

PERCEIVED EFFECT OF PALM OIL COOPERATIVES IN CREDIT DELIVERY TO MEMBERS IN AKWA IBOM STATE

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Abstract

The study assessed the perceived effect of palm oil cooperatives in credit delivery to members in Akwa Ibom State, Nigeria. Specifically, the study described the socio-economic characteristics of the cooperators, examined the perceived effect of cooperatives on economic activities of members, assessed the benefits members derived from cooperative societies, and examined the challenges faced by the cooperators. Sample size of 201 palm oil cooperators were randomly selected using Taro Yamane formula from the list of palm oil cooperative societies in the study area. Data collected were analyzed using percentages, mean, Pearson product-moment correlation, analysis of variance (ANOVA) and t-test. The finding shows mean age of cooperators was 46.2 years, the majority (69.2%) were female, married (71.6%), a larger portion (97.0%) had formal education. The mean household size, farming experience and annual income were 6 persons, 9 years and ₦159,145 respectively. The results showed a positive and significant relationship between cooperative societies and the economic activities of members. Also, the cooperative societies benefit their members by having access to loans. Challenges affecting the cooperative were grouped into socio-economic, organizational and institutional problems. The study recommended among others; that the organization seek better strategies of building their capital, more avenues of internally generated revenue should be exploited to improve on their capital formation rates. Moreso, cooperatives should devise better channel of credit delivery to members in terms of the ability to sustain the loan delivery function.

Keywords: palm oil cooperatives, Effect, Credit delivery, Members

Introduction

Nigeria is blessed with abundant natural resources and arable lands that will support a wide range of farming and agricultural activities (IFPRI, 2021). More so, there are vast marketplaces within and outside the country which can be exploited given the new impetus to drive the African Continental Free Trade Agreement (AfCFTA) and foster economic opportunities in Africa, to which Nigeria is a signatory (FAO, 2020). The importance of agriculture to the Nigerian economy cannot be over-emphasized. As reported in year 2018 and 2020, agricultural sector generated about 24.45% and 26.95% to GDP (NBS, 2021). The sector is seen as the key driver for growth and development (Morgan and Fanzo, 2020). Oil palm (*Elaeis guineensis*) is one important oil crop. It is a versatile tree crop with almost all parts having useful economic value. Grown mostly in the tropics, oil palm Plantations spread across Asia, Africa and Latin

America (Udoh and Essien, 2015). Oil Palm is a productive crop that offers a far greater yield at a lower cost of production than other vegetable crops (Patrick, Akpan, Udoka, John and Etokeren, 2013). The importance of palm oil are enormous, from edible, to raw materials and biofuel (Akpan, 2019). Global demand for palm oil is increasing rapidly; currently, Nigeria occupies the fifth position in the league of palm oil-producing countries, with 1.5 per cent or 1.03 million metric tonnes of the world's total output, according to the United States Department of Agriculture (USDA, 2017).

Palm oil processing and its derivatives are common business enterprises among rural dwellers. It is a strong weapon used to fight hunger and poverty mostly in the rural communities (Akpan and Ebong, 2021). However, Nigeria's palm oil has recorded significant losses in its production attributable to several factors

such as the use of traditional methods of processing, dilapidate oil-mill and equipment, lack of storage facilities, etc. These challenges and many more are responsible for the on-hand conditions whereby the production is barely enough for domestic use (Akpan and Akpan, 2020). As noted by Akpan, Okon, Udo and Akpaden (2020), their holdings are small characterized by low productivity, thus resulting to lower productivity, low income, low savings, and low capital investment.

Inadequate funding has remained the major threat to small-scale agriculture in Nigeria. Small-scale farmers are the largest group of financially excluded persons in Nigeria, thereby highlighting the supply shortfall in finance to agriculture in Nigeria. This is because credit is one of the most significant inputs in agricultural production and its availability has remained a major problem to small-scale farmers who account for the bulk of agricultural produce of the nation (Ogbonnaya, Nwachukwu, and Uwazie, 2022). As noted by Akpan, Offor, and Archibong (2020) their holdings are small, most often less than two hectares and are characterized by low productivity. This leads to low income and low capital investment. Studies by Nwankwo, Ogbodo and Ewuim, (2016) attributed the poor performance of these agro-based firms to poor access to credit and insufficient funding. Agricultural credits are loans provided to farmers for their farm activities like production, storage, processing, and marketing of farm products. Such loans can come in form of short, medium, or long-term depending on loan duration. As reported by Ehiakpor, Adzawla and Danso-Abbeam (2016), one possible way of redressing these constraints is to mobilize the desperate small holder farmers for economy of scale and agricultural cooperative is a veritable platform for this exercise.

