperative. That's why its important for the cooperative to grow"* (Manager cooperative 1)

*"Apart from loan, we try to provide other things for our members. Like we buy land and sell to our members, and they can pay little by little, we also have a school. But all these things we are going into them so that our members can enjoy this cooperative and they will not want to leave"*(Manager cooperative 1)

*"One very important thing that we don't play with is the account. So that everybody will know how we spend the money and they can trust us"*(Manager cooperative 1)

The membership focus of this cooperative suggests that the 'very poor' cannot contribute to a successful cooperative, nor be expected to constructively participate in the activities. However, there is a different level of the poor that can constructively participate in the cooperative activities. These are the poor that can afford some measure of financial surplus as savings for investment, and can generate enough daily income to meet membership's financial obligations before benefiting from the cooperative services. That is, these are the poor that can accommodate 'delayed gratification'.

Yet the cooperative does not pursue poverty eradication as one of its goals. *"The cause of poverty is very plenty, no cooperative can say it want to solve poverty from the life of the members. Because even the members na different kind of problems they get. So we can only try to help them solve some problems, wey everybody get together ..."* (Manager cooperative 1).

Their goals and objectives are practical and achievable. As they achieve their goals, they are able to advertise their successes through satisfied members and attract new members. So setting achievable goals and objectives is very important for their continued growth and

existence. Also their members know what to expect from, and what to contribute to the cooperative. This facilitates a clear-cut relationship between the cooperative and the members. The members are not disillusioned or disappointed, but neither do they expect more than the cooperative can provide. So the relationship is quite formal and business oriented with little room for social activities.

On the other hand, managers from cooperative 2 conceptualized cooperative to be for the poor. Ability to pay membership fees or accumulate savings at the initial stage of becoming a member is not mandatory, because this is beyond the affordability of the poor. However members are expected to contribute to their cooperative as they grow and progress in business. Thus the cooperative is an organization focused on membership growth as a means of growing the cooperative. *“The problem with this cooperative is that we don't have money, our members are poor people, they can't pay their dues, so the cooperative is poor” (Manager cooperative 2)*

*“Yes the cooperative can help its members, that is we can assist ourselves to manage our situation... The problem is how do we get money to do it? Even though we want to do it, we don't have the money ourselves, so we have to search for it” (Manager cooperative 2)*

The conception is quite idealistic, poor people need help and coming together to form a cooperative could create a means for them to access assistance from an external organization. The assistance from an external organization is not expected to be permanent; rather the assistance is to provide the initial resources needed by the members. So that, as the members become successful in their business they can, in turn, invest in the cooperative gradually until the cooperative no longer needs the external assistance. This conception had implications for the relationship between the cooperative and its members, the type of challenges being experienced by the cooperative and the rate of the cooperative growth.

*“Our members many, most of them just want to see if we can help them, if not then they don't come again for meeting” (Manager cooperative 2)*

*“Na trial, maybe e go fit help me or maybe not, na trial make me join” (Member cooperative 2)*

Although this cooperative can boast of a large number of members, they are not committed or dedicated to the cooperative group. Mainly because their motivation is to seek for assistance, so they can only be committed to the organization that can provide their needs. The cooperative being unable to provide services to meet the needs of the members, cannot command the commitment and dedication of the members. Also because the members cannot afford to pay the required membership fees, they are not part owners of the little resources owned by the cooperative. So they do not feel strongly attached to the cooperative and can only give weak dedication to the cooperative activities

Having members that are not committed and dedicated to the cooperative produces strong sense of individuality, distrust and opportunistic attitude in the cooperative; members jostle for the little resources in the cooperative; they are suspicious of each other and cannot actively participate in any activity that does not directly meet their needs. This destroys, the ‘cooperativeness’ in the cooperative and when combined with the weak social ties in the cooperative, makes the management of the cooperative very challenging and inefficient.

*“Running a cooperative like this is difficult, apart from money issue, managing the people is very difficult, everybody mind is on his own problem and how to solve it” (Manager cooperative 2).*

Beyond creating management problems, the cooperative could not fund its activities and so a greater percentage of its members are unsatisfied. So, individuals do not remain members of the cooperative; membership turnover is high. In reality, this cooperative will have attractive idealistic goals that will be effective in attracting new members, but unable to retain the members because the goals cannot be met by the cooperative. Unfortunately, this could not help the cooperative’s search for external assistance, as most funding agencies will not fund a cooperative with uncommitted members that are inactive in the cooperative activities. Thus the data suggested that having poor individuals that cannot afford to pay membership dues and accumulate savings for the cooperative activities does not promote the growth of the cooperative, rather it is a burden that can destroy the cooperative. *“The power of the cooperative na the members, when the members nor get money, mean say the cooperative nor go work well” (Member cooperative 2)*

*“The way cooperative go take work, na if the members get money to take make am work. If the members dey very poor, and them come dey cooperate, that one na poverty cooperation” (Member cooperative 2)*

*“If poverty nor strong like this, then we go fit make the cooperative work. He good make person get he money firs before them join cooperative, even if na small one.” (Member cooperative 2)*

### **5.3 Core similarities in views from both cooperatives**

The participants expressed similar views on majority of the concepts, emphasizing the significance and strength of the views to the participants and the central theme of the study. Starting from the general conception of cooperative, which refers to the participants view on the meaning, values, expectations and reality of cooperative as experienced and thought of by them, it is worthy of note that both see the overall objective of the cooperative to be assisting the members to manage poverty. To them the role of the cooperative is to act as a buffer to the members’ harsh financial situation and they could not relate this role to poverty eradication.

The reason for this becomes obvious when viewed across their stated understanding of poverty as they experience it and thought it to be. From the data, poverty is a broad multi dimensional harsh reality that extends far beyond their individual economic situation, and encompasses social (“lack of social respect), political (“Government can attack poverty”) structural (“poor electricity supply”) and macro-economic (“low society consumption level, weak buying power”). Low consumption level in the society is very much related to the prevailing level of poverty in the society. So the level of poverty in the society works against the cooperative being efficient and effective in its service delivery. Consequently, poverty is seen as being wider than the cooperative can solve and as a responsibility of the Government of the society. As have been cited before, these comments from participants elaborated on this: *“Na how cooperative wan take remove poverty from my life, na cooperative go take my pikin go hospital if he sick, na cooperative go stop armed robbers wey come my shop or veven for road take my money? Na cooperative go put money for the pocket of people wey go come buy my market? Even sef, na cooperative go say make area*

*boys nor come destroy my market, say make i give them money? ...” (Member cooperative 2)*

*“This cooperative don help me, but its not to solve poverty. Poverty big pass this cooperative, coeprative nor be government.” (Member cooperative 1)*

*“The cause of poverty is very plenty, no cooperative can say it want to solve poverty from the life of the members. Because even the members na different kind of problems they get. So we can only try to help them solve some problems, wey everybody get together” (Manager cooperative 1)*

Nevertheless, it would have been expected that understanding poverty in this broad and encompassing dimension, and having existed in the same society for over a decade, the members would have been able to see the possibility in their association (even if only in the might of numerical strength) to attempt to address some of the issues mentioned, through advocacy at local level, political participation as a group or policy influence. However this was not mentioned or implied as a remote objective of the cooperatives. Though on closer look at the data, the reason for this could be deduce to be the frequently mentioned ‘weak social ties’, ‘weak trust’, and ‘weak loyalty’, which seems to be one of the most commonly mentioned problems and challenge facing the cooperatives (see Appendix 2). These variables, understandably weakens the internal strength, unity and focus that is needed to act to address social issues plaguing the host community of the cooperatives.

