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Appraisal of Information and Communication Technology in Cooperative Societies Management: A Case Study of Cooperative Societies in Osun State Tertiary Institution of Learning, Nigeria

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Abstract:

Co-operative societies represent a strong, vibrant, and viable economic alternative. Co-operative societies are formed to meet peoples' mutual needs. The societies are based on the powerful idea that together, a group of people can achieve goals that none of them could achieve as an individual. This research work examines and review the level of trust the cooperative managers have in the use of ICT most especially computer and customized software to carry out their routing transaction, such as loan deduction, cooperators record management, household sales and so on. Questionnaire was used to collect data and chi square was used to analysed the data.

Keywords: Cooperative, Customized, Software, ICT

1. Introductory Background

Cooperative Thrift and Credit Societies are member-based organizations that help members to address economic problems. They are not banking institutions because of their goal. The ultimate goal is to encourage thrift among the members and to meet credit needs of people who might otherwise fall prey to loan sharks and other predatory lenders (The Ledger, 2004). Cooperative societies are widely spread organization in developing countries, they are known for a strong commitment of, as well as participation in the decision making of their members (Haan et al., 2003). These societies mobilize local savings and administer credit to members, thereby encouraging thrift and entrepreneurial activity. When first started, credit unions use relatively unsophisticated administrative practices, so that the costs are very small and most interest income from loans may either be distributed to the members or reinvested in the credit union within a capitalization programme. Consequently, they can be set up in poor communities, where access to means of secure savings and to credit at non-exploitative terms is of greatest importance (Olorunlome, 2011).

Cooperative society may be described as a group of people with the common objective of creation of funds to be lent to its members, all the member must be residing in same, village or group of village (Onuoha, 1986). Cooperative society may also be described as the coming together (freely) of a group of people called cooperators for the purpose of improving their financial position or standing by putting their resources together which would have been difficult or almost impossible to achieve individually. The procedure can be inform of sharing, saving and deposit out of which will be lent to any member in need with reasonable interest (Epetimehin, 2006).

Cooperatives are community-based, rooted in democracy, flexible, and have participatory involvement, which makes them well suited for economic development (Gertler, 2001). The process of developing and sustaining a cooperative involves the processes of developing and promoting community spirit, identity and social organization as cooperatives play an increasingly important role worldwide in poverty reduction, facilitating job creation, economic growth and social development (Gibson, 2005).

Over some years, substantial work has been put into the use of computer in cooperative society for carrying out daily activities such as membership registration, loan monitoring and deduction and all other operation and transaction within and outside the society.

Recently, there has been an upsurge in the information about capital base investments profit-sharing or dividends of co-operative society in Nigeria have since become as strong instrument of achieving rural, communal and national development (Osusu et al, 2006). There is an urgent need for the development of a centralized system for cooperative society so has to help in keeping large volume of data, performing necessary operation and reducing the number of hours spent on compilation and some other activities.

A centralized system is a multi-user system that contains more disks, more memory, multiple CPUs, serve a large number of users who are connected to the system via terminals (Silberschatz *et al*).

This study intends to develop a centralized system where each cooperative society can log on with a unique password to register her society and also to give details of their financial statement such as (membership saving, loan issued, loan repaid, loan out-sand, net surplus or dividend, interest rate, number of register member etc.) at end of each fiscal year. A ministry is government department under the direction of a minister, and also a building where the business of a government ministry is transacted (Merriam Webster's Dictionary, 2010)

This study intends to provide a platform in which the ministry can access the growth and development of cooperative society in the state in form of graph (showing the level of development in each year) and reduce the time spent collection and collation information respect to registration of societies and annual account of the societies. Also, the system is intended to reduce to the barest minimum, the problem associated with the financial and administrative transaction of cooperative society in Nigeria.

1.1. Literature Review

Development has many connotations and there may be as many definitions as there are writers on the subject. Usually, it has been associated with economic growth and diffusion of innovations. It has been called 'modernization' which, generally, means westernization. Development has been understood as spatial reorganization and as progressive distribution of the good things in life (Dogarawa, 2005).

