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ENHANCING RURAL INCOME IN NIGERIA THROUGH AGRICULTURE: A STUDY OF FARMERS MULTIPURPOSE COOPERATIVE SOCIETIES IN ORUMBA SOUTH LOCAL GOVERNMENT AREA OF ANAMBRA STATE

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Abstract

A livelihood is a means of earning income by individual or household so as to support; to maintain; and sustain their live. Means of earning income involves various set of economic activities which include gainful employment. But, the rural areas in Anambra state are characterized by poor means of livelihood due to presence of high level poverty. This study examined the efforts of Famers Multipurpose Cooperatives (FMCs) in Orumba South Local Government Area of Anambra state. The researchers purposively sampled 174 members of FMCs in the study area. Data gotten from the respondents were analyzed and findings revealed that FMCs in Orumba south have various set of economic activities capable of promoting rural dwellers livelihood. In spite of this, it also revealed that, the FMCs is being constrained with various challenges in the course of livelihood promotion. In the light of this, the study recommend that, the cooperative should diversify their investments to be more viable so that it will yield more means of livelihood, such as earnings; employment; infrastructure; this will also encourage members to participate actively, as well as enable members to acquire skills that will empower them which will eventually reduce rural poverty.

Keyword: Enhancing rural income; Agriculture; Farmer Multipurpose Cooperative Society.

Introduction

Livelihood is a set of economic activities involving self employment and or wage employment by using one's endowment to generate adequate resources for meeting the requirements of self and household and this is usually carried out repeatedly; as such become a way of life (Wikipedia, 2014). Ideally, agriculture should keep a person meaningfully occupied in a sustainable manner with dignity. Agriculture has long been recognized as a source of generating income for the African poor rural household as well as engine for economic growth. The ability of household to exchange or move surplus from region of comparative advantage to region with less potential within a country or across national borders is an important ingredient towards the growth of agriculture and improvement of rural livelihood (Muchopa, 2011).

According to Arua (2004), promotion of livelihood should be concentrated on human resources and people of grass root levels and they should be mobilized to work together voluntarily to scarce resources together at their disposal. In this context cooperative, specifically agricultural cooperatives play a vital role in enhancing rural dwellers income which will eventually promote their livelihood. People participate directly in agriculture and they create and increasing productivity which are the major indicator for poverty reduction and promotion of livelihood in general. The cooperative league of the USA as cited in Chikaire (2011) asserted that a cooperative being a business that is owned by its members can operate the business to service themselves.

Enhancing the income of the rural poor becomes more urgent; this calls for organizations such as cooperative societies to use their potentials and resources optimally towards the satisfaction of their member's wellbeing. According to Chikaire (2011), the primary reason to promote livelihoods is the belief in essential right of all human beings to equal opportunities and ensuring that poor households have a stable livelihood which will substantially increase their income over a period of time; also to asset ownership; self esteem, as well as sense of socio-economic inclusion. According to World Bank (2005) the pyramid comprising nearly 4 billion of 6 billion people in the world, which do not have the purchasing power to buy even the bare necessity of life, e.g. food, clothing and shelter. But, as they got steadier incomes, they become customers of many goods and services, which then promote economic growth. Also, another reason for income enhancement is to ensure social and political stability, because when people are hungry and idle they tend to be violence, crime and other social vices (Chikaire, 2011; Adinya, 2008).

Government at various level and non-governmental developmental agencies have tried their best to improve livelihood of the people, but despite this efforts people still lack hope to improve their livelihood (World Bank, 2005). Similarly, there are many studies conducted by various researchers in a bid to find means and strategy of improving people's income especially those who lives in the rural communities (Muchopa, 2011; Chikaire, 2011; Arua 2004; Adinya 2008 etc). But, no single study has been conducted in Orumba South L.G.A of Anambra State, especially on the role agricultural and cooperative society. Thus, this created a vacuum to be filled which this study is determined to fill the gap. Also this study became necessary so as to identify the economic activities of agricultural cooperatives in Orumba South L.G.A and determine the extent these activities has positively enhance the income of the cooperative members in Orumba South LGA of Anambra State, this is the focus of the study.

