SOCIO-ECONOMIC CHARACTERISTICS AND SAVING CULTURE AMONG COOPERATIVE MEMBERS IN IJEBU DIVISION, OGUN STATE, NIGERIA

*OLUWASANYA, O.P.,[1] OBASAN, T.A.,[1] AWOLUMATE, A.F.[1] AND SHITTU, K.A.[2]
[1]Department of Cooperative and Rural Development, Olabisi Onabanjo University, Ago-Iwoye, Ogun State, Nigeria
[2]Department of Cooperative Economics and Management, Nnamdi Azikiwe University, Awka, Nigeria
*Corresponding author: oluwasanya.oluwakayode@oouagoiwoye.edu.ng

Abstract

Finance is of prime challenge to the growth of income in both agriculture and non-agriculture sectors where most low income households find themselves. Low savings or near absence of it has resulted into insufficient financing of agricultural production as well as scrawny exploitation of economic opportunities. Thus, the study of the socio-economic characteristics and saving culture among cooperative members in Ijebu Division, Ogun State. Mobilization of savings is indispensable if any society is to advance into self-sustaining economic growth. Multistage random sampling technique was used to select 120 respondents from a population of 4,836 members of cooperative societies in the Local Government Areas in Ijebu Division, Ogun State, Nigeria. Both descriptive and inferential statistical tools were adopted in analysing collected data. Result showed that age, household size, environment and conduct of respondents had positively affected their savings pattern in that it increases their savings and aid their access to credit. Hence, for cooperative societies to improve their savings pattern and finance of their members, they have to work on the interest rate, credit accessibility, withdrawal restrictions, monthly savings target of members and equally give financial education to their members.

Key Words: *Cooperatives, Finance, Savings, Interest rate and credit accessibility*

Introduction

Nigeria's economy is dominated by small business in agriculture, manufacturing, commerce, industry and services (Ogunmuyiwa *et al.*, 2021). To enhance the profitability and sustainability of the business and improve the living standard of members, cooperative is the key. Cooperative credit plays an important role in enhancing agricultural production and small-scale business, most especially in developing country like Nigeria. Availability of finance is particularly justified when small business in agriculture, manufacturing, commerce and industry and service has very low savings capacity, poorly developed rural financial markets and availability of appropriate farm technologies whose adoption is constrained by shortage of funds (Oluwasanya *et al.*, 2020). Also,

Cooperative movements played a significant economic and social role and demonstrate their relevancy to the economic and social development. This helps to trace the role of cooperatives to the relevance of household savings as a means of financing rural investment. Savings is important because it enhances our understanding of the role of cooperative societies in rural finance (Aladegoroye *et al*., 2021). The need for rural households to save is justified in their daily lives and activities as they often sacrifice current needs in order to meet future needs. Cooperative credit enhanced households' savings ability towards improved rural sector investment opportunities (Ojewande *et al*., 2021).

Jalo *et al*. (2015) observed that membership of some groups could wield a strong influence on the capacity and willingness to save. One of the basic objectives of organizing and expanding cooperative societies in the work place is to enhance the ability and propensity to save money. Low income households need financial services that assist them raise capital for investments, acquires lump sum of money and also increase their propensity to save money. Mobilization of savings is necessary if any society can proceed into self-sustaining economic growth. Wodimu (2011) proposed that most Multipurpose Cooperative Societies (MCS) provide opportunities for savings mobilization as well as provision of access to many investment opportunities. One of the basic objectives of organizing and expanding cooperative societies in the workplace is to enhance the ability and propensity to save money (Daniel, 2017). Agu (2016) the only financial institution that can successfully be a channel for mobilizing savings in the rural areas are those that are completely rural based and not outpost of profit maximization. Along this thinking, international organizations recognized the need to involve non-governmental organizations as veritable and effective channels for providing financial services to the low income households in Nigeria. To this end many credit based Non-governmental Organizations undertaking lending and savings on the principle of self-help groups emerged. The most popular among them is cooperative societies (Mkpado and Arene, 2017). The broad objective of the study is to examine the influence of socio-economic characteristics on savings culture of cooperative members in Ijebu Division, Ogun State, Nigeria.

Theoretical Framework
The Keynesians absolute income theory stated that as a household's income increases at any given time, it consumes and saves more. Friedman's permanent income theory is based on two concepts: the transitory income and the permanent income. The transitory income, or windfall income, is a temporary income change, which leads to an increase in saving rather than consumption. The permanent income is the income the household feels sure of getting. The Keynesians used current/absolute income, Freidman permanent income, Modigliani developed his own consumption theory based on the permanent income over the life cycle of a household, and Duesembery focused on relative income (Schmidt-Hebbel and Severn, 2016.).

Adekunle and Henson (2017) analyzed the entrepreneurial level of micro entrepreneurs in Osun State using the basis of whether those who belong to groups where there is interdependence

like the cooperative savings and credit societies have better personal agency belief than those who are not members. The results showed that entrepreneurial alertness was predicated upon being a member of cooperative thrift and credit society. The same result also prevailed, after taking into consideration pre-existing conditions like age, education and gender.

A study was conducted a study in Idah Local Government Area of Kogi State with data from 100 members of women credit cooperatives. The study reveals that the members were economically empowered through the activities of the cooperative, in terms of improvement in their savings behaviour and access to credit.

Materials and Methods
The Study Area
The study area is Ijebu Division, Ogun State, Nigeria. Ogun State was created in February 1976 divided into four divisions which are Egba zone, Ijebu zone, Yewa zone and Remo zone with twenty local governments' areas. Some of the crops cultivated in the State include cassava, maize, yam rice, cowpea, plantain, banana, citrus, vegetables, kola nuts, cocoa, oil palm, rubber, sugarcane and many more. Some farmers in the State also engage in livestock production raising poultry, goats, sheep, cattle and rabbits (Ambali, 2012). The climate condition favours the production of timbers, arable and tree crops and the forest reserve as well as livestock that aid savings and investment.

Collection of Data
Both primary and secondary data were used for this study. Primary data was obtained through the administration of structured questionnaire on selected household heads within the study area. Supplementary secondary data were gathered from relevant journal publications and websites. Multistage sampling technique was adopted in this study. The sampling frame was households in Ijebu Zone of Ogun State while the sampling procedure was based on the six Local Government Areas in which four Local Government Areas were chosen in the zone. The choice of samples in each stage of the sampling procedure was based on the population size and cost of data collection among other factors.

Model Specification
The model is implicitly specified as follows:

$$Y = a_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + e_i \quad \text{equ}(1)$$

Where Y = (Amount saved)

a = Constant Term

$\beta_1 - \beta_8$ = parameters of estimate

X_1 = Sex (male = 0, female = 1)

X_2 = Marital Status unit of measure (married = 1, 0, other member)

X_3 = Household size (numbers)

X_4 = Education level (years)

X_5 = age (years)

X_6 = Cooperative Membership (members = 1, 0, other members)

X_7 = Income (amount in Nigeria)

X_8 = Occupation (civil servant =1. Other members = 0)

e_i = Error term designed to capture the effect of unspecified variables in the model.

Results and Discussion

The results were presented in accordance with the specific objectives set for the study. It presents descriptive analysis and inferential statistics of the data collected on independent variables and dependent variables.

Socio-economic Characteristic of Members of Cooperative Societies

Socio-economic characteristics of members of cooperative societies refers to various basic information that are useful in evaluating the level of how social economic benefit is being member of a cooperative societies through participation in terms of number of their members, average monthly subscription and dues, amount invested per annum, years of operations among others. According to Susanya *et al*. (2018), there is a growing realization and commitment of the global community to achieve more sustainable and broad-based agricultural growth by addressing gender issues in agriculture (Basavaraj and Suresh, 2018). From Table 1, it revealed that that 66 (55%) of the respondents are Male, while 54 (45%) are females, the mean age is 38years. The implication is that the study is male dominated and it is believed that men and more productive than their women counterpart. Also in agriculture, males are said to perform well due to manpower. Age revealed how economically active, energetic and productive one is (Olorunfemi *et al*., 2019). The age of majority (34.2%) is between the age ranges from 40-50 years and the mean age is 38 years. This shows that the respondents are within their active and productive year which will enable them to work and save more. Majority (56.7%) of the respondents are married. This makes them more responsible and want to save more for the raining day. Majority (55.0%) of the household size are between the range of 3 and 5 households while 4 members is the mean household size and highest ranges from 9 household size and above. Education is one the seven cardinal points of cooperative principles. 59.2% of the respondents had tertiary education which will enable them to have good understanding on saving. Also, 29.2% are civil servant this will aid their saving capacity and knowledge. The average monthly income of the respondents ranges from ₦15,000 to ₦350,000 while the highest average income is less than equal ₦50,000 and the mean income is ₦85,466.7, this imply that the income of the respondents is not encouraging and savings is highly needed to beef up their projects. The savings of the respondents ranges from ₦18,641.7 to ₦100,000 with the mean savings of ₦14,643. With this it shows that most of them are still having stunted savings. Years of membership and experience is a key to excellence in savings and business. Majority (60.0%) of the members had less than equal 3 years of experience which is just the beginning of success in business.

Table 1:   Distribution of Respondents by Socio-economic Characteristics

Models	Frequency	Percentage	Mean	Min.	Max.	SD
Gender						
Male	66	55.0				
Female	54	45.0				
Age						
< 30 years	25	25	38years	21years	70years	13.8
31 – 40 years	41	34.2				
41 – 50 years	28	17.5				
> 51	21	17.5				
Marital status						
Single	29	24.2				
Married	68	56.7				
Divorced	8	6.7				
Widowed/Widower	10	8.3				
Separated	5	4.2				
Household size						
< 2	28	23.3				
3 – 5	66	55.0				
6 – 8	22	18.3				
> 9	4	3.3	4 members			
Education (Years)						
Primary	8	6.7				
Secondary	31	25.8				
NCE/OND	10	8.3				
HND	26	21.7				
B.Sc.	45	37.5				
Primary occupation						
Civil servant	35	29.2				
Trading	30	25.0				
Farming	16	13.3				
Artisan	39	32.5				
Average monthly income						
<N50,000	48	40.0				
N50,001 – N100,000	45	37.5	N85,466.7	N15,000	N350,000	N65,883.3
N100,001 – N200,000	15	12.5				
N200,001 – N300,000	10	8.3				
> N300,001	2	1.7				
Monthly Savings						
< N19,000	74	61.7				
N19,001 – N30,000	31	25.8	N18,641.7	N3,000.0	N100,000	N14,643
N30,001 – N50,000	11	9.2				
N50,001 – N100,000	4	3.3				
> N300,001	2	1.7				
Years of cooperative membership						
< 3	72	60.0				
4 – 5	28	23.3				
6 – 10	10	8.3				
$\geq$ 11	10	8.3				
Total	**120**	**100.0**				

Strategies to Improve the Savings Behaviour of Members of Cooperative Societies

Questions raised to know the different strategies that will improve the saving conducts of members of cooperative societies. Majority (52.5.0%) disagreed that interest rate affects savings habit, Also, 71.7% agreed that credit accessibility affect savings habit, 64.2% agreed that withdrawal restrictions encourage your savings habit, 70.0% agreed that monthly savings target affect savings habit, 62.5% agreed that financial education encourage respondents to save more. 79.2% agreed that direct deposit encourage to save more? Interest rate, credit accessibility, withdrawal restrictions, monthly savings target, financial education and direct deposit are different strategies that will improve the savings conduct of members of cooperative society.

Table 2: Distribution on the strategies to improve the savings conducts of members of cooperative societies

Variable	Description	Frequency	Percent	Mean	Rank
Does the interest rate affect your savings habit	Yes	57	47.5	28.5	6th
	No	63	52.5	31.5	
Does the credit accessibility affect your savings habit	Yes	86	71.7	43.02	2nd
	No	34	28.3	16.98	
Does the withdrawal restrictions encourage your savings habit					4th
	Yes	77	64.2	38.52	
	No	43	35.8	21.48	
Does the monthly savings target affect your savings habit	Yes	84	70.0	42	3rd
	No	36	30.0	18	
Does the financial education encourage you to save more	Yes	75	62.5	37.5	5th
	No	45	37.5	22.5	
Does the direct deposit encourage you to save more	Yes	95	79.2	47.52	1st
	No	25	20.8	12.48	

Factors that Influence the Magnitude of Savings of Members of Cooperative Societies

Evidence from Table 38 revealed that there the factors identified have an influence on the magnitude of savings of members of cooperative societies. Linear regression model was used in analysing the influence of the magnitude of savings of members of cooperative societies. The F-statistics of all the models are significant at 1% level indicating that the model is statistically a good fit to the data. Besides, the Adjusted R^2 of the magnitude of savings are estimated at 0.650, imply that there is 65% explained variation in the relationship between savings of cooperative members and the factors that influence their magnitude and that 35% represent the unexplained variation in the models. The Durbin Watson was acceptable. It was also showed that there is significant relationship existing between factors that influence the magnitude of savings and members of cooperative societies $p < 0.05$ level of significance.

In addition, Gender (t = -2.386), marital status (t = 13.286), household size (t = 0.646), occupation (t = 2.723),

dependency ratio (t = 1.045), and income (t = 1.111), were found significant to affect the magnitude to save of members of cooperatives. Some were positively signed mean that they are very significant and important while some were negatively signed mean that they should not go beyond the level they are if not it would decrease the relationship.

Table 3: Distribution to identify factors that influence the magnitude of savings of members of cooperative societies

Model		R	R square	Adjusted R^2	Std. Error Estimate	Mean Square
		0.817ᵃ	0.667	0.650	0.47231	8.431
		Change statistics				
		R^2 Change	F Change	df1	df2	Sig
		0.667	37.793	6	113	0.000
	B	Std. Error	Beta	T value	Sig	
(Constant)	-.857	.302		-2.836	0.005	
Do you think that the savings behaviour is influenced by gender	1.244	0.094	0.774***	13.286	0.000	
Does the marital status influence savings behaviour	0.061	0.094	0.036	0.646	0.520	
Does your household size encourage you to save more?	0.300	0.110	0.153***	2.723	0.007	
Are you encouraged to save more due to your occupation?	-0.085	0.109	-0.043	-0.781	0.436	
Does your dependency ratio affect your savings?	0.094	0.090	0.059	1.045	0.298	
Did you think monthly income directly influence your savings?	0.109	00.098	0.064	1.111	0.269	

***,**, Significant at 1%, 5% levels of significant respectively

Examine the Effect of Socio-economic Characteristics on Savings Behaviour of Members of the Cooperative Societies

Evidence from Table 39 revealed that there the socio-economic characteristics have a positive effect on saving behaviour of members of the cooperative societies. Linear regression model was used in analysing the influence of the magnitude of savings of members of cooperative societies. The F-statistics of all the models are significant at 1% level indicating that the model is statistically a good fit to the data. Besides, the Adjusted R^2 of the magnitude of savings are estimated at 0.716, imply that there is 71.6% explained variation in the relationship between savings of cooperative members and the socio-economic characteristics and that

28.4% represent the unexplained variation in the models. It was also showed that there is significant relationship existing between factors that influence the magnitude of savings and members of cooperative societies $p < 0.05$ level of significance.

In addition, Age (t=2.466), Gender (t = -.534), marital status (t = .698), household size (t = 0.179), occupation (t = .505), village (t = 2.125), and Education (t = .396), were found significant to affect the behaviours to save of members of cooperatives. Some were positively signed mean that they are very significant and important while some were negatively signed mean that they should not go beyond the level they are if not it would decrease the relationship.

Table 4: Distribution of the effect of socio-economic characteristics on savings behaviour of members of the cooperative societies

Model		R	R square	Adjusted R^2	Std. Error Estimate	Mean Square
		0.856[a]	0.733	0.716	0.42528	6.321
		Change statistics				
		R^2 Change	F Change	df1	df2	Sig
		0.733	43.864	7	112	0.000
	B	Std. Error	Beta	T value	Sig	
(Constant)	0.065	0.254		0.256	0.798	
Age of Respondent (X_1)	0.314	0.127	0.409	2.466	0.015	
Sex of Respondents	0.044	0.082	0.027	0.534	0.594	
Marital status of Respondents	0.027	0.039	0.034	0.698	0.487	
Household size of Respondents	0.026	0.145	0.024	0.179	0.858	
Occupation of Respondents	-0.016	0.032	-0.026	-0.505	0.614	
Village of Respondents	0.105	0.050	0.433	2.125	0.036	

***,**, Significant at 1%, 5% levels of significant respectively

Conclusion

The findings from this study shows different factors that serves as determinant of savings behaviour of members of Saving and Credit Cooperative Society in Ijebu Division of Ogun State'. The researchers used multistage sampling technique and sampled one hundred and twenty (120) respondents used for the research work. Data were gathered using questionnaires. The socio-economic characteristics of the members of the cooperative societies had a positive relationship on their saving behaviour. Gender, marital status, household size, occupation, dependency, and income are different influences that affected the magnitude of savings of members of cooperatives societies.

Recommendation

Cooperative societies should educate their members on the importance of saving and equally ensure that transactions done for members at a minimal amount to encourage members to save and also monthly saving target can should be set for all members to give them a perception to save.

References

Adekunle, O.H. and Henson, A. (2017). The Role of Savings in the Economic Development of the Republic of Azerbaijan. *International Journal of Economic Sciences and Applied Research*, 3(2): 99-110.

Agu, P.N (2016). Macroeconomics: Theory and application. Onitsha: Omega Printing and Publishing.

Aladegoroye, O.R., Ologbon, O.A.C., Oluwasanya, O.P. and Ojewande, A.A. (2021). Effect of cooperative membership on rural households' savings mobilization in Ijebu Zone of Ogun State, Nigeria. *FUW Trends in Science and Technology Journal,* 6(3): 877 – 880.

Ambali, O.I. (2012). Comparative Analysis of Production Efficiency of Beneficiary and Non – Beneficiary Cassava Farmers of Bank of Agriculture Loan Scheme in Ogun State. Nigeria. An Unpublished M.Sc. Thesis Federal University of Agriculture, Abeokuta, Ogun State, Nigeria. Pp. 32 – 68

Basavaraj, P. and Babu, V.S. (2018). Role of women in agriculture. *International Journal of Applied Research*, 4(12): 109-114.

Daniel, G. (2017). 'Household propensity to save: The pre-requisites. In Mauri, A. (Ed.). Mobilization of Household savings: A tool for Development, *Cassa di risparmio delle provincie Lombarde*, Milan.

Jalo, O. and Margwa, L.S. (2015). A micro econometric analysis of households saving determinants in Morocco. The 1st GDRI DREEM Conference, Istanbul, 21-23 May 2019.

Mkpado, M. and Arene, C.J. (2017). Allongement de l'esperance de vie et choix du systeme de retraite. *Revue Economique*, 53(4): 80- 92.

Ogunmuyiwa, M., Oluwasanya, O.P. and Aladegoroye, O.R. (2021). Impact of Cooperative and Thrift Societies on Small Business Performance in Nigeria. *Journal of Accounting Management,* 11(3): 174.

Ojewande, A.A., Aladegoroye, O.R. and Oluwasanya, O.P. (2021). Influence of credit cooperative membership

on poverty status among rural dwellers in Ijebu Zone of Ogun State, Nigeria. *UNIOSUN International Journal of Management Sciences (UIJMS).* 5(1): 1 – 14.

Olorunfemi, T.O., Olorunfemi, O.D. and Oladele, O.I. (2019). Determinant of the involvement of extension agents in disseminating climate smart agricultural initiatives: Implication for scaling up. *Journal of the Saudi Society of Agricultural Sciences,* 19(4): 1 – 8.

Oluwasanya O.P., Nwankwo, F.O., Aladegoroye, O.R. and Solana, O.I. (2020). Influence of cooperative

credit use on arable crops productivity in Ogun State, Nigeria. *International Journal of Agriculture and Plant Science,* 2(2): 39 – 46.

Susanya, A.A.P.G., Yaliastuti, I.A.N. and Putra, B.B. (2018). The effect of cooperative's characteristics on financial reporting timeliness: *Sriwijaya International Journal of Dynamic economic and Business,* 2(4): 269 – 292.

Wodimu, A. (2011). Analysis of household saving determinants in Bhutun. *International Journal of Humanities and Management Sciences (IJHMS)*, 1(2): 17 – 27.