

Strategic factors affecting the performance and sustainability of cooperative credit and thrift schemes in the local government areas in Enugu State, Nigeria

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Abstract

This paper examined factors constraining the effective performance and sustainability of cooperative credit and thrift schemes in the local government areas (LGAs) in Enugu State. The study used a survey of 269 households drawn from 17 LGAs in Enugu state. The current researcher tested the study's hypotheses by conducting a descriptive statistic that specified the ascending mean differences of the highlighted constraints. The findings revealed that the factor that poses the most constraints to the effective performance and sustainability of credit and thrift schemes in the LGAs in Enugu State is the failure of some loaners to pay back, followed by insufficient funding and ignorance of the scheme. It is essential to add that the strategic measures to accelerate the growth of cooperative credit and thrift schemes in the State include a well-designed strategy that increases the growth of thrift and loan, members receiving education, and orientation on as well as enacting legislation to protect the scheme. This paper's finding reinforces the Government's attempt to overhaul its current monetary policy to afford cooperatives better opportunity to obtain the necessary funding. Finally, the paper proposed that efforts should be made to ensure a well-designed strategy that increases the growth of thrift and loan, create more awareness on the relevance of cooperative credit and thrift schemes, and create a more exclusive account for the scheme with reasonable interest. Besides, this paper proposed

the appropriate enacting of legislation to protect the scheme within the local government areas in Enugu State, Nigeria.

Keywords: Constraints, sustainability, cooperative, credit, households, performance, scheme, thrift

1. Introduction

The fundamental nature of a credit culture is to generate a pool of funds. From its inception, this credit culture designed and built members who owned and controlled the cooperative finance system. The earliest Cooperative Thrift and Credit Associations in Nigeria were organized mainly in the western part of the country during the 1940s and 1950s (Marx & Seibel, 2012). Towards the last part of 1943, 180 registered cooperative associations were already in existence in Nigeria. More than that, cooperative associations became firmly rooted in the country within a decade of their commencement (Odedoku & Udokogu, 1996). As a way to empower people and reduce poverty, there is a need to enhance access to production factors, particularly credit facilities. In that regard, Soludo (2005) opines that well-focused programs in that direction must be put in place to achieve robust economic growth. The informal microfinance institutions have helped provide funds like credit facilities for business purposes, housing projects, and disease control (Ijaiya, 2011).

Apart from the lending activities of the formal microfinance institutions, informal lending is prevalent in Nigeria, especially in Enugu State, and it also forms part of the oldest types of lending. Informal lending, which includes borrowing from friends, family members, money lenders, and

depletion of savings, has provided soft and comfortable loans to small businesses, although sometimes the collateral requirements may be challenging to attain. Nwoha (2010) described a cooperative thrift and credit society as a system that offers its members suitable and secured income through interest accrued. This scheme is suitable for workers in the same organization. Workers in such organizations usually generate funds through deduction from their monthly salary and offer loans to those who need them. It is pertinent to mention that workers in such organizations do not usually receive weekly or day-to-day incomes but are paid an enormous amount of money at the end of each month, enabling them to accumulate funds after subtracting their vast expenses. Otto and Ukpere (2008) cautioned that even though credit and thrift schemes are the last resort for low and middle-income earners, the unruly behavior and fraud in the system renders businesses involve in credit potentially unsafe. For instance, several Enugu State dwellers cannot afford to educate their children or pay their electricity bills, let alone be able to provide them with affordable accommodations. Consequently, agents involved in providing credits should be ready to confront these challenges.

The presence of large informal financial houses in Enugu State is attributed to several factors, such as population concentration in

rural areas that are unbanked, low literary level, loss of confidence in the banking system due to distress, illicit banking practices and absence of other financial institutions in the rural areas (Acha, 2012). Financial freedom in the rural area cannot merely be attained through isolated programs of infrastructural development but enhanced through the right of people to acquire productive funds, such as access to credit facilities. Empowering the masses through access to credit facilities boosts productive economic activities, increases overall employment opportunities, and enhances personal income and general prosperity (Onwubu & Okorie, 2016). Industrious rural farmers and business owners could get empowered by providing credit facilities, which can enable them to partake in economic activities and enhance the sustainability of their businesses (Nwankwo, Ewuim & Asoya, 2013).

From the views of Antoh, Mensah, Enu-Kwesi, and Addo (2016), financial intermediaries have played a pivotal role in poverty reduction and economic growth in many nations. It is also essential to note that the absence of security and safety of loans is the main distinctive feature between informal and formal loan providers (Idowu & Salami, 2011). Consequently, the rural dwellers prefer easy loans because one does not need collateral to access the loan. Corporative and thrift societies usually collect interest for loans borrowed by members who did not contribute money. However, they usually do not charge interest from members who have contributed funds to the scheme. Adewakun, (2012), Magbagbeola, Adetoso, and Owolabi

(2010) have observed that Micro-finance remains the solution to the scarcity of funds in rural areas. In a similar vein, Tanko (2007) observed that part of the challenges to rural development in Enugu State shows that the scarcity of funds and limited access to loanable funds hindered the efforts towards expanding the economic base of the rural dwellers. Credit and thrift associations remained another way of reaching out to people who do not have access to regular banking facilities. Many financially excluded rural dwellers perceive it as an alternative to the conventional banking system because it usually supports members with their credit needs within a serene environment, unlike the complexity and confusion frequently experienced in most formal banking halls in Nigeria.

Enugu State has 17 local government areas (LGAs). Every local government area is controlled by a local government council, which includes a chairman that acts as the Chief Executive within each LGA, and functions with elected councilors. Also, a minimum of ten and a maximum of fifteen wards are in each LGA. Currently, in Enugu State, people in the rural areas, where most of the local government systems operate from, and to an extent, those in the urban areas can hardly obtain credit facilities owing to their socio-economic conditions. Consequently, the poverty level of these people continues to rise. The most affected groups are those in the low and middle-income brackets. Besides, the small and medium scale businesses, which are the nerve centers of the nation's economy, have not made headway due to inadequate

funding. The inability of small businesses to access credit facilities is due to their inability to provide proper collateral. This fact has affected the growth and development of small businesses in most of the local government areas, which are highly populated by rural dwellers. In this regard, Nwankwo, Ewuim, and Asoya (2013) observed that insufficient capital had been a significant setback for rural businesses in Nigeria.

Consequently, the rural dwellers patronize and support conventional credit and thrift associations to meet unexpected contingencies. The current paper endeavors to identify the most substantial factors hindering the effective performance and sustainability of cooperative credit and thrift schemes within the local government areas in Enugu State, Nigeria. It also endeavors to establish ways of enhancing the growth of credit and thrift schemes in Enugu state. This study hopes to contribute to knowledge in the area of credit and thrift scheme. Moreover, gaps in the current study will spur future research interest, particularly in the area not covered in this paper.

1.1 Statement of the Problem

In Nigeria today, people in the rural areas, where most of our Local Government systems operate, and even those in the urban area hardly get access to credit facilities due to their socio-economic status. Thus the poverty level of these people continues to rise. Worse affected are people in the low and middle-income brackets. The lack of access to credit facilities due to lack of collateral has eroded people's economic

situation in rural areas. More than that, poor managerial skill and lack of knowledge has led to the stunted growth of cooperatives. The challenges confronting cooperatives include dishonesty among the leadership, which has resulted in several irregularities related to embezzlement of the fund by leading members, which adversely affects the development and growth of cooperative societies. Efforts at addressing these challenges to improve access to credit by members have not been very successful. This study seeks to examine the most substantial factors hindering the effective performance and sustainability of cooperative credit and thrift schemes within the local government areas in Enugu State, Nigeria.

1.2 Research Question

The above problem statement triggered the following research questions

1. Which factors pose the most constraints to the effective performance and sustainability of credit and thrift scheme in the LGAs in Enugu State?
2. What strategic measures are more appropriate in enhancing the growth and sustainability of credit and thrift schemes in the LGAs in Enugu State?

1.3 The objective of the study

The objectives of the paper are:

1. To determine the factors that pose the most constraints to the effective performance and sustainability of credit and thrift scheme in the LGAs in Enugu State.

2. To highlight the strategic measures that are more appropriate to adopt in enhancing the growth and sustainability of credit and thrift schemes in the LGAs in Enugu State.

2. Literature review

This section covers the literature review of the paper, starting with the concept of credit and thrift cooperative society.

2.1 Concept of credit and thrift cooperative society

Credit and thrift cooperative society comprises individuals who come together as a group with the same occupation and reside within the same city. The main aim of a cooperative is to encourage savings amongst members and provide loans to them in the form of venture capital. Cooperative societies seem to be increasing in many countries, particularly in emerging economies. Democracy is upheld within most cooperative societies as members have the opportunity to participate in decision making. Such an atmosphere can boost rational economic decisions around credit facilities, which can boost economic growth. In line with that, Umeabali, Agu, and Umuahia (2014) observe that credit is an essential factor in the economic growth of a nation because it creates an avenue for diversification and improvement in economic activities. Hence, the importance of credit cannot be overemphasized, which explains why the development and sustainability of credit and thrift cooperative society are crucial to any economy. In that sense, Kareem (2012) noted that in Nigeria, credit cooperatives, which initially started from cocoa cooperative society, have

played a significant role in the area of capital formation in the country. More than that, cooperative societies have been perceived from different angles by different scholars. Some scholars are of the view that cooperatives are influential organizations where different entrepreneurs or co-operators pool their resources together with the sole aim of making a profit. Others see it as a voluntary economic institution in which members share the earned profit through dividend sharing. Odey (2009, cited in Effiom, 2014) believes that the first cooperatives' membership was open, transparent, and share things in common. Ebi (2014) identified a well-designed scheme that inspired corporate society and noted that the earlier plan for creating the cooperative organization in England was disrupted and rejuvenated by Robert Owen in partnership with his Rochdale foundation. Cooperative is a relationship willingly entered into by two or more individuals having the common interest of making available to members various needed services in a non-profit manner. Cooperatives are generally structured in the form of a certified body functioning to achieve their aims through the utilization of combined resources contributed by members for their individual needs (Helms, 2005). Abdulkarim (2016) was of the view that cooperative societies are panaceas for rural development and growth. It is also an avenue for job creation, making cooperative society an essential segment of developing a country's economy. Ridley-Duff (2007) opined that cooperative operation is the union of free individuals that come together to achieve their members' financial,

communal, and cultural needs, including the utilization of a commonly held and equally managed scheme. However, Rothschild (2008) posits that a cooperative society is a type of communal association that is substantially common amongst individual groups.

Obodoechi (2008) identified the following characteristics of cooperative society: a genuine cooperative society should be autonomous and free from intimidation of lawmakers or external influence; their members joined voluntarily due to having obtained a new knowledge of the benefits associated with it; members are not forced or coerced to join the association; The concerns of members is paramount before speaking about capital; and the primary purpose of a cooperative society is to achieve groups' interests within the economic sphere, including their ambition within a socio-cultural, religious and political environment while avoiding unlawful ambitions.

The International Co-operative Alliance (2017) represents 313 cooperative federations and organizations in 109 countries. The Alliance has members from 100 countries, representing close to one billion individuals worldwide. Around one hundred million people work for cooperatives globally. Cooperatives have created over 100 million jobs across the globe, which is 20% over what the transnational corporations have created. About 3 billion individuals' income is kept safe in cooperative societies. In a survey to ascertain the economic power of the top 300

cooperative societies across the globe, cooperatives controlled nearly US\$ 1.1 trillion in 2004 (Cronan, 2007).

Rose (2016) summarized the benefits of cooperatives, including the provision of non-collateral loans, avoiding the sale of real estate loans to investors, providing a very successful method to support members, and empowering women suffering from deprivation. Otto and Ukpere (2008) observed that savings through cooperatives are a good avenue for capitalization, which is essential for venture creation. Coordinators and managers of cooperative societies, such as Microfinance organizations, also serve as an employment avenue for them. Galor (2009) further remarked that cooperative societies support group savings, which enables their members to assess loans in the face of unexpected contingencies. Hence, the primary aim of a cooperative association is to encourage members to save.

In their treatise, Ojo, Ayesoro, Adesina, and Anita (2016) examined the effect of thrift and credit cooperatives in ameliorating challenges constraining farmers' economic advancement in the Local Government Areas of Lafia in Nasarawa State. They found that the number of family members, agricultural and non-agricultural proceeds, level of education, and the interest rate on savings are among the factors constraining the people's participation in thrift and credit organizations. To date, efforts to form credit and thrift associations to improve the living conditions of people in rural areas have yielded fewer results than the targets envisaged, despite government's

interventions. Also, Ojo, Ayesoro, Adesina, and Anita (2016) noted that micro-lending from credit and thrift cooperatives should be perceived as an avenue to address the scarcity of venture capital. Against this backdrop, they recommend that credit and thrift cooperatives should be encouraged to support members with enough capital as well as helping them to assess funds from more prominent financial institutions, to enable them to purchase substantial capital assets, support with a soft landing, absorb losses as well as connect agriculturists to resources for productive activities. This action will go a long way towards reducing deprivation amongst rural dwellers who participate in the scheme.

Onyeze, Ebue, and Oladimeji (2015) in their study in Enugu South LGA of Enugu State stressed that both the job of improving the economic effect of cooperative funds and credit to the member within Enugu South Local Government Area seems to have several challenges, such as inadequate finance for organizations to execute their outstanding projects. This fact is in addition to the inappropriate use of borrowed funds, which sometimes leads to the inability to repay loans. Other challenges include literacy level among members, depleting membership, which affects fund mobilization (Galor, 2009).

Nevertheless, Agbeze and Onwuka (2014) have suggested the strengthening of government efforts to integrate formal and informal financial institutions in order for them to have access to micro-finances. Dogarawa (2010) added by advising that cooperatives should be able to

continually support the dual functions of developing feasibility as well as advancing capacity in providing services to their members while maintaining their cost-effective, viable, innovative as well as resilient posture. Nwankwo, Ewuim, and Asoya (2013) as well as Ojua, Audu, Plang, and Anzaku (2013) suggested that as a strategic measure to increase the growth of credit and thrift scheme, the government, as well as its subsidiaries, should intervene at various levels to support the sustainability and growth various cooperative schemes in the rural areas of the country. Also, it is essential to make an effort to improve the literacy level of rural dwellers as well as cooperative members. This measure will go a long way towards improving membership participation in cooperative schemes.

2.2 Theoretical underpinning of the paper

This paper adopted the Lifecycle Income Theory developed by Milton Friedman in (1957). The theory focused on the expenditure pattern of a family unit, anchored within the stage of its life cycle. When consumption is higher than saving, it leads to (dis)saving, which negatively affects capital formation. Robert Hall undertook an early test of the Permanent Income Hypothesis in 1978. He noted that if previous consumption, based on all information consumers had at the time, past income should not contain any additional explanatory power about current consumption above past consumption. The younger family unit has the propensity to save more than what they expend, unlike a family unit that is the focal point of survival. Hence, when the family unit is retracting in old age, they live off their build-up

capital/money put away. As a result, the predisposition to save money relied on the individual's maturity, which is not the same amongst different age brackets. The theory is anchored within the economic assumption, which tries to demonstrate the pattern by which people disperse their consumable income throughout their existence. The postulation is that an individual's consumption will be hinged on current earnings and by anticipated earnings in the upcoming period, known as 'permanent income.' Consequently, consumption follows a random path (Galbacs, 2015). Individuals are assumed to plan a pattern of consumer expenditure based on anticipated earnings throughout their lifetime. The application of this theory in this study and the link between it and the study of Hall and Mishkin (1982) and Stephens (2013) is that it will enable people in the study area to plan well around their permanent income by reducing consumption and increasing savings through participation in credit and thrift cooperatives schemes.

3. Research methodology

The present researcher adopted a survey research approach for this study. According to Otuk, Bamidele-Ogunsola, and Azare (2014) survey method is a method of gathering ideas from participants, also known as respondents, which is undertaken by asking them to respond to questions that are later analyzed. The sample size was 269, calculated using a population size of 520 with the Taro Yamane formula. The sampling technique adopted in the paper was probability sampling. Furthermore, this work used simple random sampling, which Durojaye (2012) described as a necessary sample procedure in which every item, unit, or member of the items comes from the pool. The current researcher distributed two hundred sixty-nine (269) questionnaires to the respondent, out of which 200 were completed and retrieved successfully. However, the remaining 69 could not be retrieved. The respondents consist of 122 males and 68 females. With regards to the test of hypotheses, this paper tested its stated hypotheses by using the descriptive analysis to indicate their ascending mean differences.

4. Results

Table 1: Identified Impediments constraining the effective performance and sustainability of credit and thrift scheme in the LGAs in Enugu State

No	Identified Impediments	Strongly Agree		Agree		Disagree		Strongly Disagree	
		Frequency	%	Frequency	%	Frequency	%	Frequency	%
1	Ignorance of the scheme.	99	49.5%	3 2	16%	45	22.5 %	2 4	12%

2	Poor membership.	20	10%	4	22%	10	53.5%	2	14.5%
3	Insufficient funding.	11	55.5%	4	21.5%	11	5.5%	3	17.5%
4	Failure of some loaners to payback.	98	49%	6	31.5%	20	10%	1	9.5%
5	Lack of legal backing.	27	13.5%	5	25%	90	45%	3	16.5%

Source: Researchers fieldwork, 2020.

Table 1.1 Ascending descriptive statistics indicating the rank of the constraining factors through their means.

Descriptive Statistics						
Identified Impediments	N	Mean	Std. Deviation	The rank of constraining factors (Ascending mean)	Skewness	
					Statistic	Std. Error
Poor membership.	200	2.28	.832	5 th	-1.052	.172
Lack of legal backing.	200	2.36	.913	4 th	-1.023	.172
Ignorance of the scheme.	200	3.03	1.098	3 rd	-.612	.172
Insufficient funding.	200	3.15	1.138	2 nd	.317	.172
Failure of some loaners to payback.	200	3.20	.967	1 st	.503	.172
Valid N (listwise)	200					

Source: Researchersfieldwork, 2020.

