

Full Length Research Paper

# Empowerment Strategies of Cooperative Societies for Poverty Reduction Among Members in Aboh Mbaise Area of Imo State, Nigeria

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Poverty has become a growing concern to both government and non governmental agencies the world over, because of the daily increase in the number of people affected, despite measures undertaken to reduce or even alleviate it. Various programmes put in place have not adequately addressed poverty concerns as they failed or were abandoned by successive governments. One important avenue believed to be effective is the use and formation of cooperative societies. This study therefore seeks to investigate the empowerment strategies used by cooperatives to reduce poverty among members and the barriers to achieving better socioeconomic status of individual members. The study reveals that cooperatives are a veritable tool for poverty reduction considering the services they render to people. Cooperatives empower people by creating employment for members, facilitate financial services, give members educational support, social protection, marketing services, mutual aids and labour exchange. Cooperatives also ensure that produce is stored for use during hard times to ensure food security. But cooperatives face problems, such as insecure land tenure rights, low literacy rates, poor management/leadership and the lack of micro credit facilities. In recognition of the roles of cooperatives, a policy thrust is needed to finance the formation of agricultural cooperatives, so that resource-poor farmers can access whatever services cooperatives render.

**Keywords:** Empowerment, poverty, micro-credit, market, protection, Nigeria.

## INTRODUCTION

Poverty has become a pervasive national and global issue resulting from a state of short-or long-term deprivation and insecurity in basic human needs (Chambers, 1996; Mullen, 1995; Obadan, 2002). Although poverty is relative and

more recognized than defined, the poor are those with lower standards of living than a country specific poverty line and people who lack access to the wherewithal to improve their conditions of living themselves unless assisted (World Bank, 2000). Available records show that about 80 percent of the poor live in the rural areas of the developing world countries. The most important subgroups being the small-holder farmers, the landless, artisans, petty

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traders, service providers and refugees from civil strife, war or drought (World Bank, 1996).

The incidence of poverty has espoused some theoretical perspectives which seek to explain its causes and reduction. These include the urban bias theory, the physical ecology theory, the individualistic theory and the political economy theory. The urban bias theory postulates that rural poverty is caused by its unequal relation with the urban prosperity and economy. In this regard, the World Bank (1983) noted that commitment to mass provision of services in rural areas is difficult to realize due to the vested interests that favour urban elites. In addition, the notion that the rural areas are to be conserved while urban areas are to be exploited for development ethic in the country side, has led to the “no development” side, which has maintained a dichotomy of rural poverty and urban affluence.

The physical ecology-theorists attribute poverty to population pressure on resources and the environment which is too scarce to sustain the increasing population (Chambers, 1996). While the individualistic theoretical perspective maintains that the poor themselves should be held culpable for their poverty. Obeng (2002) thus agrees with Spencer (1971) who dismissed the poor as “bad fellows”, “good for nothing”, “vagrants” and “sots”; hence they earn poverty due to dissolute living. Individualist perspective also believes that rural people possess unique behavioural and psychological complexes associated with farming, illiteracy, tradition and resistance to technological change, dependence and irrational exploitation of environmental resources (Adedayo and Yusuf, 2004).

## Theory of Poverty

Poverty according to Streeten and Burki (1978) means lack of access to production resources, lack of education, working skills and tools, political and civil rights to participate in decision making processes concerning socio-economic conditions of their communities.

Sweetman (2002), quoting from the Beijing Platform of Action, described poverty as lack of income and productive resources sufficient to ensure a sustainable livelihood without hunger and malnutrition, ill-health, limited or lack of access to education and other basic services, increased morbidity and mortality from illness, homelessness and inadequate housing, unsafe environment and social discrimination and exclusion. It is also characterized by lack of participation in decision-making and in civil, social and cultural life.

According to Olajide (2004), different types of poverty can be identified on the basis of different criteria such as basic needs, individual circumstances, location and nature of the society. In line with this assertion, Olaleye and Adekola (2006) identified two major types of poverty in Nigeria. These are absolute and relative poverty. Absolute

poverty is used to describe a situation in which people barely exist, largely because their income falls below a level necessary to satisfy the basic necessities of life. It is much easier to recognize and describe the people in absolute poverty. Relative poverty, on the other hand, is a situation in which individuals are not poor in absolute terms, but have much less than others by way of income. This is brought about by the distribution structure in a society which puts certain economic subjects in a disadvantaged position.

Absolute or relative, poverty, according to Anyanwu (1997), is caused by wide and varied factors which can be understood only in the context of the particular social, economic and political system in which it occurs. In developing countries, like Nigeria, causes of poverty are comprised of both internal and external factors. The internal factors according to Anyanwu (1997) include:

- Inadequate access to productive resources.

