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Application of universal cooperative principles among cooperatives in Ile Oluji

Mudasiru Olawale Ibrahim *

Cooperative Economics and Management, Federal Polytechnic, Ile Oluji, Ondo State, Nigeria.

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Abstract

This paper understudied the development of cooperative principles globally and the context of how they are localized among cooperatives in Ile Oluji, Ondo State, Nigeria.

There were no significant variations in the activities of the Cooperatives understudied and the stated ICA 1995 Principles save for “cooperation among cooperatives” and “education, training and information” of the general public about the benefit of cooperatives.

Observations from this study were that although, cooperative societies understudied had their laws tailored to many of the ICA Principles 1995, they have minimal association with secondary and tertiary cooperatives in and outside their local area.

The need for formal education of Staff and Executives of these cooperative societies was recommended. Likewise, the need for cooperatives to intensify information to the public about the benefit of cooperatives.

Keywords: Principles; Practice; Rochdale; Values; Cooperatives; Cooperation; Universality

1. Introduction

Cooperation around the world had been translated to different meanings and context where inherent socio-economic conditions among cultures and social system impacts on what cooperation stands for. According to Holmen (1990), the umbrella term 'cooperation' covers a wide range of particular forms, experiences and objectives. Chilokwu (2014) had noted that cooperation and self-help are universal principles of human social organization. Therefore, it is rare that cooperation and self-help would not be found in every society and culture.

Mutual co-operation and self-help have stood out as time tested organizational principles for carrying out a variety of functions such as farming, house construction and repairs, maintenance of roads, savings and credit mobilization; and the provision of various communal projects in traditional African society.

In Nigeria, cooperation and self-help were exhibited in traditional associations like savings and credit associations seen in “isusu” among the Igbo and “ajo” among the Yoruba. Also, cooperation manifested in traditional labour groups and age grades as practiced among the Hausa as “gayya” and “aro” among Yoruba.

Therefore, “Cooperation” is natural. Melis and Semmann (2010) noted that cooperative behaviour is a widespread phenomenon between individual of same and different species. Hence, Cooperation among people is normal.

* Corresponding author: Mudasiru Olawale Ibrahim

Although, cooperation in all facet is as old as man himself, but it is different from cooperatives. Aihonsu (2014) noted that modern cooperatives developed from the traditional cooperation. Therefore, it is pertinent to know what modern cooperatives stands for. This is because defining cooperatives in the contemporary world had left a gap between the “essentialist approach” of defining cooperatives and the “nominalist” approach. In order to put to rest the cross criticisms between the two approaches, the International Cooperative Alliance in 1995 had defined Cooperative as “autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through jointly-owned and democratically-controlled enterprise”.

According to Wilhoit (2005), Cooperatives were created long before fair trade movement to help workers improve their livelihoods and protect their interests. Therefore, the methods of the early cooperative societies seemed outdated in comparison to the new, modern cooperatives in the recent global village.

Like any other organization, cooperatives too have principles and guidelines that shape their activities and businesses; hence, Merriam-Webster Dictionary had defined principles as “rules or code of conduct”; while the Oxford English Dictionary defined principles as “a fundamental truth or proposition that serves as the foundation for a system of belief or behaviour or for a chain of reasoning”.

Langmore (1997) had asserted that cooperatives are based on values and principles. Cooperative values and principles seemed to be articulated such that they both drive each other. Majee and Hoyt (2011) defined Cooperative Values as general norms that cooperators, cooperative leaders and cooperative staff should share which should determine their way of thinking and acting.

Cooperative Principles on the other hand are guidelines by which values are put to practice. These principles rest on a distinct philosophy of the society. Therefore, cooperative societies tend to tailor their principles on attendant factors that are peculiar to their local communities.

Although, there exist the resolve to make cooperatives adhere to the same principles globally, however, cooperatives in different parts of the world have diverted from the declared cooperative principles in various directions.

Fairbairn (1994) asserted that between 1930s and 1960s there were radical changes to cooperative movements and what they stand for. Some of the attributable conditions were decolonization and growth of cooperatives in the developing countries where new kinds of cooperatives with different structures sprang up. Therefore, there was the need to understudy the development of cooperatives in the contemporary world in the context of their compliance to global principles of cooperatives.

1.1. Statement of the problem

Growth of cooperatives has transcended all facet of the economy and sectors. With this growth comes attendant issues about strict adherence to basic and global values of cooperation. Given these values and principles, the question about the adherence to this university of values and principles is rife.

With the stress on the universal application of cooperative principles as set by the International Cooperative Alliance in 1995, the problem lies in application of these principles in the activities of various cooperatives.

Cooperatives and quasi-cooperatives have generally not been permitted to operate in accordance with the 'international cooperative principles', but that is not a problem in many African countries. Many African governments have adopted the 'International Cooperative Principles' as the official guide-line for their cooperative organizations (Holmén 1990).

Therefore, the problem lies not in the law, but to what degree are cooperatives in Nigeria willing to adopt and adhere to these “international principles”.