Today, there is a growing advocacy for achieving sustainable food security in Nigeria and a lot of effort has been directed at finding appropriate structure for organizing millions of small-scale farmers towards achieving food security. Agricultural cooperative society has been touted as the appropriate vehicle for harnessing and pooling the resources of millions of smallholder farmer producers together to enjoy the benefit of

large-scale production. Agricultural cooperatives over times have promoted the business and activities of its member; often they have risen to the challenge of delivering credit to members of weak financial means in the face of unjustified credit discrimination against them by other credit institutions. There is no doubt saying that pooling their resources together through group mobilization has helped unleash unexploited potential and empower the members.

Therefore, assessing the activities of the palm oil cooperatives in credit delivery to members in Akwa Ibom State, Nigeria is timely, as it intends to achieve the following research objectives:

describe the socio-economic characteristics of oil palm cooperators in the area of study; ascertain the perceived effect of membership of cooperative societies on economic activities; assess the benefits derived by members from the cooperative societies; and identify the challenges militating against oil palm cooperatives in the provision of credit to members.

Hypotheses for the study

Ho₁: There is no significant relationship between the perceived effect of credits on economic activities and benefits derived from credits among the beneficiaries

Ho₂: There is no significant relationship between the perceived effects of credits on economic activities and challenges faced by the beneficiaries in accessing credit

Review of related literature

A cooperative society is not a new concept. It is viewed from different perspectives by various scholars, writers, policy makers and operators. While some people believe that cooperatives is for the poor in rural areas of developing nations, this notion was debunked by Ajayi, Dada and Obisesan, (2021) who stressed that cooperative services are not limited to rural societies alone but apply to both the developed and developing countries. It is a strong organization where different entrepreneurs or cooperators pool their resources together with the view of making a profit Rowland (2014); Desalegn, (2019) described a cooperative society as a business organization where a set of people with similar

interests, mutually agree to establish a business in view to promote their economic activities like production, distribution or marketing of goods and services, and for the provision of welfare benefits to their members. According to Onah, (2014), a cooperative society is considered a business organization in which a group of individuals with a common interest, mutually agree to join together to establish a business to promote their economic activities like production, distribution or marketing of goods and services, and for the provision of welfare benefits to their members.

From all the definitions, it could be argued that the most embracing of them all, is that given by the International Labour Organization – ILO which states that, a “cooperative is an organization of persons, usually of limited means who have voluntarily joined together to achieve a common economic end through the formation of a democratically controlled business organization making equitable contribution to the capital required, and accepting a fair share of the risks and benefits of the undertaking” (Odey, Omang, and Agba, 2018). Cooperatives are usually organized by members like traders, artisans and farmers who contribute money into a joint fund in order to raise investment, and finance and distribute same as soft loans to members. So, the main purpose of this type of cooperative society is to encourage savings among members and also offer credit facilities to members to enable them engage in economic activities.

It is evident from these definitions that cooperatives are centered organizations, which operate business enterprises in all spheres of economic activity and in almost all human societies around the world. Pertinent to cooperative principles are the values of self-help, self-responsibility, democracy, equality, solidarity and social responsibility, and concern for the community in which they operate.

Agricultural Cooperative societies play significant role in the provision of service, credit, innovative facilities that helps enhance development in farming. Farmers are able to achieve, what they might not be able to achieve while working independently, but through joint effort of contributing to the cooperative society, farm development can be achieved. Izekor and

Alufohai (2010), in their study on “Assessment of Cooperatives Societies Effectiveness in Agricultural Credit Delivery” revealed an overall approval rate of 99.16%, arrival rate of 45%, service rate of 43 per month which resulted in a traffic intensity of 1.05 and idle time of -0.01. Empirical study showed that the cooperatives were effective in credit delivery.

Antai, and Anam, (2013) in their study on “economic impact of cooperative societies on small-scale business development and poverty reduction in Cross River State” found that one promising type of small enterprise is the cooperative society. By pooling resources and functioning as a unit, a group of producers or consumers can operate at a more efficient scale and share the benefits. They may decide to buy in large quantity, or store and ship produce to more profitable markets, for example. The cooperative also has great potential as a mechanism for increased capital investment among members. Groups of individuals pooling small monthly surpluses have been able to finance community improvement.

Aribaba, (2012) investigated the effect of funds provided by Cooperative Thrift and Credit Societies on the performance of small-scale businesses in Nigeria. The result of the study showed that CTCS funding has affected positively the performance of small-scale businesses: the small-scale business performance F-test and its level of significance which were used in the analysis showed that current liabilities were significant ($F=9.78$, $p<0.05$); Fixed assets were significant ($F=8.20$, $p<0.05$); and current assets were significant ($F=10.92$, $p<0.05$) and concluded that membership of CTCS by entrepreneurs had a positive impact on the performance of small-scale businesses in Nigeria.

