

**IMPROVING AGRICULTURAL PRODUCTION AND FINANCING THROUGH  
COOPERATIVE SOCIETIES IN THR ERA OF ECONOMIC UNCERTAINTIES**

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**BEING A PROJECT SUBMITTED TO THE DEPARTMENT OF  
AGRICULTURAL / FINE AND APPLIED ARTS EDUCATION , FACULTY OF  
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BENIN, BENIN CITY.**

**MARCH 2025**

## CERTIFICATION

We, the undersigned, certify that this research project was carried out by **Victoria Ayobami Adegoroye** in the Department of Vocational and Technical Education, Faculty of Education, University of Benin, Benin City.

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**Date**

## **DEDICATION**

This work is dedicated to Almighty God who has given me divine health, Grace and success till this point of my life.

## **ACKNOWLEDGEMENT**

I wish to express my appreciation to God Almighty, Who through His infinite mercy and Grace has made all things work out during the course of my studies in the University of Benin. My sincere appreciation to my project supervisor and course adviser, Dr David Dumbiri who despite his tight schedule created time to guide me on how to go about my work. Thank you very much for your patience and teachings that contributed to the success of my project.

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## ABSTRACT

The study is on improving agricultural production and financing through cooperative societies in the era of economic uncertainties. The purpose of the study was to investigate the role of cooperative societies in improving agricultural production and financing in the era of economic uncertainties. To guide the study, six research questions were raised. The study employs a descriptive survey research design, with a population of 3000 members from Faculty of Agriculture Cooperative, Benin City. A simple random sampling technique was used to select 150 respondents. Data were collected through structured questionnaires, validated by three experts, the researcher administered the questionnaire personally and responses were collected on the spot and tested for reliability using Cronbach's Alpha, yielding a coefficient of 0.87. The analysis was conducted using mean and standard deviation, with a threshold of 2.5 for acceptance of responses.

In the context of rising economic uncertainties, improving agricultural production and financing has become imperative for enhancing food security and supporting rural livelihoods. This explores the pivotal role of cooperative societies in fostering agricultural resilience and productivity. By facilitating collective action among farmers, cooperative societies can enhance access to resources, including loan, technology, and markets. This study examines the mechanisms through which cooperatives provide financial support and shared resources, enabling smallholder farmers to scale their operations and adopt innovative agricultural practices. Additionally, the study analyze the impact of cooperatives on risk management, particularly in volatile economic environments, by promoting diversification and collaborative marketing strategies.

The findings suggest that strengthening cooperative frameworks can significantly improve agricultural efficiency and financial stability, ultimately contributing to sustainable development in the agricultural sector. This research underscores the importance of cooperative societies as a viable solution for overcoming challenges posed by economic uncertainties, thereby laying the foundation for a more resilient agricultural future.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **Background of the Study**

Agriculture plays a pivotal role in the sustenance of economies worldwide, providing food security, employment, and raw materials for industries. Agricultural production is the backbone of human civilization, providing food, fiber, and other essential products for human well-being. It involves the cultivation of crops, raising of livestock, and management of natural resources to produce goods for consumption, processing, and export. Agricultural production is a complex process that requires careful planning, efficient use of resources, and effective management of risks.

The agricultural sector is a vital component or cornerstone of the global economy, providing food, employment and income for millions of people worldwide. However agricultural production and financing face numerous challenges particularly in the era of economic uncertainties. Fluctuations in global market prices, climate change, and limited access to credit and other financial services hinder the ability of farmers to invest in their farms, improve productivity, and increase their incomes.

Agricultural Finance, according to Tandon and Dhondeyal (1991), could be considered as a branch of Agricultural Economics that deals with the provision and management of Bank services and financial resources related to individual farm units. Agricultural

Finance deals with the financial,(micro and macro) aspects of a farm business in an economy. Macro finance management pertains to overall aspects of finance in the viewpoint of society, the agricultural industry, lending institutions, among others. Micro financial management, however, is concerned with finances from the viewpoint of managing the individual farm or business firm. It includes those parts of farm management which relate to acquisition and use of capital in the farm business. Agricultural Finance is the economic study of the acquisition and use of capital in agriculture. So it deals with the demand for, and supply of funds in the agricultural sector of the economy (Lee, 1980). Agricultural Finance is the study of financial intermediaries who provide loanable funds for agricultural production and that of financial markets in which these intermediaries obtain their loanable funds (Penson and Lins, 1990).

Agricultural finance is often perceived as more difficult than the supply of urban finance for several reasons. Miller (2004) classifies constraints in rural finance as vulnerability constraints, including systemic market and credit risks; operational constraints due to low returns on investment, low asset levels and geographic dispersion; capacity constraints, including infrastructural capacity, technical capacity, social exclusion, and institutional capacity; and policy and regulatory constraints, such as political and social interference and the regulatory framework.

In rural areas, clients are more dispersed than in urban areas due to the lower population density. The financial services demanded are small amounts, so transaction costs per unit

are high for financial institutions. With generally less developed transport and communication infrastructure, information costs for providers and users are higher. In such turbulent economic times, cooperative societies have emerged as effective instruments for bolstering agricultural production and financing. Cooperative societies are voluntary associations of individuals who come together to achieve a common economic purpose, generally pooling resources and sharing risks. These societies operate on democratic principles, with each member having an equal say in the decision-making process regardless of their investment level.

These societies operate on democratic principles, with each member having an equal say in the decision-making process regardless of their investment level. Cooperative enterprises are owned and managed collectively by their members, aiming to improve their economic status, enhance their livelihoods, and address shared needs and challenges. Cooperative societies are member-owned organizations that operate for mutual benefit. They provide services such as banking, agriculture, housing, and more.

According to the International Co-operative Alliance,(1995) 'A cooperative society is an 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'. They are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity (ICA). Cooperatives enhance community

development and empower individuals economically. They embody a democratic approach in decision-making and distribution of profits among members.

Given the challenges posed by economic uncertainties, there is a pressing need to explore innovative strategies that can enhance agricultural production and financing. Cooperative societies present a promising model that can empower smallholder farmers by providing them with collective bargaining power, access to finance, and technical assistance. By working together, farmers can pool resources, share knowledge, and mitigate risks, thus improving their overall productivity and resilience to economic shocks.

### **Statement of Problem**

Agriculture plays an important role in the economic development of many nations and in contribution to their national GDP. However, in an era of economic uncertainties, challenges affecting improvement of agricultural production and financing through cooperative societies persist, hindering their efficiency and effectiveness in actively improving agricultural production.

The lack of access to adequate capital or finance limits the ability of cooperative societies to provide loans and it hinders members from accessing necessary farm inputs. The lack of trust among members and in management leads to internal conflicts that disrupts cooperative activities.