Co-operative societies represent a strong, vibrant, and viable economic alternative. Co-operative societies are formed to meet peoples' mutual needs. The societies are based on the powerful idea that together, a group of people can achieve goals that none of them could achieve alone. For over 160 years now, co-operative societies have been an effective way for people to exert control over their economic livelihoods. They provide a unique tool for achieving one or more economic goals in an increasingly competitive global economy. As governments around the world cut services and withdraw from regulating markets, co-operative societies are being considered useful mechanisms to manage risks for members in agricultural or other similar co-operative societies, help salary/wage earners save for the future through a soft-felt monthly contribution that is deducted from source, own what might be difficult for individuals to own by their efforts, strengthen the communities in which they operate through job provision and payment of local taxes. Co-operative societies generally provide an economic boost to the community as well.

A centralized system is a multi-user system that contains more disks, more memory, multiple CPUs, serve a large number of users who are connected to the system via terminals (Silberschatz *et al*, 2006). Centralization brings many benefits that will help with cost savings in any organization. Centralization helps in the area of consolidation and makes many people jobs a little easier (Lewis 2008). Such as better tracking of information, easier ability to produce reports, improve consistency, more accessibility to data, speedy service etc.

2. Historical Background of Cooperative Societies in Nigeria

Cooperative society is the organization of people for an improved agricultural production (Strickland, 1934). The orientation and growth of co-operative societies in Nigeria can be traced to the development of agricultural export sector by the Colonial Masters "on the prospects and desirability of Farming co-operative societies in Nigeria" (Nkom, 1984). Among the recommendations made by (Strickland, 2008) was the formation of Agricultural Marketing Co-operative societies with the aim of pursuing the major export crops, like cocoa, cotton, palm produce farms in the country (Ekpere, 1980). The aim of introducing cooperative societies in Nigeria, according to (Strickland, 2002) includes: (a) Farm crop was not only a matter of improving farm crops nor even of (b) Increasing credit to cultivator who wish to change their farming methods.

Co-operative societies have the advantage of improving members' lifestyle and eradicating diseases, which has direct effects on their living standard and giving them better chance of performance in agricultural production. (Claxton, 2000). It was noted that the origin and development of cooperative society began through the farmer selling their farm produce after harvest, e.g. Cocoa farmer which helped them in getting better prices, reduction of cost of basic necessities such as good seeds, and fertilizer, etc. Since one of the objectives of Farming the cooperative group is to mobilize members in modern agricultural practices and use of agricultural inputs. Also to help pull its members' resources together for an improved agricultural production and marketing. The organizational structure of cooperative societies is based on their operation, organization, structure, membership, functions and services (Scope) with the main aim of "Collecting, processing and marketing specific commodities and providing with inputs, credit and technical services for the benefits of members in 1936, Major E.FG. Haig was the first person to be appointed the registrar of Cooperative Societies of Nigeria (CSN) with the seat of operation Moor Plantation, Ibadan Oyo state.

2.1. Categories of Cooperative Societies in Nigeria

- i. Producer's cooperative societies: The producer's co-operative societies were established by the small producers. With members of the society producing goods in their houses or at common place. The raw material, tools money etc. are provided to them by the societies. The output is collected by the societies and sold in the market at the wholesale rate. The profit is distributed among the member in proportion to the goods supplied by each member.
- ii. Consumer's cooperative societies: Consumer's co-operative societies were established to remove middlemen from the field of trade. These societies purchase foods at wholesale prices and sell these goods to the members at cheaper rates than the market