- Unbalanced sectoral policies, especially to the disadvantaged of the rural sector.

- Weak financial and micro-economic management.

- Exchange rate policies.

- Low level of endogenous innovations and capacity for transformation.

- Choice of unsuitable models oriented to western patterns of consumption by the dominating urban elites.

- Over-regulation by the state with inadequate democratic legislation and participation by the population.

- Patrimonial structures surfacing in the phenomena of corruption and nepotism.

The external causes include:

- Enduring deterioration of the term of trade for agricultural commodity exporters.

- Protectionism by the industrialized countries, especially as regards trade in agricultural products and access to information and technologies.

- High indebtedness of the developing countries to foreign creditors.

With almost half of the world's six billion people living on less than two dollars a day, alleviation of poverty has become the biggest challenge to the human society. In response, the global campaign against poverty has gained momentum, with various development actors suggesting the use of different instruments to alleviate poverty. However, there is an emerging consensus among many actors, including the United Nations (UN), the International Labour Organization (ILO), the International Cooperative Alliance (ICA) and the European Union (EU), that the cooperative enterprise is one of the few forms of organization that meet all dimensions of poverty. The broad argument is that cooperatives have the advantages of identifying economic opportunities for the poor; empowering the disadvantaged to defend their interests; and providing security to the poor by allowing them to convert individual risks into collective risks. Consequently,

cooperatives are increasingly being presented as a precondition for a successful drive against poverty and exclusion, more so in Africa (Birchall, 2004; 2003; ILO/ICA, 2003).

Nevertheless, the continuing debate on the suitability of cooperatives for poverty alleviation in Africa tends to be based on expectations rather than the empirical functioning of these organizations on the continent (Birchall, 2004). The 1993 World Bank studies (Hussi et al., 1993; Porvali, 1993), for example, acknowledged the potential role that cooperatives could play in the development process in Africa, but only if they were disentangled from the state, restructured and run on business principles in line with the then emerging market economy. Since then there has been limited, if any, literature on how African cooperatives have fared in their contribution to poverty alleviation.

The Tanzania Federation of Cooperatives (2006) defines cooperatives as a group of people who work together voluntarily to meet their common economic, social, and cultural needs through a jointly owned and democratically controlled. The ICA defines 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” (ICA, 1995). A cooperative can therefore provide a hub for organizing particular local economic interests and/or for protecting common pool resources (Simmons and Birchall, 2008a). This suggests that rural cooperatives are, first and foremost, voluntary business associations formed by people of limited means through contribution of share capital that forms the basis of sharing out the profits that accrue from the business (Wanyama et al., 2008). In developed countries, rural cooperatives have significantly contributed to the mobilization and distribution of financial capital, created employment, and constituted a forum for education and training, social welfare and poverty alleviation, and other socio-economic problems (Tanzanian Federation of Cooperatives, 2006).

From this point of view, attacking poverty requires attacking many interrelated forces that keep poor people in a state of deprivation. Above all, it requires expanding people's access to participation in decision-making and to knowledge, training and markets and other productivity resources for income generation such as land, technology, credit and information. This study actually emphasizes the importance of people empowerment. It is reasonable, since, however well the poverty alleviation programs are planned, without improving people's capacity it will be worthless. Although there are many cooperatives in rural areas, it is alleged that cooperatives do not play a significant role in poverty reduction and empowerment of members. Hence, this study attempts to show the various strategies employed by cooperatives to empower individual members and to show the barriers that rural cooperatives

face when trying to reduce poverty among members of the study area.

## **METHODOLOGY**

This study was carried out in Aboh Mbaise Area of Imo State. Imo State lies between latitude  $5^{\circ}12,1$  and  $5^{\circ}56,1$  North of the Equator and between longitude  $6^{\circ}38,1$  and  $7^{\circ}25,1$  East of the Greenwich Meridian. It is located within the South-eastern zone of Nigeria (IMSG, 2009). Imo State has a population of about 4,500,997 in 2012, projected from 2006 census figure (FGN, 2009). Aboh Mbaise has very good land for production of agricultural staple crops like yam, maize, cassava, groundnut and vegetables; therefore the majority of the people are farmers. Aboh Mbaise is one of the areas with a high population density. It has an estimated population of about 194,779 people in which 98,480 are males and 96,299 are females ( FGN, 2009). Both primary and secondary sources of data were used. Primary data were collected by administering questionnaires to men and women cooperative members. Oral interviews were also held with key informants, especially where the information required did not fit into the questionnaire and also to collaborate the response of the members. Secondary data were collected from research reports, journal and publications. A list of cooperative societies and their various members was obtained from the cooperative office in the Local Government Headquarters Aboh. The list has 1,400 members of different cooperatives and 10 % were randomly selected for sampling, making a total of 140 individuals as our sample. Data collected were analyzed using descriptive statistics such as mean, and frequency counts, presented in tabular form.