Many cooperative societies struggle to adapt to economic changes that makes them unable to protect their members from financial loss or market instability. High dependence on external support which makes them vulnerable to changes to policy and funding. Lack of training workshop organs by cooperative societies that limits their members experience in modern agricultural practices and business management.

By identifying these key factors hindering how cooperative societies can improve agricultural production and financing, this study aims to critically analyze the impact of cooperative societies in financing agricultural production and provide evidence-based recommendations and strategies for addressing complexities facing cooperative societies in an era of economic uncertainties.

### **Purpose of the Study**

The broad objective of this study is to investigate the role of cooperative societies in improving agricultural production and financing in the era of economic uncertainties. The specific objectives are:

1. To identify the challenges facing agricultural cooperative societies in accessing finance and improving productivity.
2. To analyze the impact of economic uncertainties on agricultural cooperative societies.
3. To examine successful models of agricultural cooperative societies that have improved agricultural production and financing.

4. To provide recommendations for policy makers, practitioners and farmers on how to strengthen agricultural cooperative societies and improve their contributions to agricultural development.
5. To determine the extent of farmers access to farm inputs through cooperative societies.
6. To determine the extent cooperative societies can improve the profitability of members.

### **Research Question**

The following research questions were raised for the study;

1. What are the constraints facing cooperative societies in financing agricultural production in the era of economic uncertainties?
2. What is the impact of economic uncertainties on agricultural cooperative societies?
3. What are the successful models on agricultural cooperative societies that have improved agricultural production and financing.
4. What are the recommendations for practitioners, farmers to which they can strengthen agricultural cooperative societies?
5. What is the extent to which farmers have access to farm inputs through cooperative societies?
6. What is the extent to which cooperative societies can improve profitability of members?

## **Significant of the Study**

The study will have numerous significant implications, providing immense benefits to the government, policymakers, ministry of agriculture, farmers, and researchers.

The study will be of benefit to the Government as it will provide them with information on how to make policies and decisions regarding the cooperative system, encouraging enhanced production that will lead to food security and reduced reliance on food imports, benefitting the economy. This study will be beneficial to policymakers to help them develop policies aimed at ensuring farmers have rights to cooperative financing to aid agricultural production thereby enhancing productivity.

The Ministry of agriculture could greatly benefit as it provide them with information that will be needed to improve agricultural outputs contributing to rural development and increased GDP, particularly in agrarian economic through cooperative societies. For farmers, this research could provide farmers with better access to inputs like seeds, fertilizers and technology through knowledge and gained training in best practices, improving overall productivity and sustainability while contributing on the large scale to the economy of the state. Researchers could use this research for further data collection and analysis from cooperative studies potential leading to innovations, solutions and development of new methods and technologies that can be applied to agriculture.

## **Scope and Delimitation of the Study**

The scope of this study focuses specifically on improving agricultural production and financing through cooperative societies in an era of economic uncertainties. Thus, it is essentially targeted at determining the contributions of cooperative to the agricultural crop production process. The study hopes to find out influence of core agricultural cooperative functions such as farm input supply, credit delivery, marketing, processing, and agricultural extension on farm output. This study will focus on its key stakeholders (farmers, government, cooperative leaders). The study includes perspectives from students, farmers, local government officials, community leaders and consumers.

The delimitations of the study includes the exclusion of other economic sectors, exclusion of non-cooperative models. Location of places to visit, some of the offices and ministries were a bit difficult. Co-operation with the management committee is also difficult.

## **Definition of Terms**

**1. Agricultural Production:** Agricultural production refers to the process of cultivating and harvesting crops, raising livestock, and managing natural resources to produce food, fiber, and other agricultural products.

**2. Improving:** Improving means enhancing the efficiency, productivity, and sustainability of agricultural practices.

**3. Cooperative Societies:** Cooperative societies, also known as cooperatives or co-ops, are member-owned and member-controlled businesses that aim to improve the economic and social well-being of their members.

**4. Era:** An era refers to a distinct period of time characterized by significant events, trends, or circumstances.

**5. Economic uncertainties:** Economic uncertainties refer to situations or conditions that create instability, risk, or unpredictability in economic systems.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

This chapter is concerned on the review of literature on improving agricultural production and financing through cooperative societies in the era of economic uncertainties. The study will be classified in the following order under the following sub-headings;

- Theoretical Framework
- Concept of Agricultural Production
- Concept of Cooperative societies
- Impact of Economic uncertainties on Agricultural Cooperative societies
- Constraints facing Cooperative societies in Financing Agricultural Production in the era of uncertainties
- Successful Models on Agricultural Cooperative societies
- Recommendations for Strengthening Agricultural Cooperative Financing
- Extent of Farmers Access to Farm Input through Cooperative societies
- Extent which Profitability of Members can be improved through Cooperative societies
- Review of Related Empirical Literature
- Summary of Literature Review

## **Theoretical Framework**

Agriculture continues to be a fundamental instrument for sustainable development and poverty reduction' (World Bank, 2000). Financial constraints in agriculture remain pervasive, and they are costly and inequitably distributed, severely limiting smallholders' ability to compete. Sudden and dramatic changes in food prices have exposed the vulnerability of agricultural production in meeting global demand and call for increased investment in agriculture at all levels. The question is how the right amount of investment can be acquired, particularly in a challenging milieu where financial uncertainty causes a reduction in available resources along with increased fear and scrutiny of risk. An answer to addressing these constraints goes beyond conventional measures since agriculture has always been difficult to finance through formal financial institutions and approaches. The environment for agricultural finance is further influenced by the growing concentration of control in the agricultural sector. Driven by gains from economies of scale and globalization of the food chain along with access to resources, multinational and other interconnected agribusinesses have a greater impact in a sector that is characterized by increasing vertical and horizontal integration. The consequences of tightening integration are profound, especially for smallholders and others who are outside of the interlinked chains. In short, agriculture is evolving towards a modern, extremely competitive system driven by consumer demand for higher value, more processed products, and consistent quality and safety standards. Hence, enhancing smallholders' productivity, competitiveness and their participation in these global value

chains have been noted as priorities of the agriculture-for-development agenda (World Bank, 2008). Over the years, various theorists and practitioners have proposed ideas and frameworks focusing on the role of cooperative societies in enhancing agricultural production and financial stability. Below are key concepts frequently explored by scholars and theorists in this field. The role of cooperative societies in enhancing agricultural production and financial access is increasingly recognized as a transformative approach in rural development.

Previous studies on the financial performance of cooperatives often stressed the size of the cooperative business firm. The earlier literature states that larger cooperatives are found to be more efficient in utilizing their assets than smaller cooperatives. On the other side, smaller cooperatives found to have higher profitability than larger ones. The earlier results suggest that large cooperatives may enjoy the economies of scale in terms of efficiency, but the benefits of size do not necessarily translate into higher profitability. As per liquidity, it is found that small cooperatives prefer to maintain higher liquidity than large ones (Levy & Lerman, 1985). There have been several studies published on high-growth cooperatives; worker cooperatives (Amat & Perramon, 2011), agro cooperatives (Caves & Petersen, 1986), service cooperatives (Deininger, 1995). According to Amat and Perramon, (2011), among different high growth factors, strategic management, quality, innovation, customer satisfaction, and relative financial policies would help to provide an excellent growth achievement.

