



## Analysis of the Roles of Agricultural Cooperatives in Promoting Agribusiness among Cooperative Members.

BY

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### Abstract

*This study was conducted to find out the roles of agricultural cooperatives in promoting agribusiness among cooperatives members regarding Sabo Agricultural Cooperative Society Limited located in Tudun Wada, Kaduna South Local Government Area of Kaduna State. A survey design was used for the study. The population consisted of all male and female members of Sabo Agricultural Cooperative Society Limited located in Tudun Wada, Kaduna South Local Government Area of Kaduna State. Out of a total population of 215, a sample size of 136 was involved in the study. The research question that guided the study was: What are the types of agribusiness practices by members? What are the activities carried out by the agricultural cooperatives on cooperative farmers in promoting agribusiness? What are the impacts of the activities of the cooperatives in the development of agribusiness enterprises? A questionnaire developed by the researcher based on a Likert 5-point scale was used for the study. Frequencies and percentages were used to analyze respondents' socioeconomic status while mean scores were used to analyze respondents' responses based on the research questions. Research result shows that the types of agribusiness practiced by members are poultry production, marketing of eggs, oil processing, marketing of poultry product, marketing of grains, and marketing of vegetable products. The result equally shows that the activities carried out by the agricultural cooperatives on cooperative farmers in promoting agribusiness include, assisting members to acquire land, granting credit facilities to members, provision storage facilities for members' farm produce, supplying farm input to members, and marketing of members' farm produce. E.t.c. Finally, the result shows that the constraints that hinder agricultural cooperatives in promoting agribusiness among cooperative farmers include weak financial strength, high rate of loan default, lack of managerial a*

**Keywords:** Agricultural Cooperative, Promoting Agribusiness, Cooperatives Members

### Introduction

Agriculture is one of the largest contributors to the Gross Domestic Product (GDP) in Nigeria with an estimate of 42% of the total GDP (Central Bank of Nigeria 2013). Although crude oil is of huge importance to Nigeria, agriculture is still of great significance to the country's economy. Despite the significance of agriculture to the economy, farmers in Nigeria still face various difficulties, such as low incomes, low yields, and shrinkage of agricultural labor. These difficulties can be addressed by a collective effort of farmers coming together and pooling their resources to achieve the common goal of enhanced productivity. Farmers' cooperatives have the potential to foster economic growth at the rural and regional level, building on the spirit of cooperation that is already

prevalent among the rural population (Zeuli 2012). Thus, cooperatives provide a ready tool for addressing farmers' difficulties in Nigeria.

Generally, a cooperative society is a business organization in which a group of individuals with common interests mutually agree to come together with the goal of promoting their economic activities, such as production, distribution, or marketing of goods and services, and provision of other welfare benefits to their members (Anyaele 2003). Matthews-Njoku, E.C.Ugochukwu, A.I. & Ben-Chendo, N.G. (2003) view the cooperative as an association of persons, usually of limited means, who voluntarily join together, to achieve a common economic end through the formation of a democratically controlled business organization, making

equitable contributions to the capital and accepting a fair share of risks and benefits. Over a 100 million jobs have been created by cooperatives around the world (Allahdadi 2011).

On the other hand, an agricultural cooperative, also known as a farmers' cooperative or farmers' cooperative society, is a business enterprise jointly formed, owned, capitalized, patronized, and democratically controlled by farmers, fishermen, or other operators in agriculture to meet their pressing needs (Igben and Eyo 2018). Such needs may be to raise financial resources or to acquire farm supplies and make them available to members at affordable rates. Apart from satisfying members' needs, agricultural cooperatives share the risks and profits of cooperation among the members according to the volume of business transacted with the cooperative (Igben and Eyo 2018). In Nigeria, the first agricultural cooperatives were established as pilot projects in the early 1970s and 1980s to take care of farmers' needs in supply, production, processing, and marketing, and since then they have gradually grown to a position of dominance, covering every aspect of agricultural production in the country (Matthews-Njoku et al. 2013). The major types of farmers' cooperative societies in Nigeria covered in this study are the credit and thrift cooperatives for savings and provision of loans, farm supply cooperatives for provision of farm inputs, fishermen cooperatives focusing on the welfare of the fisheries sector only, machinery maintenance and repair cooperatives servicing specialized farm equipment, and agricultural multi-purpose cooperatives that encompass a whole bundle of farm-related activities, including marketing and consumer services (Omeregbee and Ighoro 2012).