## **RESULTS AND DISCUSSION**

### **Empowerment strategies of cooperatives to reduce poverty**

From table 1, it can be seen that cooperators identified twelve empowerment strategies aimed at reducing poverty among members. A discussion of each strategy is presented as follows:

#### **Empowerment of creation**

Table 1 reveals that cooperative societies in the study area create employment for members as shown by a mean response of 4.50. This high mean shows that members agreed wholly to this strategy. Cooperatives create employment in three ways: First, cooperatives offer direct wage employment to people who work in primary and

**Table 1.** Cooperative empowerment strategies to reduce poverty

<b>Empowerment Strategies</b>	<b>Mean Response</b>
Employment creation for members	4.50
Marketing services for small farmers	3.31
Provision of voice members	3.25
Facilitation of financial services	4.55
Facilitates bargaining power	3.05
Education support for members	4.51
Enhancement of women participation	2.50
Conflict resolution/peace building	2.45
Social protection of members	3.10
Establishment of cooperative stores for storage	3.15
Training members in skills acquisition	3.45
Mutual aid and labour exchange	4.31

secondary cooperatives as well as in governmental cooperative support institutions. Secondly, cooperatives offer self-employment to members, whose participation in economic activities, that the cooperatives make possible, substantially guarantees a decent income. Thirdly, cooperatives indirectly employ through the spillover effects of their activities to non-members, whose income-generating activities are only viable through the transaction. They have with, as well as opportunities created by, cooperative ventures.

### **Marketing services for smallholder farmers**

This strategy has a mean response of 3.31, implying that cooperatives in the study area really have an impact on the life of people. It is well known that smallholder farmers, who comprise the majority of the rural poor, need effective production support and marketing services to facilitate production and sales of their produce. Cooperatives can help make poor people to market their products more effectively by generating economies of scale and increase access to information.

### **Cooperatives provide a voice to the poor in policy making**

This strategy has a mean score of 3.25. Cooperative societies represent the interest and views of members when it comes to decision-making and planning, which is affecting members.

*Cooperative societies also facilitate financial services of members* as indicated by 4.55 mean response. Financing rural farmers has diminished in the financial sector. Banking services are focused on the high valued end of the

market in urban centres due to financial viability considerations. Cooperatives increase the productivity and incomes of small-scale farmers by helping them to collectively negotiate better prices of commodities. The support of cooperatives also expands poor people's access to financial services, including credit savings and in some cases insurance and remittances.

*Facilitation of bargaining power* is another empowerment strategy of cooperative societies as indicated by 3.05 mean response. Here, cooperatives improve bargaining power with the authorities, leading to reduced harassment and increased incomes. *Enhancement of women participation* with a mean of 2.50 mean is also a task. Cooperatives in the study area allow women farmers to participate actively. This gives the women a voice in decision making and planning, what is good for them. The liberalization of cooperative formation has made it possible for women to elevate their economic status by being members.

### **Education support for members**

This has a high mean response of 4.51, showing its acceptance as a strategy for poverty reduction by cooperatives in the study area. As much as ignorance or illiteracy and poor health tend to be manifestations of poverty, they are also causes of the same. Efforts towards improving the provision of educational and health services are fundamental for poverty reduction. Cooperatives have made contributions in this regard in three different ways: First, members of cooperative societies can afford to educate their children, with a view to reducing poverty in the future, since their children will be more likely to find employment with a better education. Secondly, cooperatives also serve as some degree of ignorance on economic opportunities in their milieu through cooperative

**Table 2.** Barriers of Poverty Reduction through Cooperatives

<b>Barriers</b>	<b>Percentage</b>
Low literacy of members	78.8
Poor job skills of members	74.2
Gender norms/cultural belief	67.8
Lack of social capital	60.7
Lack of micro-credit	92.8
Location of members	50.0
Ineffective land rights	100
Low capacity among members	59.2
Lack of government support	82.1
Low membership strength	63.5
Dishonesty, greed & corruption	89.2
Poor management/leadership	75.7
Faculty orientation prior to joining	52.8

educational programmes. Thirdly, cooperatives also invest in human capital by contributing to the improvement of the health of their members. They provide loans to members to enable them to pay medical bills or to seek expensive medication in towns and cities.

