
**The Role of Co-operative Societies in the Purchase and Distribution of Consumer Goods
(A Case Study of Senstaf Co-operative Society Ltd., Bida)**

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ABSTRACT

A cooperative society is an enterprise in which individuals voluntarily organize to provide themselves with goods and services via democratic control and for mutually shared benefits. This research is designed to unveil the role played by cooperative society in the purchase and distribution of consumer goods. The total population of Senstaf Multipurpose Cooperative Society Limited as at the time of conducting this research was five hundred and fifty two (552) while 40% of the population constitutes the sample size i.e.220 members. A total of 220 questionnaires were administered to the respondents but 148 copies were retrieved. Responses of respondents were analyzed and interpreted using statistical package for social sciences (SPSS) to reflect the views of respondents and Chi-Square used to test the hypotheses. The researcher discovered that the cooperative society has improved economic well being of members by providing goods and services at cheaper rates to improve standard of living of the members and the general public. It is a major vehicle for a nation's industrial development. However, inadequate financing by members due to management interference and delay in remittance of cooperative deductions by the management of the institution hinder smooth running of the cooperative. It is recommended that sound finance is necessary for the cooperative success, so efforts should be intensified to obtain all remittances due to the union. The paper concludes that necessary measures have to be taken to make the cooperative society function more effectively in all ramifications to improve productivity and the economic well being of the cooperators.

Keywords: Co-operative Society, Distribution and Consumer Goods

Introduction

The idea and usefulness of cooperative society cannot be over emphasized on our society. This is so because the potentials and contribution of social and economic development from the cooperative societies is to improve the standard of living of members and the public. Cooperative society is basically not formed for the purpose of making profit but mainly to render services to its members, they operate on democratic basis and distribute profits realized to members from

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cooperative activities which are based on each member contribution on cash trading.

Cooperative society is a form of business organization where persons voluntarily associate together on the basis of equity for the promotion of economic interest of themselves. In spite of this, members of the cooperative society still find it difficult to manage and render essential services to its members effectively which could be due to bad leadership, poor management, poor shop attendants, financial problems, illiteracy etc. Cooperative society is a voluntary organization; various individuals, who belong to economically weaker sections of the community join together on the basis at equality of controlled and equity of distribution of profits for the satisfaction of their members (Raju, 2000).

This study is intended to highlight the role of cooperatives in the purchase and distribution of goods such as food stuffs, electronics and electrical equipments etc. The channel of distribution has become inevitable because consumers are often exploited by the middle men and become victims of skillful salesmen.

Therefore, the motive behind the cooperative undertaking is the difficulties encountered in the purchase and consumption of consumer goods by cooperative members and the public at large.

Statement of Problem

The cooperative society has suffered a lot of negativities and short comings. The major problems faced by most cooperative societies include among others; lack of clear policy guideline on the cooperative, lack of effective distribution channel, mismanagement of resources by the management committee, government attitude towards cooperative development and inadequate financing.

Statement of Objectives

The major objective of this research work is to determine the Role of Co-operative Societies in the Purchase and Distribution of Consumer Goods.

Other specific objectives are to:

- Empirically determine the role of cooperative society in the purchase and distribution of consumer goods.
- Determine the effectiveness of distribution channels in cooperative society.
- To find out whether it is cheaper to buy from cooperatives or from open-shop retailers

Research Hypothesis

H₀: Purchase and distribution of consumer goods do not enable cooperative societies improve economic well being of members.

H₁: Purchase and distribution of consumer goods enable cooperative societies improve economic well being of members.

H₀: Consumers goods bought from cooperative societies are not relatively cheap.

H₁: Consumers goods bought from cooperative societies are relatively cheap.

Meaning and Concept of Cooperative Society

Cooperative society is yet another form of business organization. It is formed in a similar manner like a joint stock company. It is a unique form of organization. It is started with the motive of organizing and rendering services to its members to improve the economic well-being of its members.