The aim of this study is to examine how farmers multipurpose cooperative society enhance the income of their members in Orumba South L.G.A of Anambra State, meanwhile the study specific objective include to:

- (i) Examine the socioeconomic characteristics of the cooperative members in Orumba South LGA.
- (ii) Examine the economic activities of the famers' multipurpose cooperative societies (FMCs) in Orumba South LGA.
- (iii) Assess the extent which the FMCs economic activities has enhance members livelihood.
- (iv) Identify constraints that hinder FMCs economic activities and make recommendations that will strengthen FMCs efforts in enhancing the income of their members.

Research Question

- i). what is the nature of the cooperative members socioeconomic profile
- ii). Are there any significant economic activities render to cooperative members trhat is capable of enhancing their income
- iii). Have these economic activities of farmers multipurpose cooperative societies promote members livelihood in Orumba LGA.

Hypothesis of the Study

H₀₁: Farmers Multipurpose Cooperative societies in Orumba South L.G.A have no significantly promote the income of its members.

Cooperative Society and Rural Income Enhancement

Cooperatives Societies in Nigeria like their counterparts all over the world are formed to meet people's mutual needs. Cooperatives are considered useful mechanism to manage risks for member in agriculture. Through cooperatives, farmers could pool their limited resources together to improve agricultural output and this will enhance socioeconomic activities in the rural areas (Ebonyi and Jimoh, 2002).

Arua (2004) viewed cooperatives as an important tool of improving the living conditions of farmers. According to Bhuyan (2007), cooperatives are specially seen as significant tools for the creation of jobs and for the mobilization of resources for income generation. Levi (2005) asserted that cooperatives employed more than 100 million men and women worldwide. In Nigeria cooperative provide locally needed services, employment and input to farmers, cooperatives also provide opportunities to farmers to organize themselves into groups for the purpose of providing services which will facilitate output of members. According to Nweze (2002), cooperative societies serve as avenues for input distribution. Through their nation-wide structure, they have developed strong and reliable arrangements for the distribution of food crops, fertilizers, agro-chemicals, credits, seeds, and seedlings.

Bhuyan (2007), stressed that rural cooperatives played an important role in mobilizing and distributing credit to the farmers. He further stressed that cooperative provide members with a wide range of services such as credit, health, recreational and housing facilities. Agricultural cooperatives are also useful in the dissemination of information about modern practice in agriculture.

Hermida (2008) reported that cooperatives provide functional education to members in the areas of production, processing and marketing of agricultural produce. The education of cooperative members could be formal where members are trained in courses like accounting and farm management. They could also be trained informally through the attendance of national and international conference and seminars. The most important reasons for

cooperative failure in Nigeria according to Borgens (2001) include; the shortage of trained managers, lack of understanding of the principle and approaches of cooperatives and inability of cooperative member to cope with the modern methods and tools of production. Onje (2003) added that the problem of dishonesty among cooperative leaders is another factors retarding the growth of cooperative in Nigeria. According to Borgens (2001), the participation of cooperatives in marketing of agricultural produce are low as result of poor organizational structure, inadequate infrastructural facilities and administrative bottlenecks. Cooperative societies in Nigeria perform multipurpose functions. They are engaged in the production, processing, marketing, distribution and financing of agricultural products. The most popular agricultural cooperative societies available in Nigeria include; group farming cooperative, marketing cooperative, agricultural thrift and credit cooperatives, agricultural processing cooperative, consumer cooperatives, fishery cooperative and farmer's multipurpose cooperatives. Agriculture is mostly practiced in Nigeria by peasant farmers producing the bulk of food, fuel and fiber needs of the population. Rural farmers in Anambra state like their counterparts in other parts of Nigeria are trapped in perpetual poverty, malnutrition, unemployment and mass drift from rural to urban area. Hence the needs for farmers to form cooperative societies to allow then pool their contribution towards poverty reduction and agricultural development of the state resource together for increased agricultural productivity.