Akerele, Adekunmbi (2018) in their study on “Impacts of Cooperative Thrift and Credit Facilities on Members’ Business Output in Ogun State Nigeria” affirmed that cooperatives play an important role in facilitating access to credit, procurement and storage distribution of input and marketing of products. They create employment opportunities, particularly in rural areas and allow disadvantaged groups to be organized for social and economic benefit.

Kareem, Arigbabu, Akintaro and Badmus (2012) investigated the impact of cooperative society on Capital Formation (A Case Study of Temidire Cooperative Thrift and Credit Society, Ijebu-Ode, Ogun State, Nigeria). The result indicated that cooperative societies play a significant role in capital formation and in turn the development of members' socio-economic base.

Nwankwo, Ewuim and Asoya (2012) examined the contributions of cooperative society to small and medium-scale enterprises (Small and Medium Enterprises) development in Nigeria and concluded that cooperative societies from their antecedents have not only contributed to the development of small-scale businesses but are in themselves small-scale businesses through the promotion of entrepreneurial development, funding, provision of entrepreneurship, promotion of the establishment of small-scale industries, promotion of smallholder agriculture.

Theoretical Framework

The theoretical framework for this study was anchored on theory of collective economic empowerment. This is a branch of empowerment theory that was propounded by Brazilian humanitarian and educator, Freire (1993) retrieved from google.com (2022). The theory of empowerment is not only concerned with the process of empowerment but also with results that can produce greater access to resources and power for the excluded group (e.g. women). The theory was built on the following views:

- (i). Collective Economic Empowerment: the idea of collective economic empowerment refers to belonging to the social network of peers and being part of the collective social solidarity to the establishment;
- (ii) Collective Community belonging; involves creating a sense of community among people that will increase their ability to work together; problems solving and make group decisions for social change. This is also called social cohesion and a sense of personal freedom.

The premise for the Adoption and Application of the Theory

Collective economic empowerment is relevant and considered most appropriate for this study because of the following premises:

(i) Collective economic empowerment was built based on people coming together and forming autonomous groups with collective interests. The basis of collective empowerment is related to the cooperative society where people of common interest voluntarily come together in order to improve their livelihood/wellbeing through jointly owned investment. This premise is supported by ICA 2015 cooperative principles of open and voluntary membership and autonomous and independent association of persons with common interests.

(ii) The theory is also relevant to the study because it encourages members' active involvement and collective participation in the economic empowerment activities of a cooperative society. As such, this will give the members a sense of belonging and control over their investment. Meanwhile, this premise is also supported and affirmed by the ICA 2015 cooperative principles of members' economic participation and democratic member control.

(iii) Lastly, collective economic empowerment theory creates a suggested plan for liberating sense of community that increases the ability of the cooperative members to work together collectively and participate in the group decision-making process. Therefore, this will boost cooperative members' self-confidence, self-reliance and self-esteem within their community. Therefore, the theory was designed to empower people economically by working with the cooperative members (Dercon, 2014).

Methodology

The Study area

This research was carried out in Akwa Ibom State, located in the coastal Southern part of Nigeria. It lies between longitude 7 050`E and latitude 500`N. The State is bordered on the East by Cross River State, on the West by Rivers State and Abia State, and on the South by the Atlantic Ocean. The State has a total land mass of 7,081 km² and about 1343.9ha of arable land. It has a population of about 6.2 million people with a density of about 371 inhabitants per square kilometre (NDDC, 2020). The major occupation of the people of Akwa Ibom State is farming and they are widely known to produce more arable crops such as rice, yam, maize, cassava, cocoyam; aquaculture etc. The State is

also blessed with traders, civil servants and artisans (AKADEP, 2018).

Population of the Study

The sample population consists of all palm oil cooperatives in all agricultural zones in Akwa Ibom State. According to the ADP representatives, there are about 287 well established palm oil cooperatives in the zones.

Sample Size Selection

Purposive sampling technique was used to select four (4) agricultural zones; these zones are Uyo, Abak, Ikot Ekpene and Etinan zones. These zones were selected based on their high volume of palm oil production and viable number of palm oil cooperatives in the zones.

The study used Yamane (1967) formula to derive a representative sample size from a finite population of palm oil cooperatives in the study area. The equation is specified as thus:

$$SN = \frac{N}{1 + N(e)^2} \dots\dots\dots (1)$$

where: Sn =the required sample size; N= the population size; e =the level of precision (acceptable sampling error);I= constant. The sample size is derived as shown in

equation 2

$$SN = \frac{989}{1 + 989(0.05)^2} \dots\dots\dots (2)$$

$$SN = \frac{989}{1 + 989(0.0025)} \dots\dots\dots (3)$$

$$N = 285 \dots\dots\dots (4)$$

To have good representativeness in the distribution of questionnaires Bowler (1999) method was used to share the sample size among members of the cooperatives in the selected ADP zones; the formula is:

$$\frac{\text{Number of Total Membership}}{\text{Total population}} \times \text{Sample Size}$$

Thus:

$$\text{Uyo zone} = \frac{257}{989} \times \frac{285}{1} = 75 \text{ Respondents}$$

$$\text{Abak zone} = \frac{250}{989} \times \frac{285}{1} = 72 \text{ Respondents}$$

$$\text{Ikot Ekpene zone} = \frac{261}{989} \times \frac{285}{1} = 65 \text{ Respondents}$$

$$\text{Etinan zone} = \frac{221}{989} \times \frac{285}{1} = 73 \text{ Respondents}$$

Table 1: Distribution of Sample Respondents

S/N	ADP ZONE	Names Of Selected Cooperative Society	QuesN. Distributed.	QuesN. Returned	QuesN not Returned
1	Uyo Zone	Uyo United Palm produces Merchants MPCS Ltd, Akpan Andem Market, Uyo	20	17	3
2	“ “	Glo Palm produces Merchants MPCS Ltd Mbak Itam 3, Itu	19	16	3
3	“ “	Itu palm oil farmers MPCS Ltd Odiok itam, Itu	18	14	4
4	“ “	Mbikpong Ibesikpo Palm oil MPCS Ltd, Ibesikpo	18	10	8
5	Abak Zone	Abak oil palm Dealers MPCS Ltd, Abak	18	13	5
6	“ “	United Farmers MPCS Ltd Itai Obio Akpan, Oruk Anam	18	12	6
7	“ “	Etim Obong Farmers MPCS Ltd, Etim Ekpo	18	10	8
8	“ “	Nka Iban Ukpono Nto Ide MPCS Ltd Nkek, Ukanafun	18	13	5
9	Ikot Ekpene	Nka Eyop progressive MPCS Ltd, Ikot-otor, Ikot Ekpene	17	10	7
10	“ “	Obot akara palm oil dealers MPCS Ltd	16	11	5
11	“ “	Ideal palm oil and integrated farmers MPCS Ltd Ikono	16	12	4
12	“ “	Ini market Women MPCS Ltd, Odoro Ikpe	16	12	4
13	Etinan Zone	Nsit Atai oil palm Farmers MPCS Ltd, Odot Nsit, Nsit Atai	19	14	5
14	“ “	Nka Aran Ikot Asua, Usung Eka Idim, Nsit Atai	19	12	7
15	“ “	Unity Progressive MPCS, Ekom Iman, Etinan	18	12	6
16	“ “	Ima-abasi Farmer, MPCS, Ikot Akpan Abia, Nsit Ubium	17	13	4
		TOTAL	285	201	84

Source: Field survey, 2022

Sampling Procedure and Sample Size

Primary data were elicited from the palm oil cooperators in selected zones. A well-designed structured questionnaire was administered to the cooperators to collect the required data. A two-stage sampling technique was adopted to choose the required sample size used in the study. The first stage involved the use of purposive sampling to select four agricultural zones. The second stage involved the random selection of

four (4) palm oil cooperators in each of the selected ADP zones. A total of sixteen Cooperatives representing more than 15.00% of the target population were selected in the zone for the study. the questionnaires were randomly distributed among the leaders and members of palm oil cooperative societies in the selected cooperatives, as shown in Table 1 meanwhile out of two hundred and eighty-five (285)

questionnaires distributed, two hundred and one 201 was dully returned and used for the analysis.

Analytical Technique

Data collected were analyzed using descriptive and inferential statistical tools. A five-point rating scale of “strongly agree” scored 5 points, “agreed” 4 points, “undecided” 3 points, “disagree” 2 points, while “strongly disagree” scored 1 point. The sum of the values adds up to 15 when divided by 5 giving a mean of 3.0 as the mean cut-off point.

The socioeconomic characteristic was described using descriptive statistics such as means, frequency tables and simple percentages

The Perceptions of members on the effect of cooperatives on their economic activities were weighed using a five-point Likert-type scale rating (strongly agree = 5; agree = 4; undecided= 3; disagree = 2; strongly disagree = 1). A weighted mean value of 3.0 was used as the decision rule benchmark.

The benefits members derive from the cooperatives was measured using a five-point Likert-type scale rating (strongly agree = 5; agree = 4; undecided = 3; disagree = 2; strongly disagree = 1). A weighted mean value of 3.0 was used as the decision rule benchmark. A weighted mean score of 3.0 was obtained. The value of ≥ 3.0 was considered as important in agreeing to the benefits they derived from cooperative, while values less than 3.0 were considered otherwise.