- prices. However, the goods are sold to the non members at the market rates. The profit, if any, is distributed among the members in the shape of bonus according to their purchase ratio.
- iii. Marketing cooperative societies: The marketing cooperative societies were formed by the small produces for the promotion of trade. The two main objectives of these societies are, to sell the good at reasonable prices by eliminating middlemen and to make the ready for the product of the member. These types of societies are formed by the small agriculturalist and artisans. These societies collect the products of its members and make its grading and keep them in warehouses and sell them in the market at whole sale rate when the market is ready for these products. The profit is distributed among the member according to the ratio of goods supplied by them.
 - iv. Credit cooperative societies: These co-operative societies are formed for the financial help of the members. These societies provide loans to the members at low rate of interest. In rural areas these provide loans to the farmers for the purchase of seeds, fertilizers and cattle. In urban areas these societies provide loans to its members for the purchase of raw material and tools.
 - v. Farming cooperative societies: These societies are formed by the small agriculturalists to get the benefits of large scale Farming. These societies provide help to the farmers for the improved methods of cultivation by providing large scale farming tools such as tractors, threshers and harvesters etc.
 - vi. Housing cooperative societies: These societies were formed for the procurement of land for the construction of houses on a homogeneous basis. These societies are formed by those members who intend to construct their own home. These societies provide loan to the members for the construction of houses. These also purchases, construction materials in bulk and provide these materials to its members at cheaper rates.
 - vii. Insurance cooperative societies: This society make contract with insurance companies for the purchase of different insurance policies for its member at a lower premium. This society may take a group insurance policy for its members. The main object of the society is to minimize the risk of its member.
 - viii. Transport cooperative societies: These societies were formed to provide transport services to its members at lower rates. Welfare bus scheme is an example of this type of society. A pass is handed over to the member for traveling on approved routes.
 - ix. Storage cooperative societies: These societies are formed for the provision of storage facilities to its member for perishable and non perishable goods at lower rates. These societies also provide grading and distribution services to its members.
 - x. Labour cooperative societies: These societies are formed by unskilled Labour for selling their services at reasonable wage rates. This type of society makes a contract with different firm for the provision of Labour to them.
 - xi. Miscellaneous societies: Some other important societies, in addition to the major form of societies discussed above include: processing cooperative societies, Fisheries co-operative societies societies, Forestry and poultry Farming etc.

2.2. *The procedure for registration of a Co-operative society.*

For registration of co-operative societies, every state has an office of the registrar of co-operative societies which is under the Ministry of Commerce and Empowerment. The registrar of the society is responsible for the registration and controls of the co-operative societies.

The following procedures are adopted for the registration of a co-operative society:

2.2.1. Minimum Membership

A minimum of 10 adult persons are required for a co-operative organization. A person will be called a major or adult person when he/she has attained 18 (or above) years of age.

2.2.2. Application

An application for registration is to be made to the registrar of the co-operative societies. Such an application for registration should include the following details:

- i. Name and address of the society intended to be established.
- ii. The aims and objective of the societies.
- iii. The details of share capital held by the members.
- iv. The bye-laws of the societies which contains rules and regulations for the management of the society.
- v. The bye-laws must be signed by at least 10 members who have signed the application for registration.
- vi. The application for registration is required to be signed by at least 10 members of the Co- operative societies.

2.2.3. Obtaining Certificate of Registration

When the registrar is satisfied with regard to the objects and the bye-laws of the society, he/she issues a certificate of registration to the society, which enable the society to enjoy the status of as separate legal entity, and after the registration process, the society can now began to accept new members and starts its business operations.

2.3. *Review of Related Work*

Three case studies, namely:

- i. The role of cooperative society in development (Dogarawa, 2005).

- ii. Political and Genuine co-operative societies in Enugu State (Enete, 2008).
- iii. Web-Base Co-operative Management System (Adedini , 2010).

2.4. The Role of Cooperative Society in Economic Development

Dogarawa (2005) examines the role of cooperative societies in economic development with a view to throwing some light on the nature and features of co-operative societies, the benefits and the formation and management of cooperative societies. Also investigates the ways in which co-operative societies can act as agents towards sustainable community development. The justification of the study precipitates from the fact that although, investigating the role of co-operative societies on the international scale is not a new phenomenon in Nigeria, results of such researches are still scanty and incomprehensive.

(Dogarawa, 2005) highlighted some of the challenges facing cooperative societies, which include the following: crisis of ideology, crisis of capital, crisis of credibility and crisis of management, cultural transformation, competition and expansion, wage solidarity, centralization and reorganization, and programmes to increase productivity and participation. The author added that Educating, training and retraining of members in general and officers in particular is always a challenge to co-operative societies, especially in developing countries because, cooperative without a strong component of education is in danger of losing its essential character, that is, the human and personal characteristics which distinguish it as a cooperative.