### Statement of the Problem

Agricultural cooperative is an instrument that can be used to foster rural development. Rural development, in turn, has been described as a multidimensional process by which a group of people or a society harnesses, mobilizes, and utilizes its human and material resources for the purpose of transforming its socio-physical environment (Obasi 2015). This transformation is intended to advance the rural population to the point of being able to provide the basic necessities of life, such as food, shelter, education, health, employment, security, and electricity; it also encourages participation of the rural population in decision making about their governance (Akaruese 2012). The main roles of farmers' cooperative in rural development that we analyze in this study include improvement of agricultural development, enhancement of community growth, strengthening of rural-based industries, mobilization of participation in rural projects, provision of financing for rural projects, and employment creation. Other roles include human resources development, fostering unity in solving community problems, training of leaders who manage other rural organizations, poverty reduction, advancement of welfare of women and youths, etc. In China, rural cooperatives have facilitated economic cooperation and market integration (Song et al. 2013). Farmers' cooperatives have enabled the consolidation of fragmented land and facilitated investment in mechanization and irrigation. They created greater bargaining

power for purchasing farm tools and inputs at lower cost and selling farm products to traders at better prices, they set up storage facilities for farmers, and they also made banks comfortable with extending agricultural credit, thereby improving the productivity of agriculture and raising the income of cooperative members (Doleres 2019).

However, despite the multiple benefits of membership in an agricultural cooperative, the study of Pinto (2019) has shown that the participation of farmers in agricultural cooperative formation has been declining. This calls to question the extent to which agricultural cooperative promote agribusiness among cooperatives members through the types of agribusiness practice by members, the activities carried out by the agricultural cooperatives in promoting agribusiness among cooperative farmers and the impacts of the activities of the cooperatives in the development of agribusiness enterprise.

### The Concept of Cooperatives

The term "cooperative" was first coined in the early 19<sup>th</sup> century and has evolved as an economic and organizational form since then (Aref, 2011). As an association, it tend to achieve the social interest of it members while as an organization, it aims to improve the economic well-being of it members. Cooperative derives its origin from the idea of mutual understanding, respect, and dependence. It is derived from a Latin word meaning working together. The major emphasis in cooperative is on self-help. Thus people cooperate because they realize that it is extremely difficult to achieve some goals by working alone. In the same vein, the International Cooperative Alliance (ICA, 1995) defines cooperatives as "an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise". This definition captures the essence of cooperatives and thus is the most widely accepted definition of cooperatives all over the world.

### Concept of Agriculture

Agriculture is derived from a latin word "Ager" (field) and "culture" (cultivation). This means field cultivation, but modern Agriculture involves animal production.

Ogundele (2018) view agriculture as "a mere tilling of field for the production of food for man and animal use, however, farming has come to include almost all things that has to do with growing of food for people and animal feeds as well as fibre".

He further went on saying that agricultural growth and development can be discussed under three stages of human development.

**The Primitive Stage:** In this stage, people were gathering and hunting. Also, they pick seeds, fruits and root of wild plant such uncertainly forced them to move from one place to another in an indefinite search for food.

**The Second Stage:** It beginning when man become producers of food, they culture and harvest and reached animals, they keep draught animal to help them with their farm work. This

could be settle in village and develop homes, social, civil institution art, and crafts.

**The Third Stage:** It is the murder era, it is the present of industries, machines, commerce with people depending on other to produce, prepare, and sale.

In this conclusion, he clarifies that an agricultural strategy led focusing on small-scale farmer which led to what is called "development with a human face" growth and equity. The agricultural problem is not only to prove more food, the position of food surpluses and poverty in countries like India, democracy gives the room to empower the poor to gain access to food.

#### **The Activities carried out by the Agricultural Cooperatives on Cooperative Farmers**

It is important that the farmer should have at his disposal, an efficient and economic supply system which meets his growing demands. According to Nweze (2012), cooperative societies serves as avenues for input distribution. Through their nationwide structure, they have developed strong and reliable arrangement for the distribution of food crops, fertilizers, agrochemicals, credits, seeds, and seedlings. The objectives of this cooperative can be seen as:-

- i) To minimize cost associated with farm inputs, which constitute the greatest expenditure incurred by farmers.
- ii) To ensure that farm inputs, which are of good quality are delivered to members.
- iii) The procurement of fertilizer and high-yielding seedlings.
- iv) Procurement of agrochemicals, feeds, and fingerling.
- v) Provision of farm machinery hardware.
- vi) Accessibility of farm infrastructure such as roads and irrigation facilities.

#### **Impact of the Activities of the Cooperatives in the Development Agribusiness Enterprise**

That the cooperatives have become an important platform for development in the agricultural sector is not an over-statement. Agriculture more than any sector, has more attraction to the vision of co-operators in Nigeria than any other sector (Onugu and Uguwanyi 2007). Agricultural cooperative business has acquired some importance as instrument for development in developing countries, these enterprises whose members are involved in agriculture and related activities are organized to provide essential services to farmers in production, processing, marketing, and consumption of food to meet their basic need and that of the society (Emejulu and Constance, 2011).