Also striking from the data is that the participants emphasized the potential of their cooperatives to be effective in the fight against poverty in the members’ lives. They listed strong characteristics and factors present in their cooperatives that are identified as giving the cooperatives the potential to effectively fight against poverty in their lives and community. Such potentials includes groups of individuals that are self-motivated for growth and development; *“cooperative society mean group of people wey come to gether to work together so that them go fit help themselves” (Member cooperative 2).*

An organization that operates without strict formal and complex rules of operations and so can be flexible to serve the needs of the poor; *“Na the law for say who go get the money*

*first, abi na the problem wey strong pass, go get the money first?” (Member cooperative 2),*

*“I hear say even though I nor get land, I go fit get small loan for my business” (Member cooperative 2).*

An organization whose resources are owned by the members and so discourages fraud and embezzlement, both of them rife form of corruption in Nigeria; *“If the cooperative money na members contribute am and get am, mean that everybody will try to see that nobody steal from the money ...Government money is for everybody and so people will just take the money and say its part of their 'national cake' and refuse to pay back. ” (Manager cooperative 1), “Government has tried to help, but all the program don't benefit the poor people, because of corruption and fraud and greediness” (Manager cooperative 2). An organization with high sense of accountability and responsibility, “One very important thing that we don't play with is the account. So that everybody will know how we spend the money and they can trust us” (Manager cooperative 1)*

Nevertheless, there are challenges that act as obstacles to the effective utilization of the qualities by the cooperatives. Foremost, it was emphasized that for cooperatives to be efficient and effective in lifting cooperative members above poverty, the right macro environment has to be created. The right environment refers to the macro economic polity, that is, improvements in the social economic conditions of the citizens of the state. With improved social economic situation, poverty would have been reduced to the extent that the poor can have surplus resources to accumulate savings and make investments in the cooperative. If the cooperative has more financially stronger members, it can pull their resources together and provide necessary services to the members. Also importantly, as businessmen, the success of their business does not only depend on their investment in the business but also on the buying power of the public. An improved social economic situation will increase the income generated from their operations. This implies that it is not the cooperatives that should be fighting against poverty in the society; rather, the cooperatives will stand to benefit immensely from a prosperous society with improved macro economy. Members stand to gain from such benefits in ways that will improve their standard of living. Thus although the cooperatives have the potential to improve the standard of living of the members, such potentials does not necessarily translate to poverty eradication.

*“If government want to help cooperative make them work, dem go first help the poor people make them nor poor too much again” (Member cooperative 2)*

*“To the members if their business is running they are ok, but as we know for this country, its not only loan or management that can make your business run, other things dey like NEPA (National Electric Power Authority), or even customers to buy” (Manager cooperative 1)*

*“You see, it is the members money that is the cooperative money...” (Manger cooperative 1)*

Also strongly emphasized is the weakness of the social ties amongst the members. Cooperatives in large urban cities have the disadvantage of having members that are from wide and diverse geographical locations. In a multiethnic society like Nigeria, this means that the members do not have the advantage of pre-existing social relationship based on biological, ethnic or religious ties. *“Before, people wey make cooperative group will know themselves even to their grandpapa, but now, the members come from different places, some na christians, some are moslems, some na even pagan, so the only way to know say they are serious and cannot run away, is if they pay their membership fees regularly and they have savings here. But that one is not even enough, we still employ staff, with duty to go check this members business place regularly, to be sure that they don't run with the loan” (Manager cooperative 1).* However, some of the members have ties based on friendship and on some occasion ethnicity, in such cases the spirit of the cooperation is to some extent promoted, even if weakly. *“But as we dey meet for here as cooperative, some of us na friends, some of us come from the same town, and as we dey fight for ourselv, we still dey hope say make im work for our friends ” (Member cooperative 2).* A pre existing social relationship can form a base for building the social ties in the cooperative, but its absence only acts to aggravate other factors that contribute to weaken the social ties between members.

As relevant as social ties were reported to be by the managers of the cooperatives, the members did not express interest in any of the social activities organized by their cooperative. Motives for joining the cooperative were strongly emphasized and mainly the motive is to seek finance for their business. Any activity that does not directly service this

need is not enthusiastically participated in. *“I know why I join this cooperative, and if I nor get wetin I want, I go leave. Nor be for here I go come dey discuss about my family problems, I get towns meeting and church meeting for that one” (Member cooperative 2)* *“The time for meeting dey talk talk, at times dey too much. If be say, I go just fit come here, get the money for my business and go back to the business without too much talk talk for better for me” (Member cooperative 1).* Thus the objectives for becoming members of the cooperative were very specific and well defined. The members did not mention long term goals that involve advocacy, social change or political participation; neither did they indicate interest in it.



## **6. COOPERATIVES AND POVERTY REDUCTION IN NIGERIA**

*“Ask not what poverty reduction strategies can do for cooperatives, but what cooperatives can do for poverty reduction strategies.” (Birchall, 2004:4)*

*“If government want to assist cooperatives to be effective, they have to first of all reduce the poverty level of the poor people (because) it is not only the loan or business management skills that can make your business successful. Other things like NEPA (National Electric Power Authority) or the customers that will buy from you are key to poverty reduction.” (Members cooperative 1 and 2).*

As we have discussed in chapter four of this study, the role and effectiveness of cooperatives in poverty reduction is determined and influenced by several factors. Faced with the dismal performance of cooperatives in developing countries (see Birchall, 2003:7, Laidlaw, 1978:51, Newiger, 1983:37) but convinced that cooperatives have an important role to play in poverty reduction; some experts on cooperatives have listed several factors that can make cooperatives play an effective role in poverty reduction. Birchall, one of the forefront experts on Cooperatives with the International Labour Organization, has argued that cooperatives can realize their inherent potential to reduce poverty if their values and principles are respected by the authorities (Birchall, 2003:4). Munkner distinguished rich, relatively rich and the poor, and argued that cooperatives can effectively service the relatively rich. The poor will need other governmental programs of assistance to lift them above poverty (Munkner, 1976:9).

From the data of this study, three main conceptual elements were identified as factors that have far reaching influence on the cooperative organization under study. The factors influence the type of goals the cooperative organization attempt to achieve and the style of operations adopted to reach these goals. It is the activities that the cooperative can effectively and efficiently carry out that will decide if the cooperatives can play an effective role in poverty reduction or not. Each of the identified conceptual elements has their properties and are part of the categories derived from the data.