According to Levi (2005) the existence of cooperatives had an impact in the generality of rural development defined in terms of availability and access to amenities that improve the basic conditions of life for the rural people. These include;

- Employment creation
- Rural market development
- Enhancement of rural income
- Improvement of access to social service etc.

Farmers producing crops are marketed by cooperatives are gainfully employed because they can account for their earning during the market season. Agricultural cooperatives are critical to the general rural development because they provide employment accounts, book keeping and managers as part of direct employment. But those members earning better revenues through enhanced cooperative prices have usually invested in income earning projects such as piggery, chicken such enterprises outside the main stream agricultural marketing cooperative domain, increase income level of entrepreneur farmers, but also increase additional employment to the rural people and hold up the massive population that would have migrate to cities in search of decent jobs.

Methodology

The area of study was Orumba South L.G.A of Anambra State. This area comprises of Ogboji, Akpu, Umunze, Ihite, Onueli, Enugwu-Umonyia, Agbudu, Ubaha, Eziagu, Isulo, Nkerehi, Ogbunka, Owerre-Ezukala, Umuomaku as well as Ezira. Meanwhile, headquarter of Orumba South L.G.A is located in Umunze. Also the majority of inhabitants of this local government are known for farming activities of which they produce a lot of food for the state.

The study population consist of all registered farmers multipurpose cooperatives societies (FMSC) in Orumba South L.G.A of Anambra State. This constituted 31 farmers multipurpose cooperative societies, meanwhile, not all the 31 FMCS are functional but with the help of Divisional Cooperative Officer (DCO) in Orumba South L.G.A, we could only trace 12 active and functional FMCS and these cooperatives has total membership strength of 236 members. Since the study population was 12 farmers' multipurpose cooperative societies

which was homogeneous, also according to Adefisoye (2010) since the complete enumeration (236 members) was not up one thousand (1,000), the researcher purposively selected the whole of 236 members as the study sample. Thus, structured questionnaires were duly distributed to the 236 respondents, meanwhile, it was 174 questionnaires that was properly filled and returned.

Result and Discussion

Socioeconomic Profile of the respondents

Table 1: Distribution of the respondents Socioeconomic Profiles

Socioeconomic Profile	Frequency	Percentage	Minimum	Maximum	Mean (\bar{x})
Sex:					
Male	98	56.3	-	-	-
Female	76	43.7	-	-	-
Marital Status:					
Single	25	14.4	-	-	-
Married	86	49.4	-	-	-
Widower	18	10.4	-	-	-
Widow	34	19.5	-	-	-
Divorced	11	6.3	-	-	-
Years of Formal Education:	-	-	< 2 years	≥ 17 years	3.11 years
Occupation:					
Farmer	174	100*	-	-	-
Civil Servant	32	18.4*	-	-	-
Trader	102	58.6*	-	-	-
Artisan	83	47.7*	-	-	-
Retired	26	14.9*	-	-	-
Years Of Membership Experience:	-	-	< 1 year	> 20 years	10.5 years
Income Per Annum (₦):	-	-	< 100,000	> 5 Million	1,050,000
House Hold Size:	-	-	2	> 20	8.5

Source: Field Survey February, 2013

The above socioeconomic characteristics table 1 revealed that male respondents are 56.3% while female respondents are 43.7%. Majority of these respondents are married (49.4%) with average age bracket of 41 years. Also, these respondents have at least 3 years of formal education, meanwhile most of the respondents are farmers (100%); petty traders (58.6%) and artisan (47.7%) and they generate average income of ₦1, 050,000 per annum. More so, the respondents have average size of 9 house hold members. Finally, the respondents have average 10½ years experience as a cooperative member.