Agricultural cooperative societies are involved in so many aspects of agricultural activities directed at giving farmers the support to raise their productivity and income level. Such supportive activities are listed below:-

#### **Land Acquisition**

Land acquisition cooperatives are the result of voluntary land consolidation by individual land owners whose joint efforts

contribute to efficiency in agriculture. Land acquisition co-operatives include co-operatives which are formed so that they could be apportioned land (Onugu and Uguwanyi 2007). Uguwanyi (2000) cited the National Agricultural Land Development Authority as a successful land acquisition programme where the cooperative played a crucial role. Also, land acquisition cooperatives can be made up of those that are formed for the management of water resources through irrigation and drainage, the installation of tanks, well, and pumps. Nigeria is mostly affected by co-operatives in the later group. These are the co-operatives that cultivated the irrigated lands of the River Basins Development Authorities (RBDA). In Nigeria, the Adani Rice Project in Enugu state owes it success partly to these cooperatives. Uguwanyi (2000) observed that such cooperatives can be found in northern Nigeria where the FADAMA lands are provided with bore holes and water pump.

#### **Agricultural Mechanization and Technology Adoption**

Agricultural mechanization is the application of agricultural engineering principles and technology, by the use of mechanical systems in the process of food, feed, fiber, fuel production, protection, processing, handling, and storage (Aseogwu, 2018). It also refers to the replacement of manual labour and simple hand tools with human, animal, electrical and internal consisting engine powered machinery (Wikipedia, 2011). Mechanization of agriculture contributes to higher performance of the farmer's output and income (Rijk, 2011). The cooperatives can provide a vehicle for the dissemination of intermediate technology; farmers through their cooperatives can buy or hire tractors to work on their farms, either as individuals or on cooperative basis (Onugu and Uguwanyi 2007). One way to ensure productivity in agriculture is to break the socio-cultural barriers that inhibit the adoption of new technologies. Cooperative organizations can effectively influence their members to adopt innovations, which would increase production.

#### **Farm Supply**

Cooperative organizations are able to obtain high-quality farm inputs such as seeds, insecticides, fertilizer e.t.c.Hermida (2018) stated that agricultural co-operatives play important role in the agricultural development through providing the farmers with production inputs such as fertilizer, seeds, and chemical substance. Nweze (2012) attested to the above fact, he stated that Cooperative societies serves as avenues for input distributions, and through their nationwide structure, they have developed strong and reliable arrangements for the distribution of food crops, fertilizers, agro-chemicals, credits, seeds, and seedlings. Adding to this is the Nigeria government policies of distributing these inputs, usually at subsidized prices to farmers through them. The task of the cooperative is not just to regulate the price of the inputs but also ensure that quality products with appropriate technical knowledge are offered to the farmer through their extension agents.

#### **Credit facilities**

The importance of agriculture credit has already been mentioned while discussing the credit and thrift cooperative

society, knowing that it is cheaper and more secured to grant credit through cooperatives. Otto (2006) noted that loans and credits are provided to members at much more traditional and easier conditions than the methods adopted by commercial banks and other financial institutions.

Abdulquadri and Mohammed (2011) observed that agricultural production generally is capital-intensive and in developing countries like Nigeria, small-scale farmers need to inject capital into agriculture to increase production. The critical role of credit in economic development has never been in doubt either directly or indirectly in building the capacity of the small-holder farmers in increased agricultural mechanization for household food security and poverty alleviation (Mohammed, 2009). With adequate supply of credit to farmers, the retarded agricultural sector will make progress because agricultural credit can stimulate the growth of agriculture, enhanced productivity, and promotes standard of living by breaking vicious cycle of poverty of small-scale farmers.

**Methodology**

The design for this study was descriptive survey design. The population was made up of all the male and female members of Sabo Agricultural Cooperative Society Limited. Out of a total

population of 215 members of the cooperative society under study, 136 members was randomly selected for the study. Krejcie and Morgan (1970) sample size table cited in Ogbu (2012) was used to determine the representativeness of the sample size. Stratified sampling method was first used to select proportional samples from the male and female members, while simple random sampling method was used to systematically select the participants from each sex stratum according to the proportional samples required.

The instrument used for this study was the questionnaire. It was a researcher-made questionnaire based on five-point Likertscale method of strongly agree, agree, undecided, disagree, and strongly disagree. In scoring the items in the questionnaire, respondents had a possible total score ranging from 5 to 1 which represented respondent's opinion. The higher the score the more influenced the respondents is by the scale. The sections and the items are patterned in line with the research questions. Simple percentages and mean were equally used to analyze the data based on the research questions. The area of the study covers the roles of agricultural cooperative in promoting agribusiness among cooperative members using the population of all the male and female members of Sabo Agricultural cooperative society limited, Kaduna.