## **6.1 The relationship between conception of cooperatives and poverty reduction**

The conception of a cooperative refers to ideas that embody the formation to the operations of the cooperative. According to Spear (2000:508) although all cooperatives have similarities in various aspects, the key difference lies in their type of members. Though Spear was referring to consumers or producers as members of cooperatives, the members understanding of what a cooperative is and their expectations of what the cooperative can achieve is key to the style of operations of the cooperative. Birchall (2004:6) reinforced the relevant role of the members of cooperatives when he argued that the cooperatives are designed to meet their members' needs and that a cooperative can not be diverted into meeting needs that have not been sanctioned by the members, without it ceasing to be a cooperative. The cooperative cannot be divorced from its members neither can its principles and values be referred to or understood as abstract factors whose meanings are theoretically given and so determines what the cooperative is.

Clearly indicated in the data of this study is the relevance of the members' conception of the cooperative and how it determines its unique identity. The unique identity refers to the target population of the cooperative, the type of services and style of operations, the type of challenges being experienced and the short and long term goals of the cooperative. Cooperative 1 and Cooperative 2 that participated in this study are similar in a lot of ways. Both members understood the cooperative to be for the poor, *"Make I ask you one question, rich people dey join cooperative? Because if you get money to solve your problem, wetin go come make you join cooperative again"* (Member cooperative 2). *"Cooperative is for people wey not have enough money to solve them problem to come together, and put their money together so that they can help themselves"* (Member cooperative 1).

At the same time they expressed key differences in their conception of the cooperative. Cooperative 1 understood the poor to be people that have needs but can afford to pay the membership fees and accumulate savings. While cooperative 2 focused on people that have needs but the ability to pay membership dues or accumulate savings is not compulsory. The understanding of cooperative 1 is based on the idea that if the cooperative is strengthened then it can help its members. The surest way to strengthen the cooperative is

through the members who will be the direct beneficiaries of the product of the strong cooperative. On the other hand, cooperative 2 has the idea that if the people are strengthened, the cooperative will become stronger and be able to provide more services to the members. Thus from this point of view, the strength of the cooperative becomes the number of the poor it is able to attract as members. With strong numerical strength the cooperative is able to attract external investment that members can benefit from and can be overturned into profit for the investing agency and the cooperative. Both ideas have their pros and cons, and are directly related to the discourse on cooperative effectiveness on poverty eradication (See table 10 above).

The first and foremost responsibility of the cooperative member according to the data is for members to actively participate in meeting membership obligations in terms of fees and savings. After which the member is expected to fully participate in the activities and operations of the cooperative, especially in attending meetings, participating in discussions and recruiting new members and suggesting new ideas for cooperative growth and development. It is these that form the operations of a successful cooperative. *“So even though any body can be member, the person must be able to pay all the fees, because it is the money collected from members fees that we use to develop the cooperative” (Manager cooperative 1).*

So having members that can meet these responsibilities is the first step towards running a successful cooperative. By having members that can afford to pay the membership fees and accumulate savings, cooperative 1 was able to accumulate resources from its members to form a pool that funded the services provided to members. Through investment and reinvestment the cooperative has grown to be able to provide other necessary services tailored to meet members' needs. The managers are constantly seeking new ways to satisfy and meet members' needs. This becomes relevant in assuring the members that the cooperative will provide quality services at all times. It also put a check to any potential fraudulent practices from managers.

More so, members play active role in determining the type of services provided by the cooperative, the cooperative cannot outgrow the members. In return members actively meet all membership responsibilities. In this case, if managers' goals and objective for the cooperative becomes more ambitious than the members motives and goals of participation,

the cooperative will lose its members or members will become inactive in activities that they consider not directly related to meeting their motive for membership. *“Apart from loan, we try to provide other things for our members. Like we buy land and sell to our members, and they can pay little by little, we also have a school. But all these things we are going into them so that our members can enjoy this cooperative and they will not want to leave” (Manager cooperative 1)*

*“The time for meeting dey talk talk, at times dey too much. If be say, I go just fit come here, get the money for my business and go back to the business without too much talk talk for better for me” (Member cooperative 1)*

*“...If the cooperative starts to do many things, problems will start...” (Member cooperative 1)*

Meeting the first responsibility of being a member of a cooperative requires individuals that have the capacity to generate extra funds from their basic expenses that can be invested in the cooperative. This is a capability that is obviously lacked by the poor. The poor are defined as the individuals that cannot afford to meet their minimal basic needs and failure to achieve basic capabilities (See One dollar a day measurement of poverty by the World Bank, 1999, Sen, 1999). From the experience of Cooperative 2, the way for a cooperative to be effective *“...na if the members get money to take make am work. If the members dey very poor, and them come dey cooperate, that one na poverty cooperation” (Member cooperative 2)*

So my data suggests that cooperative cannot be successful when having the poor as members. Cooperatives are not designed as a tool for poverty, and so do not target the poor as a planned design (Birchall, 2003:7). Data from cooperative 2 elaborated the fact that the poor cannot benefit from cooperative services because the cooperative system is not designed for the poor. As mentioned earlier, it is a system that requires certain capabilities and funding that the poor do not have, to jumpstart it.

*“The problem with this cooperative be say everybody dey poor, president sef dey poor, so everybody dey find who go solve their problem, na if u know say your problem do solve before you can ask your brother about him own problem” (Member cooperative 2)*

*“The problem with this cooperative is that we don't have money, our members are poor people, they cant pay their dues, so the cooperative is poor” (Manager cooperative 2)*

This brings the notion that cooperative can be effective in combating poverty in the lives of the poor to question. If the poor is understood to be people that live below one dollar a day, and are psychologically and socially deprived, then it is expected that they will be unable to pool resources to meet the necessary obligations of membership with a cooperative. The processes and procedures of the cooperative form of organization are not designed to cater for the category of the poor. Thus the poor cannot come together to form a successful cooperative. Also the alternative of a cooperative accommodating the poor as members, may eventually break the principles of equality and equity of the cooperative that promotes equally shared responsibility and profits. The presence of members that cannot meet their expected responsibilities in a cooperative will trigger a change in members' actions and attitude that will disrupt the 'spirit of cooperativeness' in the cooperative.

Beyond the challenge of not having enough financial resources to provide its services, the cooperative with poor members that cannot afford the obligations of membership are faced with other challenges. While searching for funds for its services, the cooperative turns to external sources to fund its activities either as an investment or as a development aid. If they eventually get external funding, the cooperative will be faced with loosing majority of the advantages of a cooperative organization, termed the cooperative advantage (Spear, 2000).

The cooperative's advantage lies on its principles of democracy, members as owners of the organization, the primary objective is to meet members' needs and members must sanction all the activities of the organization. Cooperatives are autonomous and independent (see Birchall 2003). Having funding from external sources will jeopardize the utilization of these qualities of the cooperative and possibly prevent some of the qualities from being operative. *“Yes he mean say, if government now decide to give the cooperative money to help the members, it cause different problems and the way the members behave fit change” (Manager cooperative 1)*. This could happen in several ways, first the donors or sponsors will have a say on the operations of the cooperative either to protect their investment or in good faith, to give directions that are considered relevant by the donors. Whichever way,

the autonomy and independence of the cooperative is threatened and may be compromised; depending on the size of the external assistance, members' role in decision making could be replaced by the external agency. It must be pointed out that accessing funding from external agency could possibly be a democratic decision by members taken for the purpose of growth and development, which can be considered positive. However, the attraction and purported potential of the cooperative to be effective at poverty reduction is based on the cooperative advantage, which is the product of the cooperative values and principles (see table 4). So it stands to reason that an externally funded and possibly controlled cooperative cannot operate with the cooperative advantage and so cannot be effective at poverty reduction.