Financial Inclusion Theory asserts that many smallholder farmers lack access to credit due to perceived risks by financial institutions. Cooperatives serve as financial intermediaries, offering microloans and savings programs tailored to the needs of their members. Financial inclusion refers to the accessibility of financial services to individuals and businesses, particularly those underserved by traditional financial institutions. The concept centers around the idea that everyone should have the opportunity to participate in the financial system, which is crucial for economic development, poverty reduction, and social equity. Financial inclusion theory encompasses various dimensions, including access, usage, quality, and impact of financial services. (World bank, 2011).

According to the studies by Turto Turtiainen and J.B. Von Pischke (1989), Agricultural service cooperatives have a great potential to promote growth in the rural areas of the developing world. They can, and do, bring people and funds together to provide a broad range of preharvest and postharvest services to farmers. Multipurpose cooperatives, the most modern form in the agricultural sector, provide both types of services—from the supply of credit, farm inputs (like fertilizer and seeds), and machinery to storage, processing, and marketing services. In spite of an often poor financial record, agricultural cooperatives have proliferated, partly because they appeal both to governments and to farmers. Governments like them for several reasons: they mobilize self-help resources that might otherwise be left unused; they attract assistance from foreign cooperative societies and aid agencies; and they offer the authorities an established base that could be used either to achieve social welfare objectives or to implement development programs in

the rural sector. This latter attraction of cooperatives is particularly appealing in countries where the government has a limited institutional presence in the rural areas. Farmers, on the other hand, seem to be attracted by the idea of cooperatives whether for ideological reasons or for the economic benefits cooperatives can offer their members in the form of government subsidies and the economies of scale that result from collective action. Many agricultural activities, for instance, require more capital investment than a farmer can, or will, provide alone. A cooperative venture can draw in funds from other farmers and attract outside financing to support its activities. But too often in developing countries these cooperatives are ineffective. There are a number of reasons: bad debts and excessive overdue payments caused or exacerbated by poor and untrained management, and faltering support by members in difficult times. And—although in most countries it is no longer a problem—the traditional dominance of cooperatives by weltoff segments of the population (often the moneylenders and traders that cooperatives were supposed to supplant) left them with a bad reputation among poorer people. Many of these problems could be overcome if cooperatives were run more efficiently. A possibly even more pervasive and intractable problem is that governments frequently attempt to make cooperatives play a role in development for which their financial structure is not suited. Cooperatives, by definition, depend heavily on their members for patronage and financial support. The members' ability to use cooperative services and their readiness to leave their funds with them determine the ability of cooperatives to expand, very often even to compete effectively in supplying credit or services to their membership. If, therefore,

national priorities mean that cooperative have to expand their activities to serve a broader function—to redistribute incomes, for instance—then their finances must be strengthened. They must either be subsidized, with provisions for the subsidy to be paid off over some specified period, or they must be able to raise additional financing from sources other than their membership.

By applying these theoretical frameworks, agricultural cooperatives can enhance production and financial resilience by implementing effective management practices, expanding financial bases, and fostering cooperation among members. These strategies are particularly crucial in addressing the uncertainties inherent in the agricultural sector.

### **Concept of Agricultural Production**

Agriculture primarily provides food for man and raw materials for agro- based industries. It consists of all the productive endeavors of man in collaboration with nature to rear plant and animal for a better harvest. It involves all aspects of farming, fishing livestock, rearing, poultry and forestry. Agriculture is the cultivation of crops and rearing of livestock in pure or integrated crop/livestock systems for the main purpose of food production, but also for the provision of biomass for material and energetic use. Agricultural production systems are determined by the following factors: the production activity (crop, animal or integrated crop/animal production), the organizational form (e.g. small-scale family or largescale industrial farm), the climatic (e.g. tropical, temperate) and other environmental conditions (e.g. soil properties) and socio-economic factors (e.g.

population density, land availability, agrarian policy, farm and market structures). Agricultural production is performed by farming entities within an agroecosystem. Anyanwu (1997), state that agriculture has been the main source of gainful employment from which the nations can feed its teeming population, providing the nation's industries with local raw materials and also as reliable source government revenue.

Agricultural production is not only fundamental to improving nutrition, but is also the main source of income for many. Increases in crop production are key to ending hunger, as well as economic and social development.

Global crop production has changed dramatically in recent decades. The amount of food we grow has increased rapidly as a result of two drivers: the amount of land we use for agriculture has expanded, but the largest driver has been a rapid rise in crop yields. The diversity of diets has also increased in many countries around the world. Cereals, roots, and other staple crops once made up the majority of agricultural produce. This has expanded into legumes, fruits, vegetables, nuts, seeds, and other foods.

Agricultural production has also become much more international. Historically, food production was localized everywhere: farmers produced food for their families or communities. Even when food trade became more widespread, it was mostly limited to domestic markets. Now, large amounts of food are traded internationally. This has made diets across the world much more diverse, and can also provide an important source of income (from 'cash crops') for farmers. This is particularly true in lower-income countries.

Agriculture also has large environmental impacts, such as climate change, soil structure among others.

Until the discovery of oil in Nigerian, agriculture was the most important sector of the economy accounting for more than two- thirds of colonial Nigeria's export earnings. The contributions of agriculture declined drastically during the civil war (1967-70) and after the discovery of oil in Nigeria due to lack of visionary planning for sustainable development. The oil boom devastated agriculture which fell from 60% of GDP in the 1960's to 31%, By the early 1980's production declined because of inexpensive imports. Nigeria, a nation that had been a major agricultural net exporter and was largely self sufficient in food production quickly became a net importer of agricultural commodities.

Agriculture is a major contributor of Nigeria's GDP and small- scale farmers play a dominant role in this contribution (Rahji and Fakayode 2009) but their productivity and growth are hindered by limited access to credit facilities (Odoemenem and Boinne 2010).

### **Concept of Cooperative Societies**

According to Frederick, (1999), A cooperative is a user-owned and democratically controlled business in which benefits are received in proportion to use. Another definition from the University Of Wisconsin Center for cooperatives has it that “a cooperative is a business,voluntarily-owned and controlled by its member patrons and operated for them and by them on a non-profit or cost basis. It is owned by the people who use it”. A key element in the above two definitions is the members dual, nature they are owners and

users, investors and patrons. It is this dual nature of the members that differentiates the cooperative from other organizations. Accordingly, Hansmann (1996) noted that while political parties, service clubs or lobby groups, for instance, are voluntary associations created to provide their members with benefits, it is only in cooperative that the members actively use or purchase the good or service provided by the organization that they themselves have created. Similarly, the dual nature of the members is what differentiates a cooperative from a publicly traded corporation. While some investors may purchase the product supplied by the company in which they have invested, it is the investor relationship and not the user relationship that investors have in common.