Farmers multipurpose societies (FMCS) Economic Activities

Table 2: Distribution of responses on the Economic Activities of FMCS

S/N	FMCS Economic Activities	Mean (\bar{x})	Std. Deviation	Variance	Decision
a.	Marketing of farmers produce	4.189	.80727	.652	Available
b.	Supply of farm inputs (e.g. seed, fertilizers etc)	4.1667	.79072	.625	Available
c.	Storage facilities for members	4.0690	.72795	.527	Available
d.	Credit and loan delivery	4.2011	.61747	.381	Available
e.	Savings and deposits	3.8218	.78083	.610	Available
f.	Micro insurance services delivery	3.3506	1.09548	1.200	Available
g.	Consumers goods supply	3.6494	.98481	.969	Available
h.	Housing scheme services	2.333	.89529	.802	Not available
i.	Members education	3.6034	.93623	.877	Available
j.	Skill acquisition programmes and training	3.5690	.72396	.524	Available
k.	Collective farming	3.7701	1.03913	1.080	Available
l.	Community health cane services	2.7299	.79850	.638	Not available
m.	Transportation scheme (e.g KEKE high purchase)	3.0747	.89967	.809	Available
n.	Community development services	3.3793	.90906	.826	Available
o.	Intermediary services between government and ruralities	2.4943	.90437	.818	Available

Grand mean (\bar{x}) **3.5933**

Source: Field Survey February, 2013

The above table 2 revealed the cooperative economic activities that enhance income of its members. Meanwhile that data was sourced from 5 point likert scale with threshold of 3.0 which indicated that any economic activity that < 3.0 is not available in the studied cooperatives. While, any economic activity that is ≥ 3.0 is available in the studied cooperatives. Therefore, the grand mean (3.5933) indicated that there is strong availability of economic activities in cooperative that enhance income and these include, marketing of farm produce (4.189); supply of farm inputs (4.667); credit delivery (4.0211); members' education (3.6034); skill acquisition training (3.569) as well as collective farming (3.7701).

The Extent of Livelihood Promotional Activities on Cooperative Members

Table 3: Distribution of Extent of Cooperatives Promotional Activities on the Livelihood of their Members

S/N	FMCs Economic Activities Effects	Mean (\bar{x})	Std. Deviation	Variance	Decision
i.	Job opportunities	4.0230	.68808	.473	Effective
ii.	Improves social and economic inclusion	3.5287	.74242	.551	Effective
iii.	Increase agricultural productivity	4.1149	.62557	.391	Effective
iv.	Women and youth empowerment	4.0460	.84536	.715	Effective
v.	Improved literacy level	3.2586	.82365	.678	Effective
vi.	Community banking	3.6724	.73841	.545	Effective
vii.	Improved community health care	2.3793	.74090	.549	Ineffective
viii.	Private and informal sector development	3.6782	.61755	.381	Effective
ix.	Effective linkages	2.8276	.70844	.502	Ineffective
x.	Gender equality	3.7989	.67985	.462	Effective
xi.	Improved standard of living	4.2471	.71472	.511	Effective
xii.	Technology diffusion	3.6667	.81413	.663	Effective
xiii.	Sensitization and re-orientation on cooperative effects	3.6027	1.06159	1.127	Effective
xiv.	Infrastructural development	3.3506	1.14704	1.316	Effective
xv.	Environmental sustainability	2.7184	1.02906	1.059	Ineffective
	Grand mean (\bar{x})	3.4068			

Source: Field Survey February, 2013

Table 3 above showed how economic activities of cooperatives have a positive effects on its members. The result was from scale analysis of 5 point likert scale with mean of 3.0. That is any variable < 3.0 is ineffective while any variable ≥ 3.0 is effective. Thus, the grand mean (\bar{x}) (3.4068) revealed that the available cooperative economic activities has positive effects in promoting livelihood of its members. Some of these positive effects include; job opportunities (4.02); social and economic inclusion (3.52); increased agricultural productivity (4.04); improved members literacy lives (3.25); community banking (3.67) as well as infrastructural development (3.35).

Test of Hypothesis One

H₀₁: FMCS in Orumba L.G.A has not significantly enhanced the livelihood of their members.

H₀₁: To a significant extent FMCS in Orumba South LGA has enhanced the livelihood of their members.

In order to affirm or reject the hypothesis formulated, table 2 and 3 was subjected to T – test and the result was showed in table 3.1,3,2 and 3.3 below.