More so, management style and operations will possibly change to become more complex and professional, reflecting an improved way of management. However, the more professional and complex the management style, the greater the gap that is created between the organization and the members. "In the developed world, they have had a tendency to grow and to rely more and more on professional management, which has meant their being distanced from their members and becoming more like conventional businesses. In the developing world, they have often been used as tools of development by governments that have not allowed them to become fully autonomous, member-owned" (Birchall, 2003: ix). *"The one thing we cooperative say he wan do for members he never fit do am, na if them come be many things, mean say the cooperative go just die, he go come turn to NGO (Non Governmental Organization) (become more professional, distance from the members-members as clients rather than owners) (Member cooperative 2).*

With the loss of ownership, the members also lose the responsibility of accountability and sincerity in managing and utilizing the resources of the cooperative.

*"If the cooperative money na members contribute am and get am, mean that everybody will try to see that nobody steal from the money" (Member cooperative 1)*

*"You see, it is the members money that is the cooperative money. So every member here want to protect their money. Government money, is for everybody and so people will just take the money and say its part of their 'national cake' and refuse to pay back" (Manager cooperative 1)*

*“Government get some good program to help poor people, like the ‘Peoples Bank’ or NAPEP, but because of corruption, fraud, and bad people, these programs them are not really successful. They will start one, and then after sometime they start another one. Throughout all this time this cooperative still dey exist, and dey work small small. If it be say, this cooperative na government own, it for don fail or close” (Manager cooperative 1)*

The outcomes of the cooperative can be affected by the ethical standard of the country (see Birchall 2003:11). In a country like Nigeria with relatively high level of corruption, the increased possibility for accountability in the cooperative form of organization is one of the major advantages and attraction to members. The cooperative form of organization is considered to have increased possibility for accountability because managers perform in line with members’ preferences and the managers are considered to have fewer incentives for opportunistic behaviours that will produce excess profits for selfish gains (see Spears, 2000:510-511).

*“One very important thing that we don't play with is the account. So that everybody will know how we spend the money and they can trust us” (Manager cooperative 1).*

If accountability becomes compromised, the consequences can be dire for the cooperative, because it will lead to mass distrust and discontentment. Distrust and discontent in the cooperative, makes the cooperative a ready-made tools for local elites and politicians to use in pursuit of selfish goals. Also, distrust and discontent will lead to the development of different cliques and factions within the cooperative. Which ever happens, in the long term the cooperative eventually will most probably break up or close down.

However, external intervention in the cooperative may lead to a more efficiently run cooperative, with sophisticated processes that will prevent or manage any possibility of corruption and fraud in the cooperative. This may eventually lead to a big and strong cooperative. Nevertheless, after a study of cooperatives in the developed world, Birchall wondered whether cooperatives can be effective at poverty reduction because in the developed world, because of their large size, cooperatives have sometimes lost touch with their members, and experienced a ‘democratic deficit’ and even a loss of meaning. Large

size, reliance on professional managers, and genuine democracy that involves the active participation of members are difficult to reconcile (See Birchall, 2003:14-15).

This is contrary to the qualities of the 'cooperative advantage' that makes cooperative attractive as an organization that can be effective at poverty eradication. An organization that has lost touch with the members who are the poor, the members cannot be participative in the decisions and operations of that organization cannot be effective as a poverty reduction group. This is because the critical value of ownership and participation has been broken. Studies by experts have proven both values to be critical to effective poverty reduction strategies or processes. The cooperative advantage is strongly based on an organization founded by members, for members. The strength of the cooperative has always been the desire and motive of the individuals that come together to cooperate in order to meet identified similar needs. It is from the desires and motives of individuals with similar grievances and needs that the cooperative values and principles are borne.

According to Birchall (2003:3) "The relationship between the values, principles and practices of cooperation is one that has been worked out over almost two hundred years in a continual process of iteration – values leading to principles and then being tried out in various businesses" Historically, cooperatives were founded by marginalized individuals that have thought that cooperation amongst themselves will empower them to right such perceived marginalization. The success of the first cooperative led to the development of cooperatives in different sectors and across nations (see Birchall 2003, 2004, Holmen, 1990, Munkner 1985). Thus the development of cooperatives was not recorded to be an abstract organization borne out of theoretical reasoning of experts. It was rather borne out of need, and its growth was spurred on by participative and active members whose values, expectations and beliefs were interwoven with the processes and principles that were developed to be the uniqueness of the cooperative form of organization. According to Lee (2003:1) the founding fathers of cooperatives believe in the ethical values of honesty, openness, social responsibility and caring for others.

This social and ethical dimension of the cooperative that forms the cooperative advantage cannot be handed down to the individuals that form the cooperative in a top-down approach. Rather as have been pointed out above, the members of the cooperative will



have values and principles that will suit the purpose and goals of membership depending on their needs. In some cases the values and principles may be based on the theoretical values and principles, but adapted to suit individual, cultural and social preferences. So far, based on the past successful experiences of cooperative in the developed world, the worldwide apex cooperative organization (International Co-operative Alliance) has had cause to modify the stated principles and values of the cooperative form of organization to create an acceptable and proper identity for the cooperative (See Birchall, 2003:4, Lee, 2003:1-2). Since the first adoption of the principles and values of cooperatives in 1937, the International Co-operation Alliance has had reasons to revise them twice, in 1966 and 1995 (see Lee 2003:2). The changes were deemed necessary in order to cope with the changing socio-economic environment and to keep the cooperative form of organization relevant in a competitive market economy. It will not be out of place to expect the principles to change in future for related reasons.

It is interesting to note that the initial adoption of the values and principles of cooperatives was dated 1937, whereas the development of the first cooperative was documented as being started in the year 1826 (Birchall, 2003:6). Historically cooperatives have been recording success in achieving its goals even before the apex body. More so attempts to create cooperatives based on the values and principles, in developing countries, have been recorded as mainly failures (Holmen, 1990:51). It stands to reason that while the values and principles of cooperative are attractive and sound, they are not to be handed out or down as 'recipe for success' by a global apex body to cooperatives worldwide. Although it is argued that the more the values and principles of cooperatives are emphasized the stronger the argument that cooperative can be effective in reducing poverty, the data suggests that the more the values and principles are emphasized the more the need to make a more flexible interpretation and expectations of them base on social and cultural factors.

The expectations and contributions of the cooperative members are based on the motivating factor(s) that facilitated their membership of that cooperative. Within the framework of this study, participants emphasized their motive for participation to be specifically related to getting funds in form of loans for their businesses. This is their driving motive and they welcome all activities that are related to achieving this motive. Within their cultural and social framework, they participate in other associations to meet

other needs. *“I know why I join this cooperative, and if I nor get wetin I want, I go leave. Nor be for here I go come dey discuss about my family problems, I get towns meeting and church meeting for that one” (Member cooperative 2)*

*“Na our culture to join plenty meeting whether person like it or not. Towns meeting, church meeting, market meeting, meeting too plenty. So this cooperative be like business meeting, to solve business problems” (Member cooperative 1)*

Thus to them, despite having been in operations for over 10 years in the same locality, they have not been involved as a cooperative in any of the community development programs as it relates to poverty eradication and other socio-political and socio-economic activities. This is not part of their goals and objectives and so does not hold attraction for them. However they can participate in such activities under the auspices of a different organization that aligns with their motive.