Cooperative societies are registered private institutions with business undertaking and run by members in accordance with certain rules and bye-laws which are not in any way contrary to the provision of laws of the state in which it is operated. The word cooperative is derived from the Latin word "cooperative" meaning "to work with", it has the following definition in different ways;

Helm (1999) defines cooperative societies as a registered voluntary association of persons with membership not less than ten (10) persons, with a common interest formed and operated along democratic principles for the purpose of economic and social interest at least costs to its members who contribute the capital and manage the business so established by delegating some power to elected management.

Oseyemon (2007) defines cooperative societies as a family of people who unite with equal rights and duties to overcome the difficulties that affect them, working together for their economic and social advantage and sharing the business risk, they run an enterprise to which they delegate the economic functions according to their common needs as producers and consumers.

According to Calvert (1983) that; cooperative society is a form of organization where persons voluntarily associate together as human begin on a basis equality for the promotion of economic interests of themselves.

Principles of Cooperative Society

The principles of cooperative after been modified by the international cooperative Alliance (ICA) in 1931 have stood the test of time so much as they are applicable today as they were way back in 1988. According to Dada (1998), the universally accepted principles include:

- i. **Democratic Control:** This principle state that irrespective of numbers of shares held by an individual in the society, each member possesses one vote i.e. one man one vote. The principle means that a co-operative society must enjoy self government, self administration, independence and self reliance.
- ii. **Open and Voluntarily Membership:** This requires that membership of cooperative society should be left open to new members without artificial restriction such as social, racial, religious or political sentiment. It is an organization for men to join freely or quit freely.
- iii. **Equitable Distribution of Surplus:** Patronage return is one of the major principles of cooperative society. Surplus is shared in proportion to member's contribution to the operation of the society. This contribution could be in area of purchase, deliveries of producer goods.
- iv. **Limited Interest on Capital:** This principle states that share capital shall only receive a limited rate of interest. There is always the recognition of the value of the service performed by the provision to attract on adequate amount. After a fixed rate has been paid on capital, capital has no further claims on any surplus. Although it can be increased or decreased subject to agreement of their members.
- v. **Provision of Education:** For cooperative to be able to compete ideologically, purposely and effectively, the existing members, prospective members, cooperative education is absolutely essential for the success of the cooperative movement. There is need for staff training and public relation in order to produce enlightened and educated members.
- vi. **Cooperation Among Cooperatives:** This principle implies that there should be absolute cooperation among members if they are to achieve the aims and objectives for which the society is formed. Not only should there be cooperative among members, there should be

cooperation between different cooperative, government appointed controllers of cooperatives as well as the public.

Types of Cooperative Society in Nigeria

Owolabi (1999) explained that there are types of cooperative societies based on the degree of their homogeneity and this include; Producers cooperative society, farmers' cooperative society, consumers cooperative society, multipurpose cooperative society and Thrift and credit cooperative society.

Functions of Co-Operative Society

Toluwase and Apata (2012) agreed with Enyeribe (1990), outlined the major function and purpose of cooperative society which is to improve the socio-economic life of their members. Other functions includes:-

Education of Members: Cooperative society educates their members and enlightens them on techniques and skills needed to perform better in the efficient running of the affairs of the cooperative society and their businesses.

Purchase Goods in Bulk: Cooperative society buys goods in bulk at controlled prices and sells to members at cheap prices thereby preventing members from the exploitation of the middlemen. Cooperative societies also purchase cost-saving but expensive equipment such as tractors and hire them out to members at low rate in the case of farmers' cooperative society.

Provision of Loans to Members: Cooperative society provides loans to members at low interest rate. Members obtain loan move easily from their society because there is no requirement for collateral, the only condition required is an approved project plan for which the loan is required.

Encourage Savings: Cooperative societies encourage members to save and members form the habit of saving a little of their income especially in the rural area where banking facilities are scarce. The cooperative society helps members to save money for future use and save those in financial impediment associated with borrowing from the banks or accredited money lenders.