The challenges militating against oil palm cooperatives in the provision of credit to members measured using a five-point Likert-type scale rating (strongly agree = 5; agree = 4; undecided = 3; disagree = 2; strongly disagree = 1). A weighted mean value of 3.0 was used as the decision rule benchmark

On the other hand, inferential statistics such as; analysis of variance (ANOVA) and Pearson correlation analysis was used to analyze the hypotheses.

Specification of Models

One-way ANOVA

Analysis of Variance (ANOVA) is a hypothesis-testing technique used to test the equality of two or more population (or treatment) means by examining the variances of samples that are taken. ANOVA allows one to determine whether the differences between the samples are simply due to random error (sampling errors) or whether there are systematic treatment effects that cause the mean in one group to differ from the mean in another. Most of the time, ANOVA is used to compare the equality of three or more means, however, when the means from two samples are compared using ANOVA it is equivalent to using a t-test to compare the means of independent samples.

ANOVA is based on comparing the variance (or variation) *between* the data samples to variation *within* each particular sample. If the between variation is much larger than the within variation, the means of different samples will not be equal. If the between and within variations are approximately the same size, then there will be no significant difference between sample means.

Assumptions of ANOVA:

- (i) All populations involved follow a normal distribution
- (ii) All populations have the same variance (or standard deviation).
- (iii) The samples are randomly selected and independent of one another.

The mathematical model that describes the relationship between the response and treatment for the one-way ANOVA is by $Y_{ij} = \mu + \tau_i + \epsilon_{ij}$. Where Y_{ij} represents the j -th observation ($j=1, 2, \dots, n_i$) on the i -th treatment

($i=1, 2, \dots, k$ levels).

So, Y_{23} represents the third observation using level 2 of the factor.

μ is the common effect for the whole experiment, τ_i represents the i -th treatment effect, and ϵ_{ij} represents the random error present in the j -th observation on the i -th treatment

Whether the levels are fixed or random depends on how these levels are chosen in a given experiment

Pearson Correlation

The Pearson Product-Moment Correlation coefficient (r) assesses the degree to which quantitative variables are linearly related in a sample. Each individual or case must have scores on two quantitative variables (i.e., continuous variables measured on the interval or ratio scales). The significance test for r evaluates whether there is a linear relationship between the two variables in the population. The appropriate correlation coefficient depends on the scales of measurement of the two variables being correlated.

There are two assumptions underlying the significance test associated with a Pearson correlation coefficient between two variables.

Assumption 1: The variables are bivariate and normally distributed.

Assumption 2: The cases represent a random sample from the population and the scores on variables for one case are independent of scores on the variables for other cases.

Results and Discussion

Analyses of the socio-economic characteristics of the cooperators (Table 2) showed that 69.80% of the cooperators were females, while males made up 30.8%. This result showed that women were more involved in palm oil cooperatives in the study area than men at the time of this study. The finding is in agreement with Nwalieji and Ojike (2018) who stated that, most times females find their way into self-help groups and organizations due to the strong. Many (75.6%) cooperators were within the age range of 40 to 50 years, while 21.9% and 2.50% were within the age range of 20-40 and 60 years and above respectively. The mean age of the cooperators was 46.9 years, suggesting that a good number of them are in their middle age and active. This agrees with the findings of Okon, Essien & Udousoro (2019) and that of Frank, Basse & Nkeme (2017) that most farmers in the study area are in their middle age and still vibrant in agricultural activities. The majority (71.60%) of the Cooperators were married, while 21.90% were single and 11.9% were widowed and 1.0% were widowers respectively. This implies that married respondents dominated the palm oil cooperatives in the study area and had stable households. This agrees with Echebiri and Onu (2019), that the majority (62%) of smallholder

arable crop farmers in Akwa Ibom State were married. It was also observed that the majority (62.2%) of the cooperators had secondary education, while 7.0% had primary education and 30.8% attained tertiary institution. This implies that the majority of the cooperators in the study area were educated. Education helps with prudent resource management and easy access to information to maximize opportunities (Nelson, Ekanem, and Nkeme, (2021) Considering the household size, results showed a mean household size of 6 persons with a dominant household size of 1-4 persons (44.8%). This was followed by household sizes of 5-8 persons (39.3%), 9-13 persons (3.4%), 14-18 persons (1.0%) and above 18 persons (1.5%). The huge household size in the study area is an indication that there will be abundant labour for palm oil production activities. The finding agrees with Akpan, Okon, Udo, and Akpaden, (2020) who reported that the majority of the oil processors had household sizes of 6-10 persons. Most (44.5%) of the cooperators were primarily traders, 28.4% were farmers, 14.9% were civil servant, 11.9% were public servants, 5.0% were Artisans, while 2.5% of them had unspecified occupations (others). More than half (68.2%) of the cooperators recorded 1-10 years of business experience, while 30.8% had 11-15 years of business experience and 1.0% had 16-20 years of business experience, with mean farming experience of 11 years. This implies that on average, cooperators in the Study area had 11 years of business experience necessary to fulfil the requirement for participation in cooperatives. This agrees with the findings of Akpan and Ebong, (2021). they reported that the high level of experience may contribute to their ability to use resources more efficiently in their production. About 23.4 % of the cooperators earned an income range of ₦50,000- ₦100,000 per annum. The result also shows that 33.8%, 30.8% and 11.9% of palm oil cooperators in the study area realized annual income in the range of ₦101,000- ₦150,000, ₦151,000 - ₦200,000 and ₦200,000 and above per annum respectively. The mean annual income found among cooperators stood at per annum ₦137,256. The distribution of farm income among palm oil cooperators portrays the evidence of consistency and strong business growth among the