## **6.2 Members motivation for participation and its relationship to the cooperative**

Motivation is a strong factor that directly facilitates members' participation and indirectly promotes either the growth or demise of the cooperative. As the Co-operative Commission (2001: 39) makes clear, “successful co-operative businesses require a large and widespread membership that is supportive of the broad principles of co-operation and the participation of an active, informed and representative elected membership”. Members participate in the cooperative by paying their membership dues and being active in the operations and services that require members' contribution. The data highlighted that to be actively participative; members require commitment, loyalty and faith in the operations of the cooperative. *“To enjoy cooperative needs patients... Also you need to know how the cooperative dey work otherwise you nor go fit be member of the cooperative” (Participants at focus group discussion)*. This will be reflected in a positive attitude about the cooperative and its services and creating time to participate in practical activities like attending meetings, workshop and seminars. The benefit of these to the cooperative is that it successfully brings in new members through word of mouth advertisement and the members are forthcoming on suggestions, views and ideas on how to improve the cooperative. Also members meet one another, get to know each other and have the

opportunity to share views on other areas of their lives, during seminars, meetings and workshops. It is in these forums that social ties are formed and sustained. The expected role of the cooperative is to be able to meet the needs of the members.

However, meeting the needs of the members does not solve all the problems of the cooperative; rather it brings in new problems. Members that their needs have been met and their business have stabilized are active in attitude advertising the cooperative and wining new members to the cooperative, but they become weak in attending meetings, seminars or other activities not directly related to their needs. *“The time for meeting dey talk talk, at times dey too much. If be say, I go just fit come here, get the money for my business and go back to the business without too much talk talk for better for me ... As the cooperative dey help person, and the person come get the money to run the business, time nor go dey for cooperative again” (Members cooperative 1).*

With their needs satisfied, the strength of their positive attitude increases – they become more loyal and solicit more new members, but also, it reduces their participation in practical activities of attending meetings and other activities, because they would rather put their time to their business. At the same time it could also be seen that their needs have been satisfied, so it’s no longer motivating (Maslow 1987). Thus the cooperative is continuously faced with the challenge to identify new needs of its members and offer services to meet those needs or loose the satisfied membership base. *“Apart from loan, we try to provide other things for our members. Like we buy land and sell to our members, and they can pay little by little, we also have a school. But all these things we are going into them so that our members can enjoy this cooperative and they will not want to leave” (Manager cooperative 1)*

This process can be seen as a natural process through which the cooperative regenerate itself, maintaining a size that is usually small but can be managed efficiently. As the cooperative eventually loses its satisfied members, it gains new members in a self-sustaining mode. An external intervention in the cooperative will disrupt this process, by providing excess resources through which the cooperative can provide more services to meet new and different identified needs of the members. Although this may have a positive effect in the short run, in the longer term, the cooperative will outgrow its members,

become very large in terms of members and types of services provided. It will eventually lose its qualities of a cooperative, in order to be efficient and effective (See Birchall 2003:14). *“If the cooperative start to do too many things, problem will start. If cooperative get too much money, he go come become everybody business, no man get am, means say people go only try to help themselves from the money ...”* (Member cooperative 1)

*“...The one thing wey cooperative say he wan do for members he never fit do am, na if them come be many things, mean say the cooperative go just die, he go come turn to NGO (Non Governmental Organization)”* (Member cooperative 2)

### **6.3 The impact of poverty on cooperative effectiveness**

Is poverty the right problem for cooperative organizations to tackle? Does poverty have the qualities that make it susceptible to the services of a cooperative? Poverty has plagued the human race for centuries, its persistence, completeness and tenacity has captured the attention of man. Several attempts have been made to study and understand it, to ameliorate it and possibly eradicate it, yet it continues to grow and hold more humans captive to its deadly claws. The totality of poverty refers to its multidimensional nature. Poverty has been understood to have material, psychological and sociological dimensions (see voices of the poor series, 2001).

Although it has been argued that the cooperative has the potentials to be effective in poverty reduction, experts on cooperative development have acknowledged that the cooperative was not developed to combat poverty, rather it came into existence to meet specific situations that were economic in nature (see Birchall, 2003:5-7). However, the growth and development of the cooperative saw it being replicated in different sectors of the economy. When attempts were made to utilize the cooperative for poverty reduction and development in poor countries, majority of the attempts failed and few success stories were recorded (Parnell, 2001:7). This renewed call that cooperative be involved in development as a poverty reduction group has been based on arguments that cooperatives can help raise people out of poverty, because they are essentially income-generating organizations and they return any surpluses to the members in the form of a patronage

refund based on the use people have made of the cooperative, they make sure that growth is equitable (Birchall, 2004:26).

To the poor poverty is wider than economic borders. Several studies have shown that considering poverty to be mainly an economic deprivation is far from the reality being experienced by the poor themselves (see voices of the poor series, 2001). *“Even if my business start to do well, I be still poor man, my respect na from only my faimly” (Member cooperative 1)*

The data from this study highlights that the poor experience poverty in a diverse and wide ways that the services of a cooperative is considered as being inadequate to combat. *“Na how cooperative wan take remove poverty from my life, na cooperative go take my pikin go hospital if he sick, na cooperative go stop armed robbers wey come my shop or veven for road take my money? Na cooperative go put money for the pocket of people wey go come buy my market? Even sef, na cooperative go say make area boys nor come destroy my market, say make i give them money?” (Member cooperative 2).*

*“The cause of poverty is very plenty, no cooperative can say it want to solve poverty from the life of the members. Because even the members na different kind of problems they get. So we can only try to help them solve some problems, wey everybody get together. But if one member nor get house, another member pikin na sickler, another one pikin nor dey go school, na how cooperative go take solve all the different kind of problem, to remove poverty from members life? ...” (Manager cooperative 1).*

To the participants of this study, the reality of poverty is far more than the additional income that their membership with a cooperative has generated in their business. Because poverty is experienced in every facet of their lives they do not expect their cooperative to pursue the objective of poverty reduction. This also affects their contribution to the cooperative, as they expect to contribute the resources that will meet their motive for membership. Thus the relationship they have with their cooperative is basically a business relationship focused on specific need satisfaction.

Although economic deprivation forms an important part of poverty, the poor have over the years developed different methods of generating income, howbeit meager, to meet the least

part of their needs, while they cope with other basic needs that they cannot meet. Some of the forms of coping include cooperatives, family networks, religious affiliation, peer associations, and so on. *“Cooperative fit help us dey manage the poverty small small, even if he nor fit remove am finish. If my business get money do well, I go fit pay my children school fees and send them to school, but nor be only dat one be poverty abi? ...”* (Member cooperative 2).

With this multidimensional experience of poverty by the poor, the ability of cooperatives to effectively combat poverty is questioned. Can the cooperative provide all the services needed to effectively combat poverty? Experts in favour of cooperative for poverty reduction has argued that cooperative has all the characteristics to effectively combat poverty through the World Bank three notion of effective poverty reduction – empowerment, security and opportunity (Birchall 2004:46). However, the possibility of a cooperative providing the numerous services; housing, insurance, medical, security, and education, which will be needed to uplift the poor above poverty is considered very slim. Indeed a cooperative can grow to the extent of providing numerous services to holistically combat poverty in the lives of members’, nevertheless; such a cooperative will have to trade the ‘cooperative advantage’ for size.

More so, poverty has been shown to have influence on the participation of the members of the cooperatives. The data from this study has proposes that cooperative can provide services to its members based on its purpose of establishment. However for the cooperative to be efficient at providing the services, it is imperative that the members be able to pool together their individual resources to form the organization’s resource, from which services are provided. In creating an efficient cooperative, members are spurred to be participative and committed to the cooperative. It is the participation and commitment of the members that makes the services of the cooperative effective. That is, the services of the cooperative can achieve its intended impact on the lives of the members because the members are participative in the decisions and operations of the cooperative and are committed to the goals, principles and values of their cooperative.

A cooperative with members that do not have the resources to pool together cannot provide services to the members or as in the case of cooperative 2 in this study can only provide

skeletal services that are inefficient and so cannot motivate members participation and commitment. Thus the data elaborated that the poor cannot form successful cooperatives except such poor can generate surplus resources that can be used for investment in the cooperative or the cooperative will be supported by external resources. That is, the data, distinguished between the poor that do not have the surplus resources to pool together for their cooperative (cooperative 2) and the poor that could afford to pool individual resources together to form the cooperative resources. Munkner (1976) argued that between the rich and the really poor there is a middle layer that cooperatives could strengthen. Although in reality there could be several layers between the rich and really poor, the point is that cooperative could strengthen the group of individuals who could afford to invest surplus individual resources in a cooperative organization. By extension this possibly implies that using the 'one dollar a day' measurement of poverty, the 1.2 billion people of the world and 320 million people in Sub-Saharan Africa that lives below one dollar a day (The World Bank Group World Development Indicators, 2005) may not benefit from the cooperative strategy.

## 7. CONCLUSION

The renewed suggestion that cooperative can be effective as a poverty reduction group is based on the process and style of the economic activities of the cooperative and the social relationship between the cooperative and its members and the cooperative and its community. Birchall (2004) has argued that the cooperative organization can increase the income, provide education, medical facilities, and health and so on, for its members and thereby effectively reduce poverty. However data from the study has pointed out that although the cooperative can be effective at providing the services it was established to provide, the product of the services cannot uplift the members out of poverty. The study has emphasized the broadness and multidimensionality of poverty and concluded that the cooperative services cannot effectively combat it. Moreover, an attempt by the cooperative to broaden and increase its services to combat the different dimensions of poverty will disrupt the processes and principles of the cooperative and remove the advantages of the cooperative form of organization to the members.

Therefore, it is inimical that a practical and theoretical understanding of poverty should be combined with the understanding of the uniqueness and advantages of a cooperative organization for an objective consideration of the ‘cooperative as poverty reduction strategy’. A focus on one side of the discussion, that is, a focus on just the uniqueness and advantages of the cooperative organizations will possibly lead to a lopsided evaluation. On the other hand, a faulted or inadequate understanding of what poverty is and how the poor experience it, can lead to over ambitious expectations of the impact of cooperative activities. Although numerous participative researches have been carried out on poverty to illustrate and expose the reality of poverty, yet it is easy to focus on a single dimension or aspect of poverty and respond to it as ‘the poverty’. A simple illustration from this study will be from the statement of a member of cooperative 1 “...*cooperative school is still a poor man's school...*” To the theorist, if the services of a cooperative have made it possible for the child of a poor man to attend a school (the cooperative school), the cooperative has thus adequately contributed to reducing poverty in that family. However to the poor man, a cooperative school is a **poor** man’s school, that provides **poor** quality education, that produces **poorly** educated persons, who can only have a **poor** chance at



securing a good job and will end up with a **poorly** paid job, that will entitle him to **poor** living condition so that he can only afford to send his own children to a **poor** man's school. Hereby the circle of poverty continues unbroken. So to the cooperative expert, cooperative can be effective at poverty reduction by cooperatively building schools for members children. To the cooperative member, *“the cooperative can help me manage my situation, but cooperative cannot effectively lift me above poverty” (Member cooperative 1).*

The fact that the data acknowledges the potential of the cooperative organization to fight poverty in the lives of members but emphasized that poverty is too wide for the cooperative organization effectively fight against it reflects the different ways that poverty could be understood and experienced by members of the cooperatives. At first glance this may seem contradictory, but on closer inspection of the data, it is revealed that to the members, services that have the possibility to increase or improve their income is considered a positive step towards an improved standard of living, which in their words is 'manage poverty'. However, when it becomes a discussion of being lifted above poverty, then poverty is viewed in the multidimensional form that they experience in their lives. In this multidimensional form, being able to increase one's income from the cooperative services becomes insignificant when compared against the multiple forms that they experience poverty.

Nevertheless, the study elaborated on the cooperative advantage and linked it to the social components in the cooperative. The social components are composed of the relationship of trust, fairness and equity, the feelings of ownership, and active participation of members. If the cooperative should lose these critical components, it cannot meet the expert notion or criteria of an organization that can be effective in reducing poverty. More so, data from this study, explained that it is the social component that makes the cooperative unique and suited to members special needs above other forms of organization.

Thus the uniqueness of the cooperative form of organization is the combination of both an economic and social component within the framework of the association of members. According to the data it is a uniqueness that is developed and designed to assist the poor to survive within poverty situation and not to lift them above and out of poverty. This

suggests that in recorded situations where cooperatives has assisted their members to live above poverty, there were other contributing and active factors that facilitated the result of successfully lifting members above poverty. In other words, it takes more than the cooperative advantage to lift the poor above poverty.

Furthermore, the study highlighted three conceptual components of the cooperative advantage. It suggested that the conception of a cooperative organization, the motivation for participation and the experiences of poverty by the individuals that make up the cooperative would influence the style and impact of the cooperative services. This implies that when the conception of a cooperative or the motivation for participation or the experiences of poverty by members of cooperatives differs, the impact of the cooperative activities is expected to differ also. The implication of this for the 'cooperative as poverty reduction strategy' is that it is a strategy that should be expected to be relative, flexible and fluid. The extent of its relativity, flexibility and fluidity will possibly be relational to the extent of the differences in the conception, motives and poverty as experienced by members of different cooperatives in different cities or societies.

The data has also suggested that other active factors necessary to significantly increase the impact of the cooperative activities on the lives of its members includes an improved and conducive macro economy, social and political environment. Thus the study highlighted that it is the unfavourable macro environment that negatively influences the effectiveness and efficiency of the cooperative organization, rather than the activities of the cooperative positively influencing the unfavourable macro environment.