According to Ofuebe, (1992), the “cooperative” is one of the most effective vehicles for organizing modernized rural production which has become one of the most important preconditions for efficient mobilization of production resources and accelerated rural progress. This importance arises from the fact that the small-scale individual proprietary structure of peasant production can no longer cope effectively with technological and capital demands of modernized primary production. Even though the family farm may be considered efficient within the static framework of its motive of enterprise self sufficiency, the dynamic demands of modern times are such that such a framework has to be subjected to drastic structural changes. And this, the peasant should be educated on so that he knows that his interest is being fostered. Ofuebe, (1992), citing Erdman and Tinley, (1957) defined a cooperative association as “a voluntary organization of persons with a common interest, formed and operated along democratic lines for the purpose of

supplying services at cost to its members, who contribute both capital and business. This definition embraces the main features of a cooperative association. First, it is an association of people who come together of their own free will. Second, its members have a common interest as users of the goods and services provided by the association or as producers of the product sold. Third, it operates along democratic lines. Fourth, it performs services at cost, with any under payment or overcharge distributed on the basis of patronage. And finally, cooperators contribute both capital and business. The cardinal objective of introducing agricultural cooperative was to increase crop production and credit facilities to cultivators. They have been deeply involved in activities that have impacted on the livelihood of members in particular and rural people in general. If Cooperative societies do not have access to the two inputs that are most essential for their development namely, finance and education, then their situation is critical. Part of the recommendations arising from this study includes the establishment of College cowheels programme to take training to members of Cooperative societies. This will make Cooperative education cheaper, more available and more accessible to Cooperative members.

In the case of finance, it was emphasized that until a truly Cooperative bank is established, Cooperative financing will continue to be a far cry from what is expected. Coming from a background of weak foundation and restrictive control, Cooperatives have not delivered enough services to members of the movement in particular and to the nation in general.

There is, therefore, the need for elaborate reforms needed to position Cooperatives to become a key player in the economic reforms going on locally and globally.

### **Impact of Economic uncertainties on Agricultural Cooperative societies**

Economic uncertainties can significantly impact agricultural cooperative societies in various ways. These cooperatives, which are formed by farmers and other stakeholders to achieve common goals, often rely on stable economic conditions to function effectively.

Economic uncertainties can lead to unpredictable income levels, that is, cash flow issues, for cooperative members. Fluctuations in crop prices or sudden increases in input costs can strain the cash flow, affecting cooperative societies. Cash flow issues refer to the difficulties cooperative societies face in managing their inflows and outflows of cash. This can lead to liquidity problems, making it challenging for the cooperative to meet its financial obligations. Economic uncertainties, such as inflation, recession, or market fluctuations, can significantly impact cooperative societies' cash flow.

In uncertain economic climates, financial institutions may tighten lending criteria, making it difficult for cooperatives to obtain loans for expansion, operation, or investment in infrastructure.

The operational costs affects and impacts negatively on cooperative societies. Operational costs such as fluctuating fuel prices or global supply chain disruptions, can lead to increased costs for seeds, fertilizers, and equipment. This rise in operational costs

can squeeze margins and affect profitability. High operational costs can erode the financial stability of a cooperative society. Unlike traditional businesses that may focus primarily on profit maximization, cooperatives aim to serve the interests of their members. When operational costs exceed revenues, cooperatives may struggle to provide member services, reinvest in the business, or distribute profits. This imbalance can ultimately lead to financial distress, limiting growth and operational capacity. Cooperatives often rely on member contributions to support their operations. If operational costs rise significantly, the cooperative may need to increase fees or dues, which can lead to dissatisfaction among members. In some cases, higher costs may deter new members from joining or may lead existing members to exit, undermining the cooperative's equity base and overall member participation. Horngren, Sundem & Elliott (2013).

Increased competition in various industries refers to the rise in the number of firms or entities competing for the same market share, as well as the intensification of rivalry among existing companies. Increased competition often drives innovation, as companies strive to differentiate themselves from their rivals. When firms compete more vigorously, they may invest more in research and development (R&D) to create new products and improve existing ones. This innovation can lead to better quality products, more choices for consumers, and even lower prices. Cooperatives might face intensified competition from other business models during economic uncertainties, especially if these alternatives can quickly adapt to changing conditions. In highly competitive environments, numerous

businesses or cooperatives offer similar products or services. This saturation forces companies to innovate and find unique selling propositions (USPs). Scherer & Ross (1990).

### **Constraints facing Cooperative societies in Financing Agricultural Production in the era of Economic uncertainties**

Cooperative societies play a critical role in financing agricultural production, particularly in regions where access to formal credit is limited. However, they face numerous constraints, especially in the context of economic uncertainties.

Cooperative societies often struggle to raise sufficient capital, which limits their capacity to provide loans to members, that is they face inadequate access to capital. When there is inadequate access to funds or capital, dependence on member contributions can become high. The reliance on members' savings can restrict the available funds, particularly in times of economic hardship when members may be less able to contribute.

Price volatility is a significant constraint facing cooperative societies in financing agricultural production, especially in times of economic uncertainty. This volatility can lead to fluctuations in income for farmers, affecting their ability to secure loans and invest in production. Price volatility affects farmers' earnings, making it difficult for cooperative societies to forecast income accurately. If prices for agricultural products fall unexpectedly, farmers may struggle to repay loans taken out for production costs, increasing the risk to cooperatives that finance these activities. Wiggins and Keats (2013).

Agricultural markets are susceptible to price volatility, which can affect the repayment capabilities of members and the overall financial health of cooperatives. Rising costs of inputs (fertilizers, seeds, equipment) can put additional pressure on farmers, leading to defaults on loans.

Many cooperative societies suffer from poor management and governance practices, which can lead to inefficiencies and a lack of transparency. Leadership in cooperative societies plays a crucial role in strategic decision-making, which directly impacts their ability to finance agricultural production. Effective leaders are necessary for aligning cooperative goals with the needs of their members and adapting to market changes. Sipi and Ndunguru (2016). The governance structures of cooperatives—comprising frameworks for accountability, transparency, and member participation—are fundamental in determining their operational effectiveness. Weak governance can hinder access to financing from external sources, as lenders often assess the risk associated with governance practices. Fulfrost (2017).

Leadership also includes the ongoing capacity building and training of cooperative members and leaders. Cooperatives that invest in the education and training of their members to enhance skills and knowledge are better positioned to navigate uncertainties and secure financing.