Table 1 above displays the participants' responses to identifying the most significant factors constraining the effective performance and sustainability of credit and thrift schemes in the LGAs in Enugu State. Of the 200 questionnaires retrieved from respondents, 99 (49.5%) and 32 (16%) strongly agreed and agreed respectively that "Ignorance of the scheme" constrains the effective performance and sustainability of credit and thrift scheme in the LGAs in Enugu State. Also, 20 (10%) and 44 (22%) strongly agreed and agreed respectively that

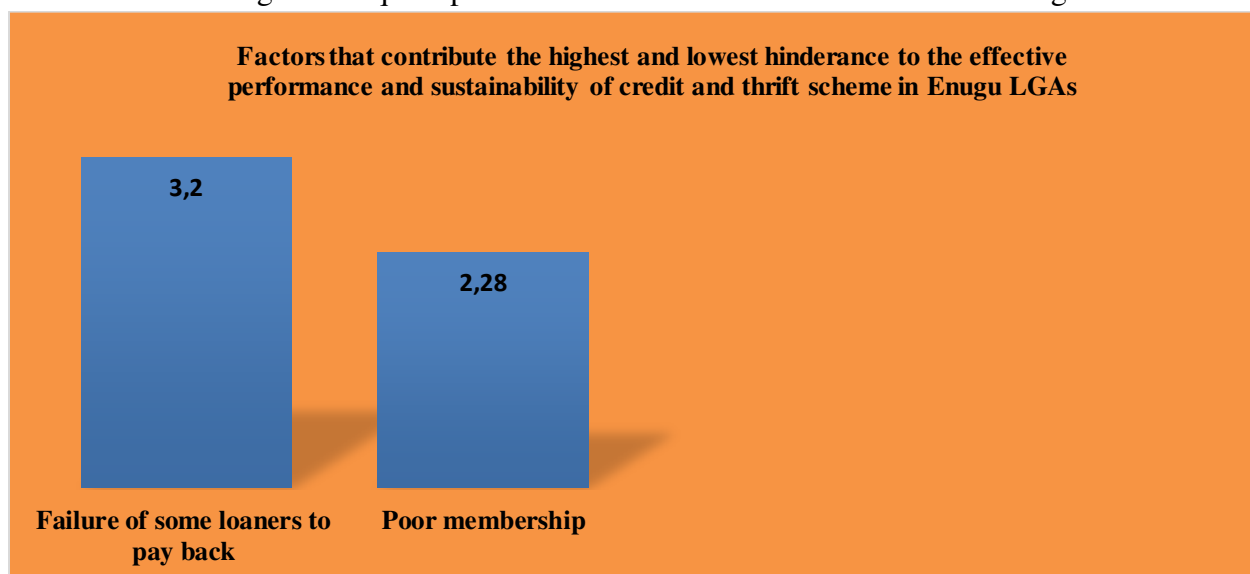
"Poor membership" limits the effective performance and sustainability of credit and thrift scheme in the LGAs in Enugu State. In addition, the current results indicate that 111 (55.5%) and 43 (21.5%) strongly agreed and agreed respectively that "Insufficient funding" restricts the effective performance and sustainability of credit and thrift scheme in the LGAs in Enugu State. Furthermore, the stated results indicate that 98 (49%) and 63 (31.5%) strongly agreed and agreed respectively that "Failure of some loaners to payback" constrains the effective

performance and sustainability of credit and thrift scheme in the LGAs in Enugu State. Also, the present findings show that 27 (13.5%) and 50 (25%) strongly agreed and agreed respectively that “Lack of legal backing” restricts the effective performance and sustainability of credit and thrift scheme in the LGAs in Enugu State.

Furthermore, Table 1.1 above showed an ascending mean tabulation of the identified factors constraining the effective performance and sustainability of credit and thrift scheme in the LGAs in Enugu State. The table provided a ranking column to show how the variable items are ranked from highest to lowest according to responses from the participants, using the mean values. Going by these mean values, the highest-ranked variable item is “Failure of some loaners to payback,” with a mean

score of 3.20. This finding infers that the impediment - Failure of some loaners to payback, poses the most constraint to the effective performance and sustainability of credit and thrift scheme in the LGAs in Enugu State. The next constraints are “Insufficient funding” with a mean score of 3.15, “Ignorance of the scheme” with a mean score of 3.03, “Lack of legal backing” with a mean score of 2.36 and “Poor membership” with mean scores of 2.28. Hence, the factor that poses the most constraint to the effective performance and sustainability of credit and thrift scheme in the LGAs in Enugu State is the “Failure of some loaners to payback,” while the factor that poses the least constraint to the effective performance and sustainability of credit and thrift scheme in the LGAs in Enugu State is “Poor membership”.

Figure 1: Chart showing the items that received the highest and lowest frequency rankings for the factors hindering the adequate performance of credit and thrift scheme in Enugu LGAs



Source: Researchers fieldwork, 2020.

Table 2: Identified Strategic Measures that are more appropriate in enhancing the growth and sustainability of credit and thrift schemes in the LGAs in Enugu State

No	Identified Impediments	Strongly Agree		Agree		Disagree		Strongly Disagree	
		Frequency	%	Frequency	%	Frequency	%	Frequency	%
1	A well-designed strategy increases the growth of thrift and loan.	120	60%	70	35%	63	3%	42	2%
2	The scheme should have more extensive publicity.	88	44%	67	33.5%	33	16.5%	12	6%
3	Cooperative studies should be made compulsory in Universities.	80	40%	52	26%	40	20%	28	14%
4	Legislation to protect the scheme should be enacted.	100	50%	45	22.5%	39	19.5%	16	8%
5	Members should receive education and orientation on the scheme.	102	51%	62	31%	30	15%	63	3%
6	Banks should open an exclusive account for the scheme with good interest.	102	51%	52	26%	40	20%	63	3%

Source: Researchers fieldwork, 2020.

Table 2.1 Ascending descriptive statistics indicating the rank of the strategic measures in enhancing the growth and sustainability of credit and thrift schemes in the LGAs in Enugu State through their means.

Descriptive Statistics						
Identified Strategic Measures	N	Mean	Std. Deviation	Rank in constraining (Ascending mean)	Skewness	
					Statistic	Std. Error
Cooperative studies should be made compulsory in Universities	200	2.92	1.077	6 th	-.523	.172

Legislation to protect the scheme should be enacted	200	3.15	.999	4 th	-.783	.172
The scheme should be given more extensive publicity	200	3.15	.908	4 th	-.800	.172
Banks should open an exclusive account for the scheme with good interest	200	3.25	.878	3 rd	-.781	.172
Members should receive education and orientation on the scheme	200	3.30	.833	2 nd	-.928	.172
A well-designed strategy increases the growth of thrift and loan	200	3.53	.657	1 st	-1.510	.172
Valid N (listwise)	200					

Source: Researchers fieldwork, 2020.

Table 2 above shows the participants' responses in identifying the most significant strategic measures appropriate in enhancing the growth and sustainability of credit and thrift schemes in the LGAs in Enugu State. Hence, of the 200 questionnaires retrieved from respondents, 120 (60%) and 70 (35%) strongly agreed and agreed respectively that "A well-designed strategy increases the growth of thrift and loan" and enhances the growth and sustainability of credit and thrift schemes in the LGAs in Enugu State. Besides, 88 (44%) and 67 (33.5%) strongly agreed and agreed respectively that "The scheme should have more extensive publicity" to enhance the growth and sustainability of credit and thrift schemes in the LGAs in Enugu State. Also, the present results indicate that 80 (40%) and 52 (26%) strongly agreed and agreed respectively that "Cooperative studies should be made compulsory in Universities" to improve the growth and sustainability of credit and thrift schemes in the LGAs in Enugu State. Nevertheless, the results indicate that 100 (50%) and 45 (22.5%) strongly agreed and

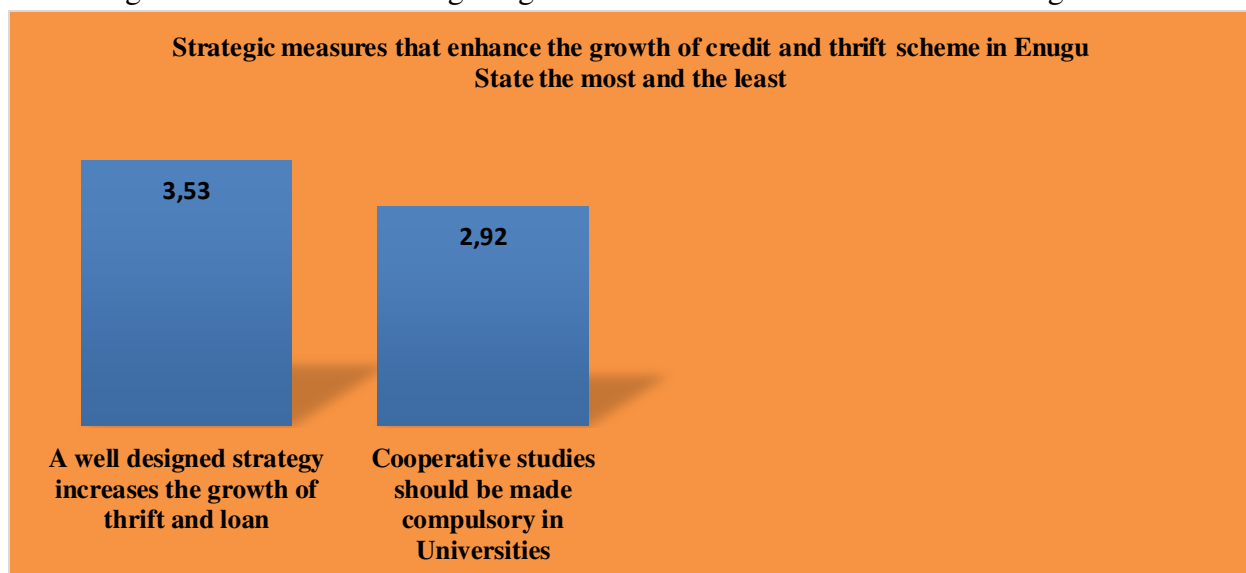
agreed respectively that "Legislation to protect the scheme should be enacted" to boosts the growth and sustainability of credit and thrift schemes in the LGAs in Enugu State. The present findings also show that 102 (51%) and 62 (31%) strongly agreed and agreed respectively that "Members should receive education and orientation on the scheme" to enhance the growth and sustainability of credit and thrift schemes in the LGAs in Enugu State. Besides, 102 (51%) and 52 (26%) strongly agreed and agreed respectively that "Banks should open an exclusive account for the scheme with good interest" to enhance the growth and sustainability of credit and thrift schemes in the LGAs in Enugu State.

Furthermore, Table 2.1 above showed an ascending mean tabulation of the identified strategic measures to enhance the growth and sustainability of credit and thrift schemes in the LGAs in Enugu State. The table provided a ranking column to show how the variable items are ranked from highest to lowest, according to responses

from the participants, using the mean values. Going by these mean values, the highest-ranked variable item is “A well-designed strategy increases the growth of thrift and loan” with a mean score of 3.53. This finding infers that the strategic measure (for instance, banks ensuring a well-designed strategy to increase the growth of thrift and loan) stands as the most appropriate strategic measure in enhancing the growth and sustainability of credit and thrift schemes in the LGAs in Enugu State. The next is that “Members should receive education and orientation on the scheme” with a mean score of 3.30. This measure is followed by “Banks should open an exclusive account for the scheme with good interest” with a mean score of 3.25. “Legislation to protect the scheme should be enacted” and “The

scheme should be given more extensive publicity” both stand in the 4th position with the same mean of 3.15, while “Cooperative studies should be made compulsory in Universities” stands as the least appropriate strategic measure to be adopted with a mean score of 2.92. Thus, the most appropriate strategic measure to enhance the effective performance and sustainability of credit and thrift schemes in the LGAs in Enugu State is: “A well-designed strategy increases the growth of thrift and loan.” The strategic measure that stands as the least appropriate strategic measure in enhancing the effective performance and sustainability of credit and thrift scheme in the LGAs in Enugu State is “Cooperative studies should be made compulsory in Universities.”

Figure 2: Chart showing the items that received the highest and lowest frequency rankings for the strategic measures in enhancing the growth of credit and thrift scheme in Enugu State



Source: Researchers fieldwork, 2020.

Discussion of result

The above results show that more than any current highlighted constraints to the

effective performance and sustainability of credit and thrift schemes in the LGAs in Enugu State, failure of some loaners to pay

back remains outstanding. This result infers that the failure of some loaners to repay their loans poses greater havoc to the effective performance and sustainability of credit and thrift scheme in the LGAs in Enugu State. Besides, the current results indicated insufficient funding as another significant constraint to the effective performance and sustainability of credit and thrift scheme in the LGAs in Enugu State, which assumes that there will be a consistent threat to the effective performance and sustainability of credit and thrift scheme in the LGAs in Enugu State if not sufficiently funded. The above-stated findings also infer that issue of people's ignorance of the scheme cannot be overemphasized in achieving a compelling performance and sustainability of credit and thrift schemes in the LGAs in Enugu State.

This paper corroborates the conclusion of Galor (2009), who noted that the inappropriate use of borrowed funds, which sometimes leads to the inability to repay loans, remained one of the significant challenges facing credit and thrift schemes. Besides, the current findings support the positions of Ojo, Ayesoro, Adesina, and Anita (2016), and of Onyeze, Ebue, and Oladimeji (2015), who opined that lack of funding is a significant factor hindering the adequate performance of thrift and loan despite all the efforts made by the Nigerian government. This paper also confirms the suggestion of Anzaku (2013), who indicated how essential it is to make an effort to improve the literacy level of rural dwellers as well as cooperative members in achieving success in the credit and thrift schemes. Hence, this paper has met its first

objective, which is to determine the factors that pose the most constraints to the effective performance and sustainability of credit and thrift schemes in the LGAs in Enugu State.

Furthermore, the above results indicate that a well-designed strategy that increases the growth of thrift and loan remains the most appropriate strategic measure in enhancing the growth and sustainability of credit and thrift schemes in the LGAs in Enugu State. The results also confirmed that the growth and sustainability of credit and thrift schemes in the LGAs in Enugu State would be enhanced if the state enacts appropriate legislation to protect the scheme as well as education and orientation of member about the scheme. These findings corroborates with Ebi (2014), who identified that a well-designed scheme inspired corporative society. Hence, this paper has met its second objective, highlighting the strategic measures that are more appropriate in enhancing the growth and sustainability of credit and thrift schemes in the LGAs in Enugu State.

5. Future research areas

Future research should focus on the effect of non-repayment of borrowed loans on credit and thrift cooperative schemes. Also, there is a need to investigate some of the reasons why banks in Nigeria are reluctant to advance microfinance to credit and thrift cooperative schemes.

6. Recommendations and Conclusions

From the study's result, the authors recommend that the government reinforce its efforts at creating a well-designed strategy capable of advancing the growth of

thrift and loan. Studies on cooperative societies should be made compulsory at universities. Measures to enhance the growth of credit and thrift schemes in the State should encompass enacting legislation to protect the scheme. Governments should endeavor to guarantee the reasonability of interest paid on borrowed funds and ensure flexible financial conditions. The benefit of Credit and thrift schemes to its members cannot be over-emphasized as it enables them to save, which they later invest.

This study has exposed the challenges hindering the performance and sustainability of credit and thrift scheme in the State, and efforts made by the Enugu State Government to promote the scheme. However, this paper has highlighted additional measures that could enhance the scheme's performance to support most of the previous government policies that have not yielded many results over the years, in terms of transforming people's living conditions. These previous government policy failures have prompted the State's citizens to build up additional mechanisms to improve their way of life, of which credit and thrift schemes are one of the options. However, despite the apparent benefits of credit and thrift cooperatives, some factors such as ignorance about the scheme, poor membership participation, and failure of some borrowers to pay back their loans, affect the performance and sustainability of the scheme. To accelerate the State's scheme's growth, the Enugu State Government should liaise with the cooperative departments in all the LGAs of the State, as well as all registered credit

and thrift cooperatives in the State, to address most of the aforementioned challenges confronting the scheme in the State. This action will bring a variety of ideas to tackle the problems. It is pertinent to craft some strategic measures to support the development and growth of credit and thrift cooperative schemes. Besides, there is a renewed need for broader publicity of the scheme in Enugu state.

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APPENDIX A

QUESTIONNAIRE

SECTION A: Biographical Data

This section of the questionnaire covers background or biographical questions. For each question, participants should please select the response applicable to them or, where a written response is required, they should please write in their answer.

1. Gender

Male	1	Female	2
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2. Age:

20–30	1
31–40	2
41–50	3
51–60	4

3. Marital Status:

Single	1
Married	2
Divorced or Separated	3

4. Highest Level of Education:

Senior School Certificate	1
Bachelor's Degree	2
Master's Degree	3

5. Distribution of Respondents according to LGA:

Aninri	1
Enugu North	2
Nkanu East	3
Nkanu West	4
Udenu	5

SECTIONB: Performance Constraints

The questions in this section are related to identifying impediments that constrain the effective performance and sustainability of credit and thrift schemes in the LGAs in Enugu State. Participants should please read each statement carefully and use the scale provided to select the option that best applies to their perception.

S/N	Items	Strongly Agree	Agree	Disagree	Strongly Disagree
1	Ignorance of the scheme.				
2	Poor membership.				
3	Insufficient funding.				
4	Failure of some loaners to payback.				
5	Lack of legal backing.				

SECTIONC: Strategic Measures

The questions in this section are related to identifying strategic measures that are more appropriate in enhancing the growth and sustainability of credit and thrift schemes in the LGAs in Enugu State. Please read each statement carefully and use the scale provided to select the option that best applies to your perception.

S/N	Items	Strongly Agree	Agree	Disagree	Strongly Disagree

1	A well-designed strategy increases the growth of thrift and loan.				
2	The scheme should have more extensive publicity.				
3	Cooperative studies should be made compulsory in Universities.				
4	Legislation to protect the scheme should be enacted.				
5	Members should receive education and orientation on the scheme.				
6	Banks should open an exclusive account for the scheme with good interest.				