So an attempt to use cooperative at poverty reduction is expected to only overburden the organization and render it ineffective at being a cooperative and inefficient at being an alternative form of organization. The cooperative can be most effective and efficient being a cooperative. That is, it will be best in meeting the members' motive of formation and providing services to meet specified needs of the members, even if such services are narrow.

However the renewed call for cooperatives to be involved in poverty reduction and by

extension development of the community is not a futile call. Rather it brings to the attention that stakeholders seem to be losing the fight against poverty, especially in regions where poverty continues to increase despite several active poverty reduction programs. Also it turns our focus from international and national institutions and programs that are focused on poverty reduction, to local institutions and programs. The advantage of this change in focus is that it provokes stakeholders (both academic and governmental) to ask the question ‘what are the poor doing to reduce poverty? How are they doing it? And what impact is it having in their lives?’. These questions are critically different from ‘what can we do to help the poor fight against poverty’?

The groundbreaking ‘Voices of the Poor study’, revealed the multidimensional ways the poor experience poverty in their lives, and has contributed to poverty studies and policies focus. So a focus and study of the activities and institutions of the poor, by the poor, to combat poverty could bring us nearer to the goal of eradicating poverty. It will even be interesting to compare in a specific community the impact of the activities of governmental, international, Non Governmental, or Private development organizations to the impact of the activities of the organization or institution of the poor on reducing poverty in that community. Such a study will reveal insights that could positively influence the design and development of poverty reduction programs and policies.

The study has examined the cooperative organization as a poverty reduction group. It has critically discussed the views of members of the cooperatives under study and other relevant literatures. For data gathering and analysis the study utilized an inductive approach that gave an active role to the views of the participants in determining the emerged findings, relationships and conclusions of the study. Generally I found the utilization of this inductive method cumbersome, at times frustrating and certainly demanding in its continuous and repetitive form of analysis and comparison of data, the size of data it generates and the time it consumes. From my experience, the strongest shortcoming of using this method is its requirement for several contacts with participants in the study. Due to restraint of needed resources (time and finance), it was not possible to adhere to this requirement.

However I am strongly impressed by the high representation of the participants' views in the study. From the beginning of the report to this concluding chapter, the views of the participants are interwoven with views from relevant literatures and are strongly presented in the analysis and conclusion of the study. In continuously analysing the data, opportunity was given for intense scrutiny of the data that invariably led to more information and application of the data. Also importantly, I found the approach quite flexible to adapt to suit my special needs as a young researcher and the special needs of the theme of study. The freedom it gave to the participants to present their views in the research process, translated to the freedom for me to allow the data lead the way of the study. That is the freedom not to prove any expected relationship in the study, but to report and present the revealed relationships. The role of comparison and coding I found quite invigorating and appropriate. For a study that generated huge amount of data, coding helps to manage the data more easily while for a study of two cases with multiple participants in each case, comparison helps to reveal strength and weakness of issues raised.

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# APPENDICES

## Appendix 1: Notes used in the thesis

- Even if my business starts to do well, I am still a poor man, the only respect I get comes from my family
- This cooperative owns a school, but my children don't attend the school...but also, cooperative school is a poor man's school
- How can cooperative remove poverty from my life, is it cooperative that will take my child to the hospital if he is sick? Is it the cooperative that will stop armed robbers from attacking my shop or I to steal my money? Is it cooperative that will give money to the people that will buy from my shop? Is it cooperative that will stop hoodlums from destroying my shop because of extortion? The one reason why members joined the cooperative has not been accomplished, is it if the goals of the cooperative are increased that the cooperative can perform? The cooperative will only fail or become an NGO (Non Governmental Organization)
- I know why I became a member of this cooperative and if I don't get what I want I will leave. It is not in this cooperative that I will discuss my family problems, I belong to my ethnic group and church group for that
- If you think of trust or corruption you will not become a member of this cooperative, its just for you to come do your business and go
- Members refused to attend meetings because they are tired and discouraged. The cooperative has not done anything for them and they still ask them to pay the membership fee from the little money they have
- We know that members are here to meet their needs, and if they get another way of meeting their needs that is cheaper they will leave the cooperative, and also if they don't have need again they will leave the cooperative. That's why its important for the cooperative to grow
- Already now through this micro finance bank, some of our members have collected loans for their business. Still after collecting the loan, they won't come for meeting, even to return the payback; they will take it to the bank directly instead of bringing it to the cooperative to take to the bank... The problem of trust is still there, the members don't trust the cooperative, they don't trust themselves even, and everybody want his case to be answered first...
- Is trial, maybe it (cooperative) can help me or maybe not. It is trial that made me become a member
- The problem with this cooperative is that everybody is poor, even the president is poor. So everybody is looking for who can solve their problem, it is if you know that your problem has been solved, before you can ask your brother about his own problem
- Let me ask you one question, do the rich people join cooperative? Because if you have the money to solve your own problem, why will you become a member of a cooperative
- ...It is not in this cooperative that I will discuss about my family problems, I belong to my ethnic group and church group for that purpose
- This cooperative society is a group of different people from different places that has heard that if they become a member, they can get help for their business coop 2
- The connection between all of us is that we all need money for our business and it is only in this place that we can get it.
- In time past, cooperative members know themselves even to their grandfathers, but now the members are from different places, some are Christians and some are Moslems or Pagans. So the only way to know those that are committed is if they pay their membership fees regularly and they have savings here. But that one is not even enough, we still employ staff whose duty is to check the members business place regularly to be sure that they don't elope run away with the money
- It is true that if you manage little money, invest it in good business the money will grow. But if the cooperative has not met all the needs of the members, how can the little money be invested? Or which should the cooperative do first? Invest the funds or help the members?
- Running a cooperative like this is difficult, apart from money issue, managing the people is very difficult, everybody's mind is on their own problem and how to solve it



- To enjoy the benefits of cooperative needs patience, but at times, problems don't have patience
- It is our culture to belong to social groups, whether you like it or not, ethnic group, religious group, market group, different groups. So this cooperative is like business group to solve business problems
- To the members, if their business is growing, they are happy, but as we know in the country, it is not only the loan or business management skills that can make your business successful. Other things like NEPA (National Electric Power Authority) or the customers that will buy from you
- The time that is spent on talk (discussions) in the meetings is too much. If it is possible to just come here and get the money I need and go back to my business without the discussions, it will be better for me
- You know, to get trust means that you know each other for a long time, you know what the person can do and cannot do, but cooperative like this, for city, this is not possible. You will not say because a person is not from your tribe or village, the person cannot be a member. So trust is a problem
- The problem with this cooperative is that we don't have money. Our members are poor people, they won't pay their dues, so the cooperative is poor
- ...So even though anybody can be member, the person must be able to pay all the fees, because it is the money collected from the members fees that we use to develop the cooperative
- Cooperative is suppose to be a group of people that has agreed to help themselves and do everything together so that their business can grow
- Cooperative is a group, because government and big companies cannot help the poor, the poor people has come together so that they can help themselves gradually
- But in a cooperative you are suppose to help other members of the group
- No cooperative means that you have the chance to help yourself
- If cooperative is for other people, even if they are members of the cooperative, to help each other, what of if the available money is not enough to go round everybody?
- Cooperative means first come first serve
- That is not correct, cooperative means that if you bring your little money and everybody bring their little money, and put them together, then the total will be big enough to help everybody
- Ha ha ha (laughter), if the total money is big, from many people (contributors/ members), the money will still not be enough to go round everybody
- The time that is spent on talk (discussions) in the meetings is too much. If it is possible to just come here and get the money I need and go back to my business without the discussion, it will be better for me
- Cooperative is for people who do not have enough money to solve their problems to come together, and put their money together so that they can help themselves
- To enjoy cooperative needs patients, but at times problems don't have patience
- Also you need to know how the cooperative dey work otherwise you nor go fit be member of the cooperative
- The thing that connects all of us together is that, we all need money for our business and it is only in this place that we can get it
- After the cooperative has assisted one to get the funds to run the business, there will not be enough time to attend to cooperative (social) business again.
- It is our culture to be members of different associations even if we don't like it. Ethnic association, religious association, market association, so many associations. So this cooperative is like business association, to solve business problems
- Also the person should be ready to save money for sometime with the cooperative, when he has saved for as long as we agreed, the person can then start to collect loan slowly.