T – Test

Table 4: Paired Samples Statistics

	Mean	N	Std. Deviation	Std. Error mean
Pair 1. Activity	3.5601533	15	.53901546	.13917319
Effect	3.5287	15	.13954	.13954

Table 3.3.2: Paired Samples Correlations

	N	Correlation	Sig.
Pair 1 Activity and effect	15	.684	.000

Table 5: Paired Samples Test

Paired Differences								
				95% confidence interval of the diff.				
Pair 1 activity and effect	Mean	St. Deviation	Std. Error Mean	Lower	Upper	t	df	Sig. (2-tailed)
				.35875070	.4215853	.573	14	.000

Decision

This result of T – test above showed a strong significance. That is t value (.573) was found to be significant at 5% level of significance. Therefore, null hypothesis was rejected while the

alternated was accepted and the researcher concluded that to a significant extent FMCS in Orumba LGA has promoted the livelihood of its members.

Constraints that Limit the economic Activities of Cooperative

Table 6: Distribution of the Responses Based on the Constraints that Limits the Enhancement of Rural Income through Cooperative Economic Activities

S/N	Constraints	Mean (\bar{x})	Std. Deviation	Decision
i.	Political and economic instability	3.9253	.69693	Limitation
ii.	Rural – urban migration	3.7989	.96757	Limitation
iii.	Inadequate fund	4.3218	.63600	Limitation
iv.	Lack of quality extension service delivery	3.7414	1.05721	Limitation
v.	Poor infrastructure	3.9655	.85272	Limitation
vi.	Conflict of interest among members	3.6322	1.07644	Limitation
vii.	Misconception on what cooperative is all about	2.9023	.97168	Not a limitation
viii.	Inactive members’ participation	3.8276	1.04474	Limitation
ix.	Gender inequality	2.6956	1.04482	Not a limitation
x.	Inadequate skill acquisition and empowerment programmes and training	3.9023	.96571	Limitation
xi.	Ineffective leadership and management of cooperative	2.7356	.96571	Not a limitation
	Grand mean (\bar{x})	3.2461		

Source: Field Survey February, 2013

The table 6 above revealed the result of the constraint that limits the activities of cooperative in enhancing rural income in Orumba South L.G.A. The result was generated from 5 point likert scale with mean of 3.0, where any constraints < 3.0 was considered not to be a limitation, while any constraint ≥ 3.0 was considered to be a limitation. Therefore, the grand mean (3.246) showed that there are limitations confronting agricultural cooperative in enhancing rural income in Orumba South L.G.A and some of these limitations include; political and economic instability (3.9253); inadequate fund (4.3218); lack of extension service delivery (3.7414); poor infrastructure (3.9655); conflict of interest among members of cooperative (3.6322); inactive members’ participation (3.8276); inadequate skill acquisition training and programmes (3.9023).

Conclusion

Rural dwellers who are characterized by low income, and low resources utilization find it difficult to pool their resources together in order to raise their income; productivity and substantially promote their livelihood. In such situation cooperative represent a strong and

viable social and economic alternative as it offers the best platform for reaching the masses of rural dwellers, specifically farmers in achieving self actualization.

Recommendations

Therefore, in order to further facilitate and enhance the propensity of cooperative in the promotion of rural livelihood, the following recommendations are made:

- Cooperative should provide education for their members and potential members. Such should be designed to strengthen and enhance the members with skills; knowledge as well as confidence necessary to use and participate in cooperative more effectively as well as making the members to be conscious of cooperative effect.
- The cooperative should integrate more practicable activities that will yield more positive effects in the promotion of their members' livelihood. This will not only promote the livelihood of the members but it will equally trickle down to promote living conditions of individual members' household.
- They should not rest on the positive effects recorded in promoting rural livelihood rather they should strengthen it more in such a way that will have effect on the economy.
- In order for the cooperative to remove the constraints that limit their efforts, they should diversify their investments to be more viable so that it will yield more means of livelihood, such as earnings; employment; infrastructure; this will also encourage members to participate actively, as well as enable members to acquire skills that will empower them which will eventually reduce rural poverty.

If the above recommendations are strategically and strictly implemented, there is possibility of eradicating poverty in rural areas and this will enable the government to achieve millennium development goals (MDGs) before the stipulated period.

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