3. Data Analysis and Interpretation

The total number of cooperatives in the Osun State tertiary institution is nineteen (19) in otherwise our sample size is 19. All the questionnaire was filled and returned. Each questionnaire was filled by a staff of the cooperative which is either a clerk, book keeper or accountant.

The table below shows the age of all the respondent cooperative society. It is concluded from the table that higher percentage of cooperatives have been existing for ten years or more.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-5yrs	3	15.8	15.8	15.8
	6-10yrs	6	31.6	31.6	47.4
	11-15yrs	4	21.1	21.1	68.4
	16-20yrs	3	15.8	15.8	84.2
	20yrs and above	3	15.8	15.8	100.0
	Total	19	100.0	100.0	

Table 1: Question: How old is your Cooperative society?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	13	68.4	68.4	68.4
	No	6	31.6	31.6	100.0
	Total	19	100.0	100.0	

Table 2: Question: Do you have Personal Computer in office?

Here it can be concluded that higher percentage of cooperatives has computer in their office for one or more transaction. This represent about 68.4%.

The table below shows that about 68.4% that have computer in their office, about 92.3 % use the system to store member record while 61.5% uses the computer to prepare monthly deduction. It can be concluded here, that larger cooperative societies still believe and have trust in automation.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Typesetting	2	10.5	15.4	15.4
	Prepare monthly deduction	6	31.6	46.2	61.5
	Keeping membership records	4	21.1	30.8	92.3
	Monitor loans & savings	1	5.3	7.7	100.0
	Total	13	68.4	100.0	
Missing	System	6	31.6		
Total		19	100.0		

Table 3: Question: If YES to question 4 above, which of the following operations you mostly carry out on your computer?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Excellent	3	15.8	18.8	18.8
	Good	11	57.9	68.8	87.5
	Fair	2	10.5	12.5	100.0
	Total	16	84.2	100.0	
Missing	System	3	15.8		
Total		19	100.0		

Table 4: Question: How will you rate your ability to use computer?

This table shows that about 87.6% of these cooperative societies have the staff the has capacity to use computer to a great extent. Here it can also be concluded that the definitely appreciate the impact of ICT in cooperative system management.

From the table below, it can be deduced that a larger percentage (64.7%) of cooperative societies have not customized software that can be used for operation such as loan disbursement and monitoring, monthly deduction and so on but the mostly use the computer to store cooperators record and other minor activities.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	6	31.6	35.3	35.3
	No	11	57.9	64.7	100.0
	Total	17	89.5	100.0	
Missing	System	2	10.5		
Total		19	100.0		

Table 5: Question: Do you have special software that you use for your daily activities?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	17	89.5	89.5	89.5
	No	2	10.5	10.5	100.0
	Total	19	100.0	100.0	

Table 6: Question: Do you prefer the use of computer (automation) to manual operations of cooperative society?

Here, about 89.5% of the respondent prefer automation to manual processing despite many of them don't have customized software to carry out their daily routine yet they all agree that using a computer and a customized software will go a long way by making their work easier, more accurate and eliminate fraud.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Good	18	94.7	94.7	94.7
	Bad	1	5.3	5.3	100.0
	Total	19	100.0	100.0	

Table 7: Question: How will you access the attitude of the cooperative management committee or executives towards automation of the society transaction?

Here 94.7% of the respondent agreed that the cooperative management committee has good intention and they are in total support of automation.

4. Summary and Conclusion

The widespread use of ICT is a recent phenomenon. The report shows that ICT is having substantial impacts on economic performance and the success of individual firms, in particular when it is combined with investment in skills, organizational change and innovation. Our results show that high percentage of cooperative societies use ICT for most of daily transactions and they have total believe that using ICT for their daily transaction ease their operation, ensure accuracy and makes their work more reliable and faster. We hereby recommends that other cooperative societies should also engage in the use of ICT so as to bring more confidence and there improve customer and members trust in their operation.

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