- You see, it is the members' money that is the cooperative money. So every member here want to protect his or her money. Government money is for everybody and so people will just take the money and say its part of their 'national cake' and refuse to pay back.
- Yes it means that, if government now decides to give the cooperative money to help the members, it cause different problems and the way the members behave fit change.
- This cooperative society is a group of different people from different places that heard that if they come here they can get help for their business
- The way for the cooperative to be successful is if the members have the finance to make it work. If the members are very poor and they come together to form a cooperative, it will be a cooperation of poverty.
- If government want to help cooperatives to work, let them first help the poor people to reduce the ir poverty
- Our members many, most of them just want to see if we can help them, if not then they don't come again for meeting
- When I started this cooperative, I was paying the staff from my pocket, and even till now, I still pay the staff from my pocket. Because I want the cooperative to succeed
- Apart from the business of the cooperative, which is to help the members business succeed, we don't do anything again for our members
- if we can get assistance it will help us to make the cooperative strong so that members can benefit
- Apart from loan, we try to provide other things for our members. Like we buy land and sell to our members, and they can pay little by little, we also have a school. But all these things we are going into them so that our members can enjoy this cooperative and they will not want to leave
- One very important thing that we don't play with is the account. So that everybody will know how we spend the money and they can trust us
- There are several causes of poverty, no one cooperative can say it want to remove poverty from the life of the members. Because even the members have different types of problems. So the cooperative can only try to help them solve the problem that everybody has in common. But if one member is homeless, and another member's child has sickle cell disease, another one's children are not in school, how can the cooperative solve all the different problems to remove poverty from the members' life?
- Yes the cooperative can help their member; that is we can assist ourselves to manage our situation... The problem is how do we get money to do it? Even though we want to do it, we don't have the money ourselves, so we have to search for it
- The power of the cooperative is the members, when the members are poor, it means that the cooperative will not grow and be successful
- The way for the cooperative to be effective is if the members have enough money to make it work. If the members are very poor, and they come together to cooperate, that will be a cooperation in poverty
- If the poverty is not this high, then we can make the cooperative work. It is better for one to have some money before forming a cooperative, even if the money is small
- This cooperative has helped me, but it is not to remove poverty. Poverty is beyond this cooperative; cooperative is not the government... Even if my business starts to do well, I am still a poor man, the only respect I get comes from my family
- Is it the law that will say who gets the money first or is it the strongest (member with the most urgent and biggest) problem that should have the money first?
- I heard that even if I don't have land, I can get little loan for my business

- If it is the members that contributed the cooperative funds and owns it, then everybody will try to protect the money from others to steal from it... Government money is for everybody and so people will just take the money and say its part of their 'national cake' and refuse to pay back.
- Government has tried to help, but the entire program don't benefit the poor people, because of corruption and fraud and greediness
- If the government want to assist cooperative to be effective, they have to first of all reduce the poverty level of the poor people
- You see, it is the members' money that is the cooperative money
- But as we meet here as a cooperative, some of us are friends, some come from the same town (ethnic group), and as we are fighting (struggling) for ourselves, we are still hoping that it will work for our friends
- Cooperative is for people that don't have enough money to solve their problems to come together and put their funds together to assist themselves
- ...If the cooperative starts to do many things, problems will arise
- Is if the members have enough money to make it work. If the members are very poor, and they come together to cooperate, that will be a cooperation in poverty
- Yes he mean say, if government now decide to give the cooperative money to help the members, it cause different problems and the way the members behave fit change
- The cooperative has not been able to do the one thing it was establish to do for members, is it if the goals of the cooperative are increased that the cooperative can accomplish them? It will mean that the cooperative will fail and it will become an NGO (Non Governmental Organization)
- If it is the members that contributed the cooperative funds and owns it, then everybody will try to protect the money from others to steal from it
- Government has some good program to help the poor, programs like the 'Peoples Bank' or NAPEP (National Poverty Eradication Program), but because of corruption, fraud and bad people these programs are not successful. They continue to start different programs one after the other. Throughout all these time this cooperative has been in existence, working gradually. If this cooperative has been a government organization, it would have failed
- If the cooperative starts to do many things, problems will arise. If the cooperative has too much money, it will belong to nobody and everybody
- ...is it if the goals of the cooperative are increased that the cooperative can accomplish them? It will mean that the cooperative will fail and it will become an NGO (Non Governmental Organization)
- Even if my business start to do well, I am still a poor man, the only respect I get comes from my family
- Cooperative can help us to manage our situation gradually, even though it cannot remove the poverty
- The cooperative can help me manage my situation, but cooperative cannot effectively lift me above poverty

**Appendix 2:** Excerpts of Codes and Categories generated from focus group discussions in the study.

<b>CATEGORIES</b>							
<b>Cooperative Perception</b>	<b>Challenges</b>	<b>Current Problems</b>	<b>Membership Motivation</b>	<b>Membership Participation</b>	<b>Potential</b>	<b>Desired Needs</b>	<b>Poverty Conception</b>
<b>CODES</b>							
Self help	Strong management ownership	Uncertainty	To meet their needs	Uncertain of help	Management commitment	External assistance	Government
Business oriented	Weak trust	Opportunistic members	Business oriented motive	Financial demands by cooperative	Desire to assist members	Training and Orientation on cooperative operations	Poverty beyond cooperative
Manage needs	Weak social ties	Limited funds	Information	Failure to meet members needs	Increased resources for members needs	Adequate funds	Lack of social respect
Manage poverty		Poverty of members	Seek help	Time duration spent on membership activities	Meeting diverse needs	Financial resources	Society buying power
Way of fore-fathers	Limited impact on poverty	Scarce external help		Knowledge of cooperative operations	Focused on members satisfaction	Improved pre-membership financial condition	Electricity shortage
Self help	Multiple causes of poverty	Uncommitted members	Lack of money to solve own problems	Duration of time on meetings	Accountability		Low consumption level
Work together	Members ownership deterrent to corruption	Distrust	Cooperative growth and members help		Participation key to growth		Poverty wide scope
Historical	External resources triggers corruption	Individuality	Needs to be met		External intervention may motivate participation		Government failure