**Data Presentation**

Table 1: What are the types of agribusiness practiced by members?

S/No	Statement	SA	A	U	D	SD	X	Remarks
1	Poultry production	50	46	1	14	25	3.60	Agreed
2	Eggs marketing	100	30	-	-	6	4.60	Agreed
3	Oil processing	40	80	-	7	9	3.99	Agreed
4	Marketing of poultry product.	80	45	2	7	2	4.42	Agreed
5	Marketing of grains	77	54	-	3	2	4.49	Agreed
6	Marketing of vegetable products	65	67	-	-	4	4.42	Agreed

Source: Fieldwork, (2021).

Grand Mean =4.15

Table 2: What are the activities carried out by the agricultural cooperatives on cooperative farmers in promoting agribusiness?

S/No	Statement	SA	A	U	D	SD	X	Remarks
7	Assisting members to acquire land	30	55	-	12	39	3.11	Agreed
8	Granting of credit facilities to members.	92	40	-	-	4	4.59	Agreed
9	Provision of storage facilities for members' farm produce.	20	70	-	18	28	3.26	Agreed
10	Supplying of farm input to member.	50	54	1	6	25	3.72	Agreed
11	Marketing of members farm produce.	45	34	-	45	34	3.56	Agreed



12	Training of members on vocational skills	68	40	-	8	20	3.94	Agreed
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Source: Fieldwork, (2021).

**Table 3:** What are the impacts of the activities of the cooperatives in the development of agribusiness enterprise?

S/No	Statement	SA	A	U	D	SD	X	Remark
13	It Increased production output of members	20	75	-	11	30	3.32	Agreed
14	Improved sales of members' farm products.	10	88	-	8	30	3.05	Agreed
15	Access to essential and scare production inputs	42	75	-	9	10	3.95	Agreed
16	Material and technical assistance	50	50	-	6	30	3.61	Agreed
17	Improved human capacity development	49	78	-	1	8	3.97	Agreed
18	Diversification of income base	74	60	-	-	2	4.15	Agreed
19	Improved living standard	66	65	-	-	5	3.99	Agreed

Source: Fieldwork, (2021).

### Findings

This study found out that the types of agribusiness practiced by members are poultry production, marketing of eggs, oil processing, marketing of poultry product, marketing of grains, and marketing of vegetable products. This result corroborates with the work of Aweto (2016) who asserts that members of agricultural cooperative personally involve in one business activities or the other for better living. The activities carried out by the agricultural cooperatives on cooperative farmers in promoting agribusiness includes assisting members to acquire land, granting of credit facilities to members, provision of storage facilities for members' farm produce, supplying of farm input to member, marketing of members farm produce. e.t.c. This statement is in agreement with the opinion Nweze (2012) who mention that cooperative societies serve as avenues for input distribution. Through their nationwide structure, they have developed strong and reliable arrangement for the distribution of food crops, fertilizers, agrochemicals, credits, seeds, and seedlings. Result also shows that impacts of the activities of the cooperatives in the development of agribusiness enterprise includes increased of members production output, Improved sales of members farm products, easy access to essential and scare production inputs, material, and technical assistance, improving human capacity development, diversification of income base and improving living standard. This result corroborates the work of Eze (2013) opined that the ratio of the contribution of agriculture to the total level of output is significantly higher in developing countries than in developed countries. Developing countries,

he further said, are primarily agrarian where most people cultivate land on small plots, using traditional methods that are in-efficient. Cooperative societies' increasing involvement in production and farm inputs distribution in Nigeria has been widely reported

### Conclusion

Based on the research findings, it is concluded that Agricultural cooperative promote agribusiness among cooperatives member. This is attributable to the benefits that members derive from their cooperatives. The most common benefits include financial assistance, access to essential and scarce production inputs, and a form of insurance cover against crop failure on the members' farms.

### Recommendations

- Cooperative organizations should provide adequate financial support to members in other to enhance their various business activities.
- Farmers should organize themselves into cooperatives so that problems they could not solve individually can be addressed properly as a group
- Cooperators should be provided with adequate education on cooperative matters. They should be enlightened on the importance of cooperative and its role in agricultural development locally, state-wise, and nationally
- Cooperative members should be encouraged to take up farming as their major occupations and significantly improve on their marketing ability to avoid wastes and hereby running into loss

- Government and other voluntary organizations especially the multinational oil companies operating in the area should help in granting loans/subsidies to cooperative farmers when needed.

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