respondents. This means that oil palm business is profitable, hence majority of the cooperators are concentrating their productive resources in the business. Majority of the respondents were primarily farmers, while civil servants and artisans. 53.5% of the respondents were engaged in off-farm income generating activities while 46.5% were not. 83.5% of the respondents were not a member of any Cooperative Society while 16.5% were members of a Cooperative Society.

The result revealed that 92% of the respondents did not take loan in the last production season while 8% of them took. 30.8. Majority (63.1%) of respondents have been members of the cooperative society from 6 to 10 years, while 29.9% have been a member for 3-10 years and 7.0% of the respondents have been members for 11 to 15 years. It therefore suggests that there were experienced members in the cooperatives.

Socioeconomic Characteristics of the Respondents

Table 2a: Distributions of Socio-economic Characteristics of the Respondents (n=201)

Item	Variables	Frequency	Percentages (%)	Mean
1	Sex			
	Male	62	30.8	
	Female	139	69.2	
	Total	201	100	
2	Age			
	20-40	44	21.9	46.9
	41-60	152	75.6	
	Above 60	5	2.5	
	Total	201	100	
3	Marital Status			
	Single	33	16.4	
	Married	144	71.6	
	Widowed	22	10.9	
	Widower	2	1.0	
	Total	201	100	
4	Level of Education			
	Primary Level	14	7.0	
	Secondary Level	125	62.2	
	Tertiary Education	62	30.8	
	Total	201	100	
5	Household Size			
	1-4	90	44.8	6
	5-8	79	39.3	
	9-13	27	13.4	
	14-18	2	1.0	
	18 and above	3	1.5	
Total	201	100		
6	Main Occupation			
	Civil Servant	30	14.9	
	Public Servant	24	11.9	
	Farming	57	28.4	
	Trading	75	37.3	
	Artisan	10	5.0	
	Others	5	2.5	
	Total	201	100	

Source: Field Survey, 2022

Table 2b: Distributions of Socio-economic Characteristics of the Respondents (n=201)

7	Annual Income	Frequency	Percentage	Mean
	N 50,000- N100,000	47	23.4	137,256
	N101,000- N150,000	68	33.8	
	N151,000- N200,000	61	30.8	
	N201,000 and above	24	11.9	
	Other	1	0.5	
	Total	201	100	
8	Business Experience			
	1- 10	137	68.2	
	11-15	62	30.8	
	16-20	2	1.0	
	Total	201	100	
9	Years in Cooperative			
	3-5	60	29.9	
	6-10	127	63.1	
	11-15	14	7.0	
	Total	201	100	
10	Amount Received			
	<N50,000	115	57.2	
	N50,000-N200,000	51	25.4	
	N200,001- N350,000	27	13.4	
	N350,001-500,000	8	4.0	
	Total	201	100	

Source: Field survey, 2022

Perceived Effect of Cooperatives on Members' Economic Activities in Akwa Ibom State

The perception of respondents on the effect of cooperatives on the economic activities of members is presented in Table 3, results suggest that membership in cooperatives significantly improved their economic activities with a mean value of 4.6020 and a standard deviation of 0.54845. This mean value is above the neutral point on the positive side of the Likert-type scale. This indicates that the cooperators in the study area have a unanimous view that their business activities improved significantly on account of membership of cooperative societies. The cooperators agreed that their membership has made it possible for them to enjoy amongst

others, increase in farm output, with a mean value of 4.4627, transfer, sharing and diversification of risks ($\bar{x} = 4.3134$), promote business ideas and development ($\bar{x} = 4.4428$), introduce technical innovation ($\bar{x} = 4.3433$), processing of members produce at cost-effective, ($\bar{x} = 4.2090$), promote thrift and savings among members ($\bar{x} = 4.4925$), assess to favourable market ($\bar{x} = 4.3781$) and mobilization of savings and employment generation ($\bar{x} = 4.4677$). This shows that cooperative societies increased the success of members in the study area within the time covered by this study. These corroborate with the findings of Rowland (2014) who found that the essence of membership in farming societies or cooperatives is to help the members financially, promote the integration of economic

activities such as mobilizing capital to provide credit and inputs for agricultural production to

members and assisting them with storage, processing and marketing of farm produce

Table 3: Distribution of Palm Oil Producers on the Perceived Effect of Cooperatives on Economic Activities of Members

Variables	SA	A	UD	D	SD	MEAN	SD	RANK	Decision
Cooperatives promote access to credits	127	68	6	0	0	4.60	.548	1st	Effective
Cooperative raise the level of members' income	100	94	7	0	0	4.46	.565	3rd	Effective
Cooperatives ensure the transfer, sharing and diversification of risks	80	109	8	3	1	4.31	.668	8th	Effective
Cooperative brings about an increase in farm output	80	109	8	3	1	4.44	.554	5th	Effective
Cooperatives promote business ideas and development.	95	100	6	0	0	4.34	.535	7th	Effective
Processing of member's produce is cost-effective	75	120	6	0	0	4.20	.697	9th	Effective
Cooperatives Promote thrift and savings among members	65	120	11	3	2	4.49	.548	2nd	Effective
Members can access favourable markets through Cooperative marketing	104	92	5	0	0	4.37	.562	6th	Effective
Mobilization of savings and employment generation.	84	109	8	0	0	4.46	.574	4 th	Effective

Source: Field Survey, 2022 (Decision Rule: Any mean ≥ 3.0 adjudged as significant while mean < 3.0 Adjudged as insignificant)

Benefits Derived by Members in the Cooperative Societies

Table 5 presents the distribution of benefits members received from their cooperative society. A 5-point Likert type scale; strongly agree, agree, indifferent, disagree and strongly disagree rating was applied. The descriptive statistics of the 5-point scale analysis in Table 3 with a threshold mean of 4.602, shows that the cooperative societies have provided financial support to the members as reflected in the grand mean ($\bar{x}=4.602$) which is greater than the standard mean of 3.0; Indicating that members have derived positive benefits from their

cooperative societies. the benefits derived are outline on Table 3 are as follows: Financial support ($\bar{x}=4.602$), linkage with market ($\bar{x}=4.607$), Technical support ($\bar{x}=4.57$), Business Strategies and Market information ($\bar{x}=4.557$), Ties and bond with members ($\bar{x}=4.452$), Employment ($\bar{x}=4.333$) Support from Government ($\bar{x}=4.139$), Provision of inputs at subsidized rates ($\bar{x}=4.179$), Security against risk and uncertainty ($\bar{x}=4.159$), insurance cover ($\bar{x}=4.005$), and Extension service ($\bar{x}=3.845$). The research outcome is consistent with the findings of Attah (2012), who had similar significant variables in their studies.

Table 5: Distribution of Palm oil Producers according to benefits derived in the cooperatives

Benefits Derived	SA	A	UD	D	SD	MEAN	SD	RANK	Decision
Financial support	128	67	5	0	0	4.60	.556	1 st	Agreed
Technical Support	128	67	5	1	0	4.57	.579	3 rd	Agreed
Business Strategies and Market information	23	71	6	1	0	4.55	.563	4 th	Agreed
Linkage with market	119	75	7	0	0	4.60	.565	2 nd	Agreed
Security against risk and uncertainty	129	66	5	1	0	4.15	.744	9 th	Agreed
Support from Government	74	100	8	19	0	4.20	.772	7 th	Agreed
Extension service	58	108	13	22	0	3.84	1.039	11 th	Agreed
Insurance cover	104	87	7	3	0	4.00	.891	10 th	Agreed
Provision of inputs at subsidized rates	78	113	91	0	4	4.17	.574	8 th	Agreed
Ties and bond with members	119	75	7	0	0	4.45	.776	5 th	Agreed
Employment	59	118	13	7	4	4.33	.586	6 th	Agreed

Source: Field Survey, 2022 (Decision Rule: Any mean ≥ 3.0 adjudged as significance while mean < 3.0 Adjudged as insignificant)

Challenges Militated against the Cooperative Societies Members

The result of the analysis of a five-point Likert Scale that was used to ascertain the challenges militating against the cooperative societies in the study area is presented on Table 4. The result showed that the cooperative farmers agreed that the following challenges militated against the cooperative societies in rendering agricultural

services to cooperators: Default in loan repayment ($\bar{x} = 4.45$); low returns on investment ($\bar{x} = 4.29$); lack of external support ($\bar{x} = 4.25$); poor education and illiteracy ($\bar{x} = 3.95$); low savings ($\bar{x} = 4.07$); ineffective leadership (3.63); disunity among members ($\bar{x} = 3.339$); conflict and dispute ($\bar{x} = 3.44$); inadequate information ($\bar{x} = 3.69$); corruption ($\bar{x} = 4.02$) and, diversion of credit ($\bar{x} = 4.20$).