#### **Cooperative societies also provide social protection to their members.**

This is indicated by a 3.10 mean response. By social protection, we refer to societal mechanisms in response to unexpected socio-economic scarcity and risks that people encounter in their livelihoods. Traditional African society relied on mutual aid to secure every individual from calamities that were beyond his/her capacity to handle. Oral interviews with members revealed that they are not alone in times of distress. They often receive support from other members. Mutual aid and labour exchange with 4.31 mean response fall within this category. Mutual aid on a daily basis found express in interfamilial and neighborly help in bringing back strayed cattle; tending the crop of someone fallen ill; chasing away marauding wildlife by setting traps and hunting in such areas; helping family, kin and villagers to ease the burden of death by meeting the expenses incurred by such members.

Cooperative societies adopt other strategies to reduce poverty among members by establishing stores to keep food produce to be used during difficult times. This has a mean response of 3.15. Training of members in skills acquisition reaches a 3.05 mean response. Members who have no skill at all, but are willing and able to learn new trades and skills, are sent to training courses by the cooperative societies they belonged to.

Cooperative societies can also help with conflict resolution, peace building and social cohesion as indicated by 2.45 mean response. Cooperatives bring together people of different background and build trust and solidarity leading to greater social stability. Cooperatives have been found to contribute to recovery from conflict by fostering positive relations between groups.

Supporting the above findings, Sumelius and Tenawel (2008) posit that acting through their cooperative organizations, small scale producers, workers and the poor, especially in rural areas, access goods, markets and government services more efficiently aimed at improving their livelihoods and undertake other self-help action to improve their communities. Cooperatives are a means through which empowerment of disadvantaged people is possible. Their democratic organization, based on their one-member-one-vote rule, and the active participation of their members, gives everyone the possibility to defend his/her own interest (Sumelius and Tenawel, 2008). Cooperatives allow people to convert individual risks into collective risks by putting together members wishing to protect themselves from the same risks at affordable costs. In addressing the risk and vulnerability, cooperatives have an impact on poverty reduction (ICA and ILO, 2005).

#### **Barriers related to Poverty Reduction through Cooperatives**

In employing the strategies discussed earlier, cooperatives face certain barriers to achievement of their objectives. The Data in table 2 shows the barriers that members face. Ineffective and insecure land rights prevent cooperatives from achieving their poverty reduction goal among

members. This has a 100 percent response. The implication is that members will not invest fully and satisfactorily on land that is not theirs, especially when they could be evicted tomorrow.

Dishonesty, greed and corruption with a 89.2 % response rate pose threat to the continuity of cooperatives. This is manifested when leaders and offices of cooperatives display insincerity and embezzle funds for the cooperatives. Lack of micro-credit with 92.8 % is a serious barrier to poverty reduction through cooperatives. When both government organizations and other agencies, including members, do not provide money for the cooperatives, they are bound to collapse. Other factors constraining the poverty reduction role of cooperatives are poor management/leadership with 75.7 %, low membership strength with 63.5 %, lack of government support (82.1 %), low capacity among members (59.2 %), location of members (50 %), lack of social capital with 60.7 %, gender norms/cultural beliefs (67.8 %), poor job skills of members (74.2 %) and low literacy level of members with 78.5 %. All these factors pose threat to the goal of poverty reduction by cooperatives.

These findings are inline with Aref (2011) who did a work on rural cooperatives for poverty alleviation in Iran. He posited that lack of resources, lack of collaboration culture and lack of knowledge of running of cooperatives by leaders, are important elements contributing to limited options for rural cooperatives to be effective in poverty alleviation. In the same vein, the World Bank (1993) recognized lack of active participation as a reason for failure of many development attempts in developing countries. Hence, people do not participate in the formation of cooperatives and development is retarded.

Furthermore, in a study on cooperatives for rural development, Chikaire et al. (2011) posit that inconsistent policy thrust, lack of technical support, government negligence, illiteracy, lack of awareness, poor management of resources and fear of failure on the part of members are problems cooperatives face in their development.

## CONCLUSION

The study has so far identified the poverty reduction strategies of cooperatives in Aboh Mbaise Area of Imo State, Nigeria. The main empowerment strategies to reduce poverty include creation of employment, facilitation of financial services, education support, mutual aid and labour exchange among others. The barriers to reduce poverty through cooperatives include insecure land rights, lack of micro-credits, dishonesty, and lack of government support. Therefore, in order to achieve a broad-based rural poverty reduction, a deliberate promotion of rural agricultural cooperatives should form the policy thrust of governments and non-governmental agencies. This will

encourage resource-poor farmers to obtain credit facilities for enhanced agricultural production and poverty reduction.

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