

Availability of Business Information and Challenges in Establishing Small Scale Cooperative Societies in Cross River State, Nigeria


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Abstract

The study examines major problems affecting the establishment of small scale cooperative societies' businesses in Cross River State. Two research questions guided the study. The survey design was adopted. The population of the study comprised 300 Cooperators within the study area. A purposive sampling technique was used to draw up 160 cooperators for the study. A structured questionnaire designed by the researchers was used to collect data for the study. The instrument was validated by three experts from Science Education. The reliability data obtained were analyzed using Cronbach Alpha reliability method and a reliability coefficient of 0.99 was obtained. Data obtained were analyzed using mean and percentage. Results of the analysis revealed that poor management abilities, and lack of adequate business information to cooperators constitute major setback in the establishment of small-scale business cooperative societies in Cross River State. Based on the findings, it was recommended, among others, that government should review cooperative management policies.

Keywords: co-operative, societies, challenges, small-scale, businesses

Introduction

Cross River State is predominantly a civil service state and as such, the establishment of small-scale businesses and cooperative societies is really facing many challenges. Small business enterprises struggle with issues like a lack of managerial skills, and lack of adequate legislation to protect them from competition from multinational companies and imported goods, a lack of funding, or difficulty obtaining a soft loan (Arinaitwe, 2006). These issues affecting the small-scale businesses in the country can be grouped into four namely: unfriendly business environment, poor or low accessibility to funding, low managerial skills and lack of access to modern technology (Financial System Strategy, 2007).

It is a fact that small business enterprises contributes to economic growth of a nation. It is therefore important that structures be put in place to support the growth of small-scale business. According to the International Monetary Fund (2023), Nigeria is ranked the 48th country in the world with low economic recovery growth (IMF, 2023). The Borgen Project (2017) connected this condition to the lack of economic infrastructure in Nigeria. Microcredit, government policies and technology are essential for economic growth in Nigeria (The Borgen Project, 2017).

Microcredit, government policies and technology are some of the constituents of the factors that promote an enabling environment for businesses. A business-enabling environment is the combination of regulatory framework and the provision of public services (World Bank, 2022). In congruent with the above assertion, Ayamba (2008) declared that in a state economy, government's major role is to provide a strong regulatory framework and the enabling environment for effective private sector participation. Stressing further, Ayamba declared that Cross River State has since come to terms with this reality and has over the years, initiated programmes to encourage the emergence of a private sector driven economy. The inherent challenges range from poor managerial skills and competence of managing economic and human resources to high taxation.

The development of small-scale cooperative business remains one of the major ingredients of continued growth and progress in the state's economy. Ayamba (2008) and Beshel and Wonah (2017) noted that besides ensuring better economic management, these private businesses represent a veritable source of finance for capital intensive economic projects and free economic resources for other important social programmes of government. Hence, the survival of these businesses rest squarely on the availability of friendly political, environmental, managerial, social, quality information and financial assistance needed for the sustenance of the growth and progress of these small scale cooperative businesses. Based on the paramount place of this class of businesses in the growth and development of the state, the effect and inherent problems of this class of businesses should be brought to limelight.

A trip to the major markets and streets in Calabar metropolis shows that a lot of business premises are under lock and key for onwards from 10 to 33 months because of undue taxes brought upon the business by the local government revenue agencies and the state government revenue agencies, which the businesses could not meet and so, they were forced to close down. Most of the small-scale businesses affected were found to be cooperative businesses alongside individual businesses in the area. This was reported across other urban areas of the state too. These businesses can be revived if these taxes are reviewed downward and the business environment becomes friendly for their growth and progress.

There is also the issue of loan limits granted to these cooperative small-scale businesses for a start-off, which is considered inadequate. The amount ranges from N150,000.00 to N450,000.00 depending on the magnitude of the business plan, as pointed out by Beshel and Wonah (2017). Beshel and Wonah (2017) also found out that poor managerial abilities accounted for most setback in the running of the cooperative small-scale businesses. Most of the managers of these cooperative businesses lack training on how to effectively utilize and

manage the funds gotten for the business, as well as lacking in the necessary information required in the running of the various businesses they ventured into.

Small-scale cooperative society businesses are groups that are formed or floated to liberate the poor community members from the trap of poverty and ignorance. According to Beshel (2010), a movement propels the poor masses to being self-reliant, self-employed and uplifting of their standard of living. Ntia (2005), cited in Beshel and Bullem (2019), opined that it is a movement that propels people who find themselves in the same poverty situation, to move out of their poverty line. By way of joining efforts and resources as a group, they engage in many meaningful businesses and production ventures to better their condition, that of their entire families and the communities at large.

Unfortunately, the numerous issues as earlier mentioned may thwart the purpose for which this class of business is formed. This in essence, will be demonstrated in the poor performance of the businesses in the study area. The performance of a business has usually been measured from a financial perspective. However, the most frequent measures that are applied are efficiency, growth and profit (Mahmudova & Kovacs, 2018).

Statement of the problem

Actually, many researchers have delved into issues affecting small-scale businesses in Nigeria in general, but little or no attention has been paid to their mode of operations, activities, procedures for membership registration and performance rating of these class of businesses in Cross River State. An earlier survey by Beshel (2016) revealed that a greater proportion of cooperators who got started had not been duly registered. This lapses hinged on uncertainty arising from poor managerial skills, lack of adequate resources and manpower as well as quality information with regards to mode and cost of registration, high benchmark for start-up capital and cost of taxation in the particular line of business.

It is against this background that this study sought to determine the challenges associated with the establishment of small scale business Cooperative Societies in Cross River state. The study also examined the extent to which business information are made available to the new cooperators within the small scale cooperative society businesses in Cross River State.