The registration processes for cooperatives in Ondo State involved the inclusion of almost all the principles as declared by International Cooperative Alliance. However, the abundant presence and volume of cooperatives in Ondo State did placed doubts on the authenticity that these principles are being practiced and that they do not exist only in the bye – laws of these cooperatives.

Hence, this research seeks to compare the gap between these principles and how they are being put into practice.

Objectives of the study

This study seeks to compare the activities of cooperatives in Ile Oluji, Ondo State to the stated cooperative principles and cooperative identity statement as issued by the International Cooperative Alliance in 1995 and how they are localized and practiced. In furtherance, this study seeks to ascertain the degree of dispersion of cooperatives from the set minimum of these principle; as oftentimes, principles do not perfectly translate to practice.

1.2. Theoretical framework

1.2.1. Development of Cooperative Principles

There exist various school of cooperative thoughts with different theories and ideologies about what cooperatives are. Holmen (1990) asserted that despite highly diverging ideological and theoretical perspectives among these different schools, they refer to the same set of 'basic cooperative principles'.

Although, Holmen (1990) noted that the Rochdale Society set principles of self-reliance and democracy as its tenet, other four principles were influenced by Robert Owen's ideas if not copied. These were: sale of only pure and clean goods, collection of a surplus, refunds in proportion to the use made of cooperative services and acceptance of a limited interest on invested capital. Also, strict rules of equity among members were maintained. Religious and political neutrality in addition to cash trading were stressed. Also, promotion of education was emphasized. Hence, the modern cooperative principles emanated from those principles propounded by the Rochdale Society in 1844.

Despite the growth of the Rochdale Society, these principles and what they stood for were maintained. Changes in principles formulated at different period were built on the ones formulated in 1844. The principles formed in 1937 were the same as that of 1844, except that they were divided to essential and non-essential structures. While open membership, democratic control, surplus distribution in the proportion of patronage and limited interest on capital were viewed to be essential, cash trading, political/religious neutrality and promotion of education were viewed to be non-essential.

Holmen (1990) noted that by the late 1950s, the International Cooperative Alliance was aware of the need for the review of the cooperative principles. He noted that a commission appointed in 1963 to clear up confusion and remove unnecessary rigidity rooted in unbalanced or over-simplified interpretations of the 1937 Principles came up with a new list that articulated the four key points of 1937 Principles. The status of co-operative education was raised and tagged non-essential to be equal to the first four. Also, a new principle was added to foster co-operation among co-operatives.

The ICA Congress in 1966 viewed the Cooperative Principles as universal and inseparable principles with equal authority and they should be observed in their entirety by all cooperatives. There might be other kinds of principles that apply to a cooperative but the basic six approved by the Congress formed the minimum that a cooperative must adopt and abide by (Fairbairn 1994).

Therefore, the universal application of the principles set in 1966 was emphasized by the International Cooperative Alliance. And as at 1992, several levels of principles were proposed which hinged on basic values of co-operatives; basic ethics for co-operative organizational culture; and basic principles in the sense of relevant guidelines for co-operative organizations. The other which was Basic Global Values, was intended to provide more concrete, action-oriented expression of the cooperative basic values with a view to the global values being incorporated into long-term co-operative programs. the 1966 ICA statement reflects his basic principles fairly well, however, the main changes were recommended on the nature and role of capital by Book (1992).

Hence, Böök (1992) recommended to ICA that co-operative principles be sorted out into cooperative principles and co-operative practices, with the former being formulated in the most universal possible way, and the latter being drawn up in different forms appropriate to each branch or sector of co-operation.

The Manchester Congress of ICA in 1995 declared the Cooperative Identity Statement which incorporated the definition of Cooperatives, their values and stated principles.

According to ICA (1995), the Cooperative Identity Statement sought to define Cooperatives as 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.

The Statement further stated that Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

The Principles were voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education, training, and information; co-operation among co-operatives and concern for community.

2. Review of literature

The methodologies used by many researchers who had worked on the principles of cooperatives were empirical. Fairbairn (1994) in his work asserted that attempt to create principles guiding the cooperative business of the Rochdale Society was hinged on the fact that the Society had pragmatic economic purposes within the context of an activist working-class culture and a visionary ideological outlook. He further noted that Rochdale Society had their statutes, laws and principles. The laws were taken from the Statutes and the principles were taken from both. He noted that the Statutes formed in 1844 was the foundation for the methods and principles of the Rochdale Society, many things left out by the statutes were later included in the Rochdale Principles. His assertion was that co-operative theorists have rearranged the Rochdale principles; some previous ones issued in 1860 had been subtracted, some new ones articulated and added, while more explanations were given and the question of the values and ideals behind the principles were broached.

Johnston (1997) noted that the period between 1844 and 1850 saw a giant leap in the activities of the Rochdale Society; hence by 1860 the Society had realized the need to be passive in some of its principles. Religious and political differences which by then had been apparent in the Society was not meddled with, rather the emphasis was on a common bond to join together the means, the energies, and the talents of all for the common benefit of each. Hence, between 1860 and 1895 when International Cooperative Alliance was formed, the Rochdale Society had been global. the London International Congress in 1895 and the one in Paris a year after indeed gave rise to the formation of ICA.

Majee and Hoyt (2011) noted that the formation of Rochdale Society formed an impetus for the formation of International Cooperative Alliance. They noted that as co-operatives attempted to build international structures, they were faced more and more often with the question of what makes a co-operative and that the period between 1890 and 1910 saw changes in the principles of cooperatives. They further noted that by 1916, different challenges to the nature and identity of co-operatives arose from political forces. Also, the impact of Russian revolution of 1917 on the ideals of ICA were not in tandem with many principles in Communist states and Communists ideas.

2.1. Research questions

The questions that this study seeks to answer are:

- Do cooperatives in Ile Oluji follow the global principles set by International Cooperative Alliance in 1995?
- Are the global principles easy to practice among cooperatives in Ile Oluji, Ondo State?

3. Material and method

The methodology used in this research work is explorative. The study used cross sectional data from personal interview of the Executives and focus group discussion (FGD) with some randomly selected members of the cooperatives in Ondo State. The interview and FGD guides were translated into the local languages of the respondents in order to gather accurate responses to the questions. This study was conducted in Ondo State, Nigeria which consists of 18 local governments divided into three senatorial districts. The population for the study are cooperative societies that are registered with the State government. Stratified and random sampling techniques were used as follows: Two local governments were selected in each senatorial district for study. Two cooperatives from the six local governments were selected randomly for the FGD, while six members from each cooperative were randomly selected to participate. Samples for the interview were drawn from two cooperatives each from the six local government area with four members randomly selected from each cooperative. Therefore, the proposed sample prior to the field work was 150 for FGD and 75 for interview. However, the researcher could only interviews 48 executives; 18 who were females and 30 males. While due to the difference in the meting periods of the cooperatives, 100 members could be held in discussion, with each discussion groups having between 5 and 8 persons. The interviews were conducted on a one-on-one basis with the cooperative executives not allowed to participate in the interview and FGD at same time.

4. Result

4.1. Demographic Features

Among the forty-eight interviewees, nine participants have been executives in the cooperatives for more than five years, while twenty-five have been executives between two and five years and ten of them who are within one year. The majority of the interviewees are male (62.5%) while females accounted for 37.5%.

The Demographic features of selected members of the selected cooperatives had 58 male participants which represented 58% of the members of the focus groups; while females were 42 which represented 42%.

Table 1 Demographic Features of Cooperative Executives

		Years spent as executive			Total	
		0 – 1 year	2 – 4 years	5 years and above	Number	percentage
Gender	Male	10	14	6	30	62.5
	Female	4	11	3	18	37.5

The demographic characteristics of the hundred (100) members of the differently selected members of the cooperative societies in Ondo State are shown in table 2 below:

Table 2 Demographic Features of Members of differently selected cooperative societies

		Years spent as member			Total	
		0 – 1 year	2 – 4 years	5 years and above	Number	Percentage
Gender	Male	10	18	30	58	58
	Female	14	11	17	42	42

4.2. Interview and focus groups discussion results

Table 3 Results of interviews and FGD

Question	Interview response		Group response	
	Number n = 48	Percentage	Number n = 100	Percentage
Open and voluntary membership	48	100	100	100
-Coop is open to all persons willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.				
Democratic member control	48	100	90	90
-Policies and decisions are by members on a democratic process.				
Member economic participation	48	100	100	100
-Members contribute equitably to, and democratically control, the capital of their co-operative. - Surpluses are allocated rative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership				

Autonomy and independence	48	100	85	85
-Co-operatives are autonomous and controlled by their members.				
Education, training, and information				
-Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives.	21	43	46	46
-Co-operatives inform the general public- particularly young people and opinion leaders- about the nature and benefits of co-operation.	22	45	48	48
Cooperation among cooperatives				
- Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional, and international structures.	23	47.9	40	40
Concern for community				
Co-operatives work for the sustainable development of their communities through policies approved by their members.	48	100	95	95

5. Discussion

The results showed that there were no significant variations in the activities of the Cooperatives understudied and the stated ICA 1995 Principles save for “cooperation among cooperatives” and “education, training and information” of the general public about the benefit of cooperatives where the cooperatives could not fully explore the opportunities in forming formidable networks between them.

As shown in table 3, 43 percent of interviewed respondents and 46 percent from the focal group affirmed that the education and training of executives, members and staff were adequate; while 45 percent interviewed respondents and 48 percent from the focal group affirmed that the information rendered to the public about the benefits of cooperative were adequate.

Observations from this study were that although, cooperative societies understudied had their laws tailored to many of the ICA Principles 1995, they have minimal association with secondary and tertiary cooperatives in and outside their local area.

6. Conclusion and Recommendation

This study recommends that formal education of Staff and Executives of cooperative societies was recommended. Likewise, there is the need for cooperatives to intensify information to the public about the benefit of cooperatives.

Also, cooperatives should explore the opportunities to serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional, and international structures.

Compliance with ethical standards

Disclosure of conflict of interest

No conflict of interest to be disclosed

Statement of informed consent

Informed consent was obtained from all individual participants included in the study.

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