Table 6: Distributions of the respondents on the challenges militating against the cooperatives in expending credits to their members

Challenges	SA	A	UD	D	SD	MEAN	SD	RANK	Decision
Default in loan repayment	95	90	10	5	1	4.35	.739	1 st	Agreed
I Low returns on investment	79	108	9	5	0	4.29	.691	2 nd	Agreed
Lack of external support	77	107	98	8	0	0.425	.723	5 th	Agreed
Poor education and illiteracy of members	58	103	13	27	0	3.95	.944	9 th	Agreed
Poor attendance in meetings	47	115	12	26	0	3.90	.921	11 th	Agreed
Low savings and shareholdings by members	34	108	12	46	1	3.63	1.030	12 th	Agreed
Disunity among members	35	102	13	50	0	3.39	1.080	13 th	Agreed
Conflict (disputes) among members	28	97	14	61	1	3.33	1.080	10 th	Agreed
Inadequate information about credit services	38	108	10	45	0	3.69	1.021	6 th	Agreed
Inadequate fund	62	114	10	15	0	4.10	.8049	8 th	Agreed
Corruption and bribery	46	130	10	15	0	4.02	7.60	3 rd	Agreed
Diversion of Credit	62	124	10	5	0	4.20	.645	7 th	Agreed
Government policy	51	124	12	14	0	4.05	7.69	4 th	Agreed

Source: Field Survey, 2022 (Decision Rule: Any mean ≥ 3.0 adjudged as significance while mean < 3.0 Adjudged as insignificant)

Test of Hypotheses

Ho₁: There is no significant relationship between perceived effects of credits on economic activities and benefits derived from cooperative.

Table 7: Correlation Analysis between Perceived Effect of Credit on Economic Activities and Benefits of Cooperative

Variables	N	Mean	SD	r-value	r-critical	P.value	Remark
Perception	201	39.71	3.82	0.657	0.181	0.000	Significant
Benefits	201	51.66	2.68				

Source: Computed from Field Survey 2022

Table 7 shows the correlation analysis that was adopted to determine if there is any significant relationship between perceived effect of credit on economic activities and benefits of cooperatives among the cooperators in the study area. Table 6 reveals that there is a positive relationship between perceived effect of credit on economic activities and benefits of credit among the respondents. This means that as perceived effect is increasing ($\bar{x} = 39.71$), benefits is also increasing ($\bar{x} = 51.66$). The table also indicated that the relationship is statistically significant $r = 0.657$, $n = 201$, $p < 0.05$, $R^2 =$

0.431649, showing that 43.16% of the variation in the perceived effect of credit on economic activities can be attributed to benefits of credit. We therefore reject the null hypothesis and conclude that there is significant relationship between perceived effect of credit on economic activities and benefits of credit among the respondents in the study area.

Ho₂: There is no significant relationship between perceived effects of credits on economic activities and challenges faced by the beneficiaries in accessing credit.

Table 8: Correlation Analysis between Perceived Effect of Credit on Economic Activities and Challenges faced by the Respondents in Accessing Credit

Variables	N	Mean	SD	r-value	r-critical	P. Value	Remark
Perception	201	39.71	3.82	0.387	0.181	0.000	Significant
Challenges	201	55.62	7.78				

Source: Computed from Field Survey 2022

Table 8 shows the correlation analysis that was adopted to determine if there is any significant relationship between perceived effect of credit on economic activities and challenges faced by respondents in accessing credit in the study area. Table 8 reveals that there is a positive relationship between perceived effect of credit on economic activities and challenges faced by respondents. This means that as perceived effect is increasing ($\bar{x} = 39.71$), challenges are also increasing ($\bar{x} = 55.62$). The table also indicated that the relationship is statistically significant $r = 0.387$, $n = 201$, $p < 0.05$, $R^2 = 0.149769$, showing that 14.97% of the variation in the perceived effect of credit on economic activities can be attributed to the challenges faced by respondents. We therefore reject the null hypothesis and conclude that there is significant relationship between perceived effect of credit on economic activities and the challenges faced by respondents in accessing credit in the study area.

Conclusion and Recommendations

The study successfully examined the perceived effects of palm oil cooperative in credit delivery to members in Akwa Ibom State, Nigeria. The study found that palm oil cooperatives have made a significant contribution in promoting access to financial services in study area; accordingly, the members are satisfied with the services rendered by these cooperative societies. It is therefore recommended that organization seek better strategies of building their capital. More avenues of internally generated revenue should be exploited to improve on their capital formation rates. It is equally recommended that some level of external funding may be needed by cooperatives to augment their capital formation to improve their loan volumes. However, cooperatives may be recommended as a better channel of credit delivery to farmers in terms of ability to sustain the loan delivery function.

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