Purpose of the study

The main purpose of this study was to identify factors affecting the establishment and performance of Small Scale Cooperative Societies in Cross River State, Nigeria. In particular, the study sought to:

1. Examine the major problems of small scale cooperative society businesses in Cross River State.
2. Ascertain the extent to which business information is made available to new cooperators in small scale cooperative Society businesses in Cross River State.

Research questions

1. What are the major problems militating against the establishment of small scale cooperative society business in Cross River State?

2. What is the extent of information available to the new cooperators about small scale cooperative society business in Cross River State?

Methodology

The study was designed as a survey research aimed at using a sample of small scale cooperative society businesses to generalize to all small scale businesses in Cross River State. Businesses of interest includes:

- a. Fashion design
- b. Hairdressing saloon
- c. Farming
- d. Trading

The population for the study comprised 300 registered small scale cooperative society businesses in Cross River State covering the following areas: Fashion design, hairdressing saloon, farming and trading.

Table 1: Business type, population and sample size used for study

Type of business	Population	Sample size
Fashion designing	70	40
Hairdressing saloon	70	40
Farming	60	30
Trading	100	50
Total	300	160

The population of the study comprised 300 Cooperators from the area of study and 160 cooperators were drawn from the entire population as sample using purposive sampling technique.

The instrument used for data collection was a structured questionnaire which was designed by the researchers. The instrument used a 4-point modified Likert scale. Three experts from Test and Measurement and Evaluation validated the instrument. To determine the reliability of the instrument, copies of the instrument were administered to 10 members of cooperative societies outside the study area. Data obtained from the trial testing were analysed using Cronbach method which revealed internal consistency index of 0.99 which shows that instrument was reliable and was used for data collection. Given the total number of copies of the questionnaire administered, a 99% (percent) return rate was recorded. The point scale was patterned as follows: SA = 4, A = 3, D = 2, and SD = 1. The data generated from this study was analyzed using percentages.

Presentation of results

Research question 1: What are the major problems militating against the establishment of small scale cooperative society business in Cross River State?

Table 2: Responses to problems in establishing small scale cooperative society businesses

S/N		SA	A	D	SD	% agree	% disagree
1.	There is lack of effective managerial skills in the operation of small-scale businesses.	90	45	20	5	84	16
2.	Poor level of competence by management of cooperative societies.	45	100	15	-	91	9
3.	Management of small scale cooperative societies' businesses are resourceful and have good policy framework.	70	50	25	15	75	25

The analysis showed that 84% of members of the small scale business in Cross River State accepted that lack of effective managerial skills militated against the establishment of small scale business, while 16% believed that effective managerial skill does not constitute a challenge in the establishment of small scale businesses in Cross River State. More so, 91% of the respondents believed that poor level of competence by managers of cooperative society constitutes a problem while 9% felt this was not a problem.

Research question 2: What is the extent of information available to the new cooperators about small scale cooperative society business in Cross River State?

Table 3: Responses on lack of information as an inherent problem

S/N		SA	A	D	SD	% agree	% disagree
4.	Management of cooperative societies usually give useful business information to members of small-scale cooperative societies.	46	54	30	30	63	37
5	Poor business information system is a major setback in running cooperative societies.	32	38	50	40	44	56
6	Management do carry out campaign and seminars to enlighten Cooperators on current updates.	70	80	10	-	94	6

It is evident from the table that 63% of the respondents agreed that management of cooperative societies usually give useful business information to members of small-scale cooperative societies while 37% disagreed with this. Again, while 44% indicated that poor business

information system is a major setback in running cooperative societies, the majority (56%) indicated that this is not the case. The table also shows that 94% of respondents agreed that management do carry out campaign and seminars to enlighten cooperators on current updates; only 6% disagreed with this assertion. This analysis indicates that information available to the new cooperators about small scale cooperative society business in Cross River State is adequate.

Discussion of the findings

Findings from research question 1 revealed that there are problems in establishing small-scale cooperative society business. The result showed that 84% of respondents agreed that lack of effective managerial skills hindered establishment of small scale business, while another 91% felt that poor level of competence by managers of cooperative society constitutes a problem. The findings are in line with the findings of Beshel and Wonah (2017) who reported that poor managerial abilities and skills accounted for most setbacks in the management of small-scale cooperative businesses.

Findings from research question 2 showed that 63% of the respondents agreed that management of cooperative societies usually give useful business information to members of small-scale cooperative societies while 56% indicated that poor business information system is not a major setback in running cooperative societies, The findings however showed that the majority (94%) believed that management do carry out campaign and seminars to enlighten cooperators on current updates. This implies that there is a problem here. This finding is in line with Beshel (2016) who observed that a great proportion of the cooperators who have got started have not been duly registered.

Conclusion

Small-scale business cooperative societies is a potential way forward for Cross River State to empower its people and diversify its economy. Given the emerging potentials of small-scale cooperative societies' businesses in many regions, it becomes critical that inherent challenges in establishing and sustaining small scale cooperative societies in Cross River State should be addressed adequately. On the basis of the findings, the study concluded that lack of competence and managerial skills are major setback in establishing small-scale cooperative societies' businesses in Cross River State.

Recommendations

Based on the findings of the study, the following recommendations were made:

1. Government at all levels should provide a clement business environment to accommodate intending and new cooperators in small-scale businesses by addressing the problems of high cost of entry fee, complex registration procedures and high taxation.
2. Government, Commercial banks and Non-governmental Organizations should carry out enlightenment campaigns to provide adequate business information for new and intending Cooperators through business seminars, talkshow and symposia so as to attract more people into small scale businesses.

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