Link Members with Government: Cooperative societies link their members with government, research and financial institutions. Members can receive government financial assistance through their cooperative society. The government takes active interest in the development of cooperative societies and there is a relevant ministry department in charge of cooperative society in every state in Nigeria.

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Meaning of Distribution

According to Kotler (2009) defined distribution as it involves planning, implementing and controlling the physical flows of materials and final goods from place of production to the place of consumption to satisfy buyers.

Distribution is one of the four (4) elements of marketing mix and it ensures that customer's needs are satisfied by providing goods and services, then moving these goods to consumer location.

Also, Gillingham (2007) defined distribution as the process of making a product or service available for use or consumption by a consumer or business use, using direct means, or using indirect means with intermediaries but Gorge (2004) sees distribution as the set of activities concerned with efficient movement of finished goods from the end to production operation to the consumer while Webbs (2001) defined distribution as the movement of goods and services from the source through distribution, right up to the final consumer and the movement payment in the opposite direction, right up to the original producer.

Distribution Channels in Co-Operative Societies

Channels of distribution are the different paths that goods and service pass through in moving these goods or services from the producer to the final consumers. The major types of distribution include:

- a. Indirect Distribution:** It is used by companies or organizations who do not sell their goods directly to consumers. Distributors, wholesalers and retailers are the indirect channels.
- b. Direct Distribution:** This is the oldest, shorter and simple channel of distribution. The producer sells the product directly without involvement any middleman. The sale can be made door to door through salesmen, retail store and direct mail. Selling agents and internet sales are the two types of direct distribution channels.

Government Involvement in Cooperative Society

Ifeyovi (2000) stated that there is no gain saying that the government is leaving no stone unturned to ensure growth and survival of cooperative. Since the introduction of cooperative societies in 1935 the various Nigerian governments have been encouraging the growth and development of cooperatives through: financial assistance, education development, legislation, technical assistance and administration and suspension of cooperatives' activities and/or officials.

Problems of Cooperative Society in Nigeria

Kareem, Arigbabu, Akintaro, and Badmus (2012) explained that in spite of the concrete investment that cooperative movement has achieved, it is still hampered by a lot of problems. Such problems include: Divided loyalty, amateur/inexperienced management, financial problem, Illiteracy, government and political control, lack of diversification and difficulty in recovering loans.

Research Methodology

This research was carried out employing data collected from questionnaires administered and other available information. Questionnaires were distributed to the sample taken. The total population of Senstaf Multipurpose Cooperative Society Limited as at the time of conducting this research; was five hundred and fifty two (552) while 40% of the population constitute the sample size i.e. 220 members. A total of 220 questionnaires were administered to the respondents but 148 copies were retrieved. Responses of respondents were analyzed and interpreted using statistical package for social sciences (SPSS) to reflect the views of respondents and Chi-Square used to test the hypotheses.

Results, Analysis and Discussion

The co-operative society purchase and distributes goods from local and foreign manufacturers to members

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Undecided	2	1.4	1.4	1.4
Disagree	1	.7	.7	2.0
Strongly disagree	8	5.4	5.4	7.4
Agree	61	41.2	41.2	48.6
Strongly Agreed	76	51.4	51.4	100.0
Total	148	100.0	100.0	

Source: Questionnaire Administered (2013)

Table 1 above indicates that about 51.4% of the respondents strongly agreed that the co-operative society purchase and distributes goods from local and foreign manufacturers to members, 41.2% of the respondent agreed while 5.4% of them strongly disagreed.

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There is inadequate policy guideliness on how goods purchased are to be distributed

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Undecided	1	.7	.7	.7
Disagree	8	5.4	5.4	6.1
Strongly disagree	14	9.5	9.5	15.5
Agree	55	37.2	37.2	52.7
Strongly Agreed	70	47.3	47.3	100.0
Total	148	100.0	100.0	

Source: Questionnaire Administered (2013)

Table 2 indicates that 47.3% of the respondent strongly agreed that there is inadequate policy guidelines on how goods purchased are to be distributed, 37.2% agree, 9.5% of the respondents also strongly disagree that there is inadequate policy guidelines on how goods purchased are to be distributed, 5.4% disagreed while 0.7% representing 1 respondent is undecided whether there is inadequate policy guidelines on how goods purchased are to be distributed or not.

Goods purchased are distributed to members at cheaper prices

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Undecided	2	1.4	1.4	1.4
Disagree	9	6.1	6.1	7.4
Strongly disagree	9	6.1	6.1	13.5
Agree	56	37.8	37.8	51.4
Strongly Agreed	72	48.6	48.6	100.0
Total	148	100.0	100.0	

Source: Questionnaire Administered (2013)

Table 3 indicates that 48.6% of the respondents strongly agreed that good purchased are distributed to members at cheaper price, 37.8% agree, 6.1% strongly disagree, 1.4% representing 2 respondents are undecided whether the goods purchased are distributed to members at cheaper prices or not while 6.1% disagree that goods purchased are distributed to member s at cheaper prices.

Members are satisfied with the distribution channels in the co-operative

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Undecided	6	4.1	4.1	4.1
Disagree	9	6.1	6.1	10.1
Strongly disagree	4	2.7	2.7	12.8
Agree	66	44.6	44.6	57.4
Strongly Agreed	63	42.6	42.6	100.0
Total	148	100.0	100.0	

Source: Questionnaire Administered (2013)

Table 4 above indicates that 42.6% of the respondents strongly agreed that member are satisfied with the distribution channels in the co-operative society, 44.6% agree with the fact that members are satisfied with the distribution channels in the co-operative, 2.7% strongly disagree, 4.1% undecided while 6.1% disagree that members are satisfied with the distribution channels in the co-operative society.

The co-operative improves the economic well being of members

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Undecided	2	1.4	1.4	1.4
Disagree	3	2.0	2.0	3.4
Strongly disagree	3	2.0	2.0	5.4
Agree	63	42.6	42.6	48.0
Strongly Agreed	77	52.0	52.0	100.0
Total	148	100.0	100.0	

Source: Questionnaire Administered (2013)

Table 5 indicates that 52.0% of the respondent strongly agreed that the co-operative improves the economic well being of members, 42.6% of the respondents agree, 2.0% strongly disagree, 1.4% representing 2 respondents undecided while 2.0% of the respondents disagree that the co-operative improves the economic well being of members.

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Adequate financing of co-operative activities by members hereby increasing the co-operative ability to purchase and distribute more goods

	Frequency	Percent	Valid percent	Cumulative percent
Valid Undecided	4	2.7	2.7	2.7
Disagree	9	6.1	6.1	8.8
Strongly disagree	10	6.8	6.8	15.5
Agree	58	39.2	39.2	54.7
Strongly agreed	67	45.3	45.3	100.0
Total	148	100.0	100.0	

Source: Questionnaire Administered (2013)

Table 6 indicates that 45.3% of the respondents strongly agreed that there is adequate financing of co-operative activities by members thereby increasing the co-operative ability to produce and distribute more goods, 39.2% representing 58 respondents agree, 6.8% strongly disagree, 6.1% disagree while 2.7% of the respondent are undecided.

The co-operative society enjoys high level of patronage of members

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Undecided	6	4.1	4.1	4.1
Disagree	6	4.1	4.1	8.1
Strongly disagree	5	3.4	3.4	11.5
Agree	64	43.2	43.2	54.7
Strongly Agreed	67	45.3	45.3	100.0
Total	148	100.0	100.0	

Source: Questionnaire Administered (2013)

Table 7 indicates that 45.3% of the respondent strongly agreed that the co-operative society enjoys high level of patronage of members, 43.2% agree, 3.4% of the respondents strongly disagree that the co-operative society enjoys high level of patronage of members, 4.1% of the respondents also disagree while 4.1% are undecided.

Testing of Hypothesis
Hypothesis one
Frequencies

The co-operative improves the economic well being of members

	Observed N	Expected N	Residual
Undecided	2	29.6	-27.6
Disagree	3	29.6	-26.6
Strongly disagree	3	29.6	-26.6
Agree	63	29.6	33.4
Strongly Agreed	77	29.6	47.4
Total	148		

Test Statistics

	The co-operative improves the economic well being of members
Chi-Square ^a	187.135
df	4
Asy mp. Sig.	.000

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 29.6.

Interpretation
Hypothesis

H₀: Purchase and distribution of consumer goods do not enable co-operative societies improve economic well being of members.

H₁: Purchase and distribution of consumer goods enables co-operative societies improve economic well being of members.

Decision Rule: Reject H₀ if $P_{sig} \leq P_{value}(0.05)$, otherwise accept H₀

Conclusion: Since $P_{sig}(0.000) < P_{value}(0.05)$, we reject H₀ and hence we conclude that purchase and distribution of consumer’s goods enables co-operative societies improve economic well being of members

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Hypothesis Two

Chi-Square Test

Frequencies

Consumer Goods bought from co-operative societies are relatively cheap

	Observed N	Expected N	Residual
Undecided	2	29.6	-27.6
Disagree	3	29.6	-26.6
Strongly disagree	3	29.6	-26.6
Agree	63	29.6	33.4
Strongly Agreed	77	29.6	47.4
Total	148		

Test Statistics

	The co-operative improves the economic well being of members
Chi-Square ^a	187.135
df	4
Asymp. Sig.	.000

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 29.6.

Interpretation

Hypothesis

H₀: Consumer goods bought from co-operative societies are not relatively cheap

H₁: Consumer goods bought from co-operative societies are relatively cheap

Decision Rule: Reject H_0 if $P_{sig} \leq P_{value}(0.05)$, otherwise accept H_0

Conclusion: Since $P_{sig}(0.000) < P_{value}(0.05)$, we reject H_0 and hence we conclude that consumer goods bought from co-operative societies are relatively cheap.

Summary of Findings

The following findings were made:

Majority of the respondents agreed that the cooperative purchases and distributes goods from local and foreign manufactures to members. By implication, the cooperative purchase from both local and foreign manufacturers, varieties of goods are available.

There is inadequate policy guidelines on how goods purchased are to be distributed but goods bought from the cooperative are cheaper relatively when compared with the prices obtained outside the cooperative. Also, members are satisfied with the services of the cooperative society.

It has been revealed that goods purchased are distributed to members at cheaper prices. It has been established that the cooperative improves the economic well being of members.

Furthermore, it has been revealed that there is adequate financing of cooperative activities by members thereby increasing the cooperative ability to produce and distribute more goods. Also the cooperative enjoys high level of members' patronage.

Conclusion

Cooperative society has helped in transforming the lives of their members and community by improving the standard of living through the provision of social, economic and educational services to uplift the society. Necessary measures have to be taken to make the cooperative society function more effectively in all ramifications to improve productivity and the economic well being of the cooperators.

Recommendations

Management of cooperative society should encourage their members to increase savings so as to increase capital to purchase essential commodities.

Staffs and management officials should educate the members of the society on the benefit derived in the purchase of consumer goods.

There is need to create an effective distribution channel so as to increase members purchase and satisfaction. Sound finance is also necessary for the cooperative success. This approach will remedy their shortcomings

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and plan for the future were backwardness would disappear through proper management.

Cooperative societies that engage in consumer goods should open consumer shops and attach members to the shops for effective management.

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Reference to this paper should be made as follows: Babalola, A.O. *et al* (2014), The Role of Co-operative Societies in the Purchase and Distribution of Consumer Goods (A Case Study of Senstaf Co-operative Society Ltd., Bida. *J. of Business and Organizational Development*, Vol. 6, No. 1, Pp. 14 – 28.