Many cooperatives lack access to modern agricultural technologies and digital financial services that could enhance productivity and financial management. Poor data

management practices limit the ability of cooperatives to assess risk, track financials, and make informed lending decisions. Economic uncertainties can lead to reduced engagement from members, decreasing the pool of resources available to cooperatives. Differing production goals among members can complicate unified efforts towards financing strategies or collective investments.

Addressing these constraints requires a multifaceted approach, including strengthening governance and management practices, enhancing member engagement, securing better access to capital, and implementing risk management strategies. Additionally, technology adoption and improvements in regulatory frameworks can significantly bolster the ability of cooperative societies to finance agricultural production in uncertain economic.

### **Successful Models on Agricultural Cooperative societies**

Agricultural cooperative societies play a significant role in enhancing the livelihoods of farmers, improving agricultural productivity, and promoting sustainable practices. Successful models of agricultural cooperatives can vary widely based on context, member needs, and local resources.

#### Marketing Cooperatives

These cooperatives focus on collective marketing of agricultural products, allowing farmers to access better prices and reduce transaction costs. Marketing co-ops help growers sell their products. Such organizations can buy farmers' goods at a favorable

market price or store the products until their price improves. Marketing agricultural co-ops also deal with promotion and advertising. Elijah (2024). For instance, Amul (India), A dairy cooperative that revolutionized milk production and distribution, empowering farmers and ensuring fair prices through a direct link to consumers.

### **Production and supply Cooperatives**

These cooperatives facilitate the bulk purchasing of inputs (like seeds, fertilizers, and machinery) or collective production efforts, which lowers costs for members. Farmers can buy supplies at lower prices, enhancing their competitiveness and reducing production costs. Production and supply models for agricultural cooperative societies can effectively enhance their operational efficiency, market reach, and overall profitability. The Farm Credit System (USA) is a network of cooperatives that provides financing and credit to farmers, enabling larger-scale production. Various cooperatives partnering with universities provide farmers with shared knowledge and resources for production.

### **Financial Cooperatives**

Agricultural cooperatives can provide credit and financial services to farmers, enabling access to essential funding for inputs, equipment, and expansion. These cooperatives often help in financial literacy programs to empower members. Financial cooperatives are member-owned institutions that provide various financial services, such as savings accounts, loans, and insurance, primarily to their members. They operate on cooperative principles, emphasizing collaboration, democratic governance, and a commitment to

serving their members' needs rather than maximizing profit. Farmers' Cooperative of Santa Cruz (Argentina), A cooperative focused on organic farming practices and sustainable agriculture in Argentina. They help members obtain organic certification for their products, enabling access to premium markets. Members share equipment and resources to reduce costs and improve efficiency.

### Service Cooperatives

These cooperatives offer services such as agricultural credit, insurance, and technical assistance to members. Service cooperatives are a significant model of cooperative organization that focus on providing services to their members rather than products. They are often formed to meet specific needs in areas such as healthcare, education, finance, and other professional services. This model allows members to pool resources, share risks, and leverage collective bargaining power, which can lead to enhanced service quality and lower costs. Credit Unions/Cooperatives, are prevalent in many countries, offering farmers access to financing at reasonable interest rates compared to traditional banks. Sustainable Agriculture Research and Education (SARE), is a program that promotes sustainable farming practices and supports research and education initiatives related to sustainable agriculture. They are centered on Research, Education, Outreach and Innovation.

## **Recommendations for Strengthening Agricultural Cooperative Financing**

According to FAO (2002), The first step in strengthening or improving services is to find out what present and future members want. What do they value and what are their priorities? Is the cooperative providing a service that they want, or is similar service provided better or more cheaply elsewhere? Does the cooperative provide these services at competitive prices? When cooperatives are run as businesses in a democratic way,[4] elected leaders usually have a good idea of what members want. In large cooperatives, member priorities may still be difficult to communicate. In this case, general meetings of members, establishment of special committees or focus groups for fact-finding or providing advice and gathering information on competitors, can help to initiate and guide changes.

To be successful, a cooperative must price services in a way that both attracts members and generates capital - either through retention of surplus or increased member investment - in order to maintain or increase its volume of member transactions. With increased market competition, members will tend to seek providers who serve them best, whether they are a cooperative or a private business. As member service-oriented businesses, cooperatives should lead the way in providing what members want, when they want it. This is achieved through continual improvements in services, and by expanding the range of services offered. Prompt payment to members for produce is a powerful means of maintaining member loyalty. This is especially true when competing

buyers pay promptly or even offer cash advances against crops that are not yet harvested. Cooperatives may also offer credit to members as a competitive incentive. However, this is only possible if sufficient capital is available or if outside funding can be obtained, through a cooperative, agricultural or rural bank, or a buyer of the cooperative's produce.

Agricultural cooperatives often struggle with limited access to affordable credit. Creating specialized lending programs for cooperatives can help ensure they have the necessary capital. Establishing partnerships with development banks and microfinance institutions to create tailored loan products for agricultural cooperatives. Muriu (2018). Implementing modern financial management tools can help cooperatives track their finances better, enhance transparency, and improve decision-making. Investing in financial management software and training programs for cooperative leaders to improve financial literacy and reporting. Ranjan and Prakash (2020).

Agricultural credit access is crucial to agricultural and rural development in Nigeria. Approximately 70% percent of the populations live in the rural areas with their main source of livelihood being agriculture. Credit constraints to farm households thus impose high cost on the society. This is in terms of rural unemployment, rural poverty, and distortion of production and liquidation of assets. Governments in both developed and developing countries attempt to overcome these problems by subsidizing credit, setting up credit guarantee fund scheme (e.g. ACGFS in Nigeria and specialized agricultural credit bank (e.g. NACB, now NACRDB) and stimulating institutional innovations in the

financial system. Many banks perceived agricultural credit as risky and seek to channel credit to less risky sectors. This behavior calls for empirical quantification in the Nigerian context. More so, farm households are quite heterogeneous in terms of resource endowments, production and consumption opportunities, hence, lenders are supposedly able to obtain and use information that the potential credit worthiness of the borrowers. Patricia (2016).

Encouraging increased membership can provide cooperatives with more capital through share purchases and reduce individual risk. Implement outreach programs to attract new members, emphasizing the financial benefits and support offered by the cooperative model. Birchall (2004). Cooperatives can benefit from government programs and international grants or aid designed to enhance agricultural productivity and sustainability. Actively seeking government grants and international funding opportunities that support cooperative development. Develtere and Hulgård (2004).

### **Extent of Farmers Access to Farm Inputs through Cooperative societies**

Access to farm inputs through cooperative societies is a critical factor in enhancing agricultural productivity, particularly in developing regions. Farmers' cooperatives can provide various resources, such as seeds, fertilizers, pesticides, machinery, and financial services, which are essential for modern farming practices.

Based on some of the available evidence on cooperative societies, there seems to be consensus that cooperative farmers have comparative advantage over non-cooperative

farmers in agricultural production. But from documented evidence, access to farm inputs is one of the major constraints expressed by both cooperative and non-cooperative farmers especially, small-scale farmers and this has been attested to by many scholars (Peter, 2008, Spore, 2008, Oboh, 2001, Dayo et al., 2009). The problem of poor access to farm inputs is not only in Nigeria because Lyne (1996) and Matungul et al., (2001) also reported that small-scale farmers in South Africa had limited access to factors of production, credit and information. In fact, Ortmann and king (2007) stated also that agricultural cooperatives serving smallholders in the less-developed rural areas of South Africa have generally not been successful in promoting agricultural development and members' economic welfare. But on the contrary, Abdelrahman and Smith (1996) reported that some agricultural cooperatives in Sudan have not been successful. They attributed the failure to the lack of members' motivation in collective action.

The problem of access to farm inputs by both cooperative and non-cooperative farmers seems to have persisted and is impacting negatively on the overall agricultural production in Nigeria. Available evidence indicating that cooperative societies have more access to farm inputs seems to be more on credit facilities. Information on access to other farm inputs like land, labour, herbicide, insecticide, rodenticide, fertilizer, tractor services, storage equipment and processing equipment is limited. Apart from credit facilities, the question is do cooperative farmers have access to other farm inputs more than noncooperative farmers?

## **Extent which Profitability of Members can be improved through Cooperative Societies**

Cooperative societies have long been recognized as mechanisms for enhancing the profitability of their members, particularly in sectors such as agriculture, retail, and various services.

One of the primary ways cooperatives improve profitability is through economies of scale. By pooling resources, members can lower costs for inputs, services, and distribution. A study by Henehan (2021) found that agricultural cooperatives in the Midwest United States were able to achieve cost reductions of 15-20% through collective purchasing of supplies like seeds and fertilizers, leading to increased profitability for individual farmers (Henehan, 2021). Cooperatives often provide small producers access to larger markets that they might not reach individually. This access can lead to higher sales volumes and better prices. According to research by Aylward et al. (2018), dairy cooperatives in New Zealand increased members' profit margins by an average of 25% through enhanced bargaining power and access to export markets.

Cooperatives often facilitate the exchange of knowledge and best practices among members, which can lead to more efficient production processes and better crop yields. An analysis of farmer cooperatives by Rankin (2020) highlighted that members reported a 30% increase in yield due to shared information on sustainable farming practices and technology integration. By pooling resources, cooperatives help members to manage risks

better, particularly in environments that are subject to price volatility and climate unpredictability. In their study, Hurst et al. (2019) observed that cooperative members experienced 40% lower financial risk than non-members in the agricultural sector, leading to stable incomes and improved profitability.

Cooperatives often engage in collective marketing, which enhances market reach and brand recognition. By marketing products collectively, cooperatives can compete more effectively against larger firms and secure better prices for their members' goods. Shared marketing can take various forms, including co-branding, collaborative advertising, joint promotions, and partnerships. Co-branding involves two brands creating a product or service that combines elements of both entities, enhancing credibility and appeal. For example, a popular snack brand might collaborate with a beverage company to create a special bundle for consumers, thus enhancing visibility and creating a unique offering in the market. Collaborative advertising allows partners to share advertising space or costs, thus reaching a broader audience while reducing individual financial outlays. This could involve cross-promotional campaigns where one company's product is featured prominently alongside the other's in a shared advertisement. Holloway and Jansen (2003).

Cooperative societies often provide services such as marketing, processing, and logistics, which can be shared among members. This can reduce individual costs associated with these services, further enhancing overall profitability. Cooperatives can streamline administrative tasks by offering shared services such as accounting, legal advice, and

human resources. This not only reduces payroll costs but also allows members to benefit from professional services that they might not afford individually. Cooperatives can engage in collective marketing efforts, which reduces the cost of advertising and promotion for each member. This includes shared advertising campaigns, participation in trade fairs, and joint promotional materials. The pooled marketing resources can enhance visibility and reach while lowering individual expenditures.

### **Review of Related Empirical Literature**

As the empirical literature on farmer cooperatives is now fast developing, we argue it is an opportune time to review in one place the evidence to illustrate the current state of the art. Cooperative performance remains a complex concept with various ambiguous interpretations (Soboh et al. 2009). Part of the complexity is attributable to the growing diversity and flexibility in the ownership and governance characteristics of hybrid cooperatives (Chaddad and Iliopoulos 2013, Grashuis and Cook 2017a). However, there remain capital constraints in spite of innovation in member ownership and member control (Cook and Iliopoulos 2016). With increased competition at every stage of the agri-food value chain (Adjemian et al. 2016), the capital constraint facilitates consolidation to allow net asset investments in scale and scope economies (Briggeman et al. 2016). Yet organizational growth is linked to increased heterogeneity in member attitudes and objectives (Hakelius and Hansson 2016), which relates negatively to various attributes and characteristics of the cooperative (Hohler and Kuhl 2017). Meanwhile,

farmer cooperatives also face numerous external developments which impact their survival and longevity, including consumer segmentation, price volatility, and policy change (Grashuis, forthcoming).

### **Summary of Literature Review**

In the past 15–20 years, the empirical literature on farm cooperatives has emerged and developed with performance, ownership and governance, finance, and member attitude. With farm performance as the outcome variable, most studies report a positive impact of cooperative membership on price, yield, income, input adoption, or other related variables. While the results are consistent across countries, methodologies, and product categories, the degree of generalizability is uncertain as there exists great variability in the functions of farmer cooperatives. Also, there is growing evidence of an uneven distribution of benefits for relatively small and large producers. After performance, ownership and governance are common interests of empiricists in Europe and the United States, but strong evidence of any direct causal relationship to performance is elusive. However, in terms of cooperative finance, there is more than enough empirical evidence of inherent equity and longterm debt constraints, which often relate to consolidation. Furthermore, organizational growth is found to be connected to increased heterogeneity in member attitudes and objectives, particularly in terms of commitment and participation. Altogether, applied research thus portrays farmer cooperatives as flawed and complex business organizations which nonetheless have a strong positive impact on its members.

## **CHAPTER THREE**

### **METHODOLOGY**

This chapter discusses the methodology structured into the following sub-headings:

- Design of the Study
- Population of the Study
- Sample and Sampling Techniques
- Research Instrument
- Validity of the Instrument
- Reliability of the Instrument
- Method of Data Collection
- Method of Data Analysis

#### **Design of the Study**

The study will employ a descriptive survey design. This design is deemed appropriate because it enables the researcher to collect data from a sample of respondents to describe the opinions and perceptions regarding the role of cooperative societies in improving agricultural production and financing. It guarantee a comprehensive and diverse representation, hence increasing the credibility of the research.

## **Population of the Study**

The population of the study consists of one hundred and ten (110) Cooperative Societies in Ugbowo, Edo state. The population study will consist of members of agricultural cooperative societies in Ugbowo, Edo state, including farmers involved in various types of agriculture (crops, livestock, among others) . (Ministry of Business, Trade and cooperative 2025).

## **Sample and Sampling Techniques**

The sample size selected for this study will be one (1) cooperative society at Ugbowo, Benin city which comprises of 3000 members. The data was administered to 5 percentage of the population which is one hundred and fifty (150) at Faculty of Agriculture Cooperative Society (FAGCOOP) at Ugbowo, Benin City.

## **Research Instrument**

The research instrument for this study was a structured questionnaire titled Questionnaire on Improving Agricultural Production and Financing through Cooperative society in the era of Economic Uncertainties (QIAPFCEU) which was designed to elicit information from the respondents. Research instrument for collecting data was made up of two sections namely section A and section B. Section A contains information on the demographical data of correspondent such as gender, sex, age, marital status, level of education while section B contains 24 structured questions to be formulated in accordance to the research question raised by using a four rating scale of Strongly agree

(SA)-4 points, Agree (A)-3 points, Disagree (D)- 2 points and Strongly disagree (SD)-1 point.

### **Validity of the Instrument**

The instrument was validated by the researcher's project supervisor and two other experts in the department. The suggestions, identified corrections and recommendation were used to produce the final copy of the research instrument to ensure that the content and construct validity of the research instrument was guaranteed.

### **Reliability of the Instrument**

To determine the reliability of the instrument, ten, (10) questionnaires were administered to respondents who are not part of the sample study and their responses were correlated and subjected to Cronbach's alpha method and a reliability coefficient value of 0.87 was determined.

### **Method of Data Collection**

The researcher administered the questionnaire personally to the respondents. The respondents were advised to answer the question honestly after administering the questionnaire to them. This was done for the period of one week and responses were collected on the spot for proper analysis.

### **Method of Data Analysis**

The data collected was properly analysed, organised and tabulated. The responses will be statically analyzed by the use of simple percentage, mean and standard deviation. The level of acceptance or rejection of each questionnaire item related was determined based on the criterion mean rating. The criterion mean for acceptance based on a four point rating scale is equal to 2.50 (i.e  $4+3+2+1$  divided by 4) while any item with a mean rating less than 2.50 were regarded as disagreed or not accepted. The mean was reported at 2 decimal point to answer the research question.

## CHAPTER FOUR

### PRESENTATION OF RESULTS AND DISCUSSION OF FINDING

This chapter presents the analysis of data collected on Improving Agricultural Production and Finance through Cooperative societies in the era of economic uncertainties. The results of the analysis are presented in the order of the research questions that guided the study. The demographic data and research questions are answered under the following subheadings.

Presentation of Data (Demographic Data Analysis)

Method of Data Analysis

Discussion of Findings

#### Analysis of the Response to the Questionnaire

**Research Question 1:** What is the impact of economic uncertainties on agricultural cooperative societies?

**Table 1: Descriptive statistics of the mean and standard deviation of responses of the Respondents on the impact of economic uncertainties on agricultural cooperative societies.**

S/N	Items	Mean ( $\bar{X}$ )	Standard Deviation (S.D)	Remarks
1.	Economic uncertainties significantly hinder the ability of agricultural cooperative societies to secure financing and investment.	2.75	1.01	Agree
2.	Instability in agricultural markets due to economic	2.92	0.96	Agree

	uncertainties leads to increased operational risks for agricultural cooperative societies.			
3.	Economic uncertainties lead to increased challenges for agricultural cooperative societies in planning and implementing long-term strategies.	3.00	0.91	Agree
4.	Economic uncertainties lead to increased competition between cooperative societies.	3.01	0.98	Agree
5.	Economic uncertainties negatively affect the decision-making capabilities of agricultural cooperative societies	3.01	0.98	Agree

The data presented in table 1 indicates a high level of Agreement among the Respondents with a mean response ranging from 2.75 to 3.01 signifying that all are accepted as the impact of Economic uncertainties on agricultural cooperative societies. The standard deviation of the items ranges from 0.91 to 1.01, this shows that the respondents are close to one another in their responses.

**Research Question 2:** What are the constraints facing cooperative societies in financing agricultural production in the era of economic uncertainties?

**Table 2: Descriptive statistics of the mean and standard deviation of responses of the Respondents on the constraints facing cooperative societies in financing agricultural production in the era of economic uncertainties.**

S/N	Items	Mean ( $\bar{X}$ )	Standard deviation (S.D)	Remarks
1.	The lack of financial literacy among cooperative members negatively impacts their capacity to access financing for agricultural production.	2.92	0.96	Agree
2.	The lack of stable market conditions negatively impacts the financing capabilities of Cooperative societies for agricultural initiatives.	2.94	0.90	Agree
3.	Insufficient capital discourages or limits cooperative societies in providing loans to members.	2.87	0.92	Agree
4.	Many cooperatives suffer from poor management and governance practices which can lead to inefficiencies and lack of transparencies.	2.80	1.05	Agree
5.	Lack of access to agricultural technologies and digital financial services by cooperatives hinder productivity and financial management.	2.81	1.03	Agree
6.	Government policies and support programs do not	3.01	0.98	Agree

	adequately address the financing needs of agricultural cooperative societies in times of economic uncertainties.			
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The data from table 2 shows that all the items have mean value ranging from 2.80 to 3.01, signifying that all are accepted as the constraints facing cooperative societies in financing agricultural production in the era of economic uncertainties. The standard deviation ranges from 0.90 to 1.05, this shows that the respondents are close to one another in their responses.

**Research Question 3:** What are the successful models on agricultural cooperative societies that have improved agricultural production and financing?

**Table 3: Descriptive statistics of the mean and standard deviation of response of the Respondents on the successful models on agricultural cooperative societies that have improved agricultural production and financing.**

S/N	Items	Mean ( $\bar{X}$ )	Standard deviation	Remarks
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			(S.D)	
1.	Prioritizing training and capacity building for cooperative members makes it more successful in improving agricultural production and financial stability.	3.58	0.87	Agree
2.	The integration of technology in agricultural cooperative societies has significantly enhanced production efficiency and financing.	3.01	0.98	Agree
3.	Service cooperatives should focus on providing services to their members rather than products.	3.60	0.66	Agree
4.	Partnerships between agricultural cooperatives and private stakeholders is effective in improving access to financing and resources for production.	3.00	1.08	Agree

The data presented in table 3 shows all the items have mean value ranging from 3.00 to 3.60, signifying that all are accepted as the successful models on Agricultural Cooperative societies that have improved agricultural production and financing. The standard deviation of the items ranges from 0.66 to 1.08, this shows that the respondents are close to one another in their responses.

**Research Question 4:** What are the recommendations for practitioners and farmers to which they can strengthen agricultural cooperative societies?

**Table 4: Descriptive statistics of the mean and standard deviation of response of the respondents on the recommendations for practitioners and farmers to which they can strengthen agricultural cooperative societies.**

S/N	Items	Mean (X̄)	Standard deviation (S.D)	Remarks
1.	Farmers should prioritize participatory governance structures within agricultural cooperatives to enhance decision making and member engagement	3.00	0.91	Agree
2.	Implementing regular training programs on financial management and marketing strategies is essential for improving the effectiveness of agricultural cooperatives.	2.67	1.03	Agree
3.	Encouraging collaborative partnerships with local government and non-governmental organizations significantly strengthen the resources available to agricultural cooperatives.	3.01	0.98	Agree
4.	Encouraging increased membership provide Cooperatives with more capital through share purchases and reduce individual risk.	3.08	0.95	Agree

5.	Creating specialized lending programs for Cooperatives help ensure they have necessary capital.	3.25	0.92	Agree
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The data in Table 4 shows all the items have mean value ranging from 2.67 to 3.25, signifying that all are accepted as the recommendations for practitioners and farmers to which they can strengthen agricultural cooperative societies. The standard deviation of the items ranges from 0.92 to 1.03, this shows that the respondents are close to one another in their responses.

**Research Question 5:** What is the extent to which farmers have access to farm inputs through cooperative societies?

**Table 5: Descriptive statistics of the mean and standard deviation of the response of the respondents on the extent to which farmers have access to farm inputs through cooperative societies.**

S/N	Items	Mean (X̄)	Standard deviation (S.D)	Remarks
1.	Farmers in local communities have sufficient	2.30	0.93	Disagree

	access to essential agricultural inputs (such as seeds, fertilizers, and pesticides) through cooperative societies.			
2.	Cooperative farmers have access to other farm inputs more than non-cooperative farmers.	2.35	0.92	Disagree
3.	The pricing of agricultural inputs provided by cooperative societies is competitive compared to local markets.	3.50	0.72	Agree
4.	Cooperative societies effectively communicate the availability and benefits of agricultural inputs to their members.	2.33	1.12	Disagree
5.	The quality of agricultural inputs obtained from cooperative societies meets the expectations and needs of farmers.	2.41	1.04	Disagree

The data from table 5 shows that all the items have mean value ranging from 2.30 to 3.50, showing agreement with item 3 and disagreement with items 1,2,4 and 5 as the extent to which farmers have access to farm inputs through cooperative societies. The standard deviation of the items ranges from 0.72 to 1.12, showing that the respondents are close to one another in their responses.

**Research Question 6:** What is the extent to which cooperative societies can improve profitability of members?

**Table 6: Descriptive statistics of the mean and standard deviation of response of the respondents on the extent to which cooperative societies can improve profitability of members**

S/N	Items	Mean (X)	Standard deviation (S.D)	Remarks
1.	Membership in a cooperative society significantly increase overall profitability for farmers	3.20	0.86	Agree
2.	Cooperative societies can provide valuable resources and support that help their members reduce production costs, leading to higher profitability.	3.50	0.72	Agree
3.	The collective marketing efforts of cooperative societies enhance the selling price of members agricultural products	3.30	0.81	Agree
4.	Training and educational programs offered by cooperative societies positively impact the profitability of their members.	3.40	0.75	Agree
5.	Profitability of members can be improved through economies of scale such as lowering of costs for	3.50	0.68	Agree

	inputs.			
6.	Cooperatives can often provide services such as marketing, processing and logistics which can be shared among members.	3.20	0.88	Agree

Data from Table 6 shows that all the items have mean value range from 3.20 to 3.50, signifying that the statements are agreed on by the respondents as the extent to which cooperative societies can improve the profitability of members. The standard deviation of the terms ranges from 0.68 to 0.88, this shows that the respondents are close to one another in their responses.

### **Discussion of Findings**

Findings from research question 1 provide significant insight on the impact of economic uncertainties on agricultural cooperative societies in financing agricultural production. Economic uncertainties significantly hinder the ability of agricultural cooperative societies to secure financing and investment, Instability in agricultural markets due to Economic uncertainties leads to increased operational risks for agricultural cooperative societies, Economic uncertainties lead to increased challenges for agricultural cooperative societies in planning and implementing long-term strategies, Economic uncertainties lead to increased competition between cooperative societies, Economic uncertainties negatively affect the decision making capabilities of agricultural cooperative societies is

in accordance with the research carried out by James (2018), in his research on Agricultural Economics and Cooperatives. Economic uncertainties, such as fluctuations in commodity prices, interest rates, and market demand, often lead to heightened risk among agricultural cooperatives. Decision-makers may prioritize short-term stability over long-term growth, resulting in conservative approaches to investment and innovation. Under conditions of economic uncertainty, decision-making within agricultural cooperatives can become prolonged as leaders seek to analyze the potential impacts of their choices. This delay can hinder timely responses to emerging market opportunities or threats, placing cooperatives at a competitive disadvantage. Prolonged decision-making can also lead to missed opportunities for capitalizing on favorable market conditions.

In research question two, the constraints facing cooperative societies in financing agricultural production in the era of economic uncertainties. Lack of financial literacy among cooperative members negatively impacts their capacity to access financing for agricultural production, Lack of stable market conditions negatively impacts the financing capabilities of cooperative societies for Agricultural initiatives, Lack of access to agricultural technologies and digital financial services by cooperatives hinder productivity and financial management, Insufficient capital discourages or limits cooperative societies in providing loans to members, Many cooperatives Societies suffer from poor management and Governance practices which can lead to inefficiencies and lack of transparencies, Government policies and support programs do not address the financing needs of agricultural cooperatives. These findings are in accordance to the

research carried out by Karanja, (2017). *The Role of Cooperative Societies in Agricultural Financing in Kenya: Challenges and Opportunities*. Also, Sipi and Ndunguru (2015) emphasizes on the need for effective leadership for aligning cooperative goals with the needs of their members. In addition, they also address the policies laid down by the government which may not necessarily be carried out at the end of the day.

In research question three, Successful models on agricultural cooperative societies that have improved agricultural production and financing. Prioritizing training and capacity building for cooperative members makes it more successful in improving agricultural production and financial stability, Integration of technology in agricultural cooperative societies has significantly enhanced production efficiency and financing, Partnerships between agricultural cooperatives and private sector stakeholders is effective in improving access to financing and resources for production, Service cooperatives should focus on providing services to their members rather than products. These findings are in accordance with Sustainable Agriculture Research and Education (SARE) and Karanja, (2019). *Innovative Cooperative Models for Agricultural Financing: Lessons from East Africa*.on the importance of the service cooperatives which allows members to pool resources, share risks and leverage collective bargaining power, which can lead to enhanced service quality and lower costs. Also Benetta (2015) discussed the integration of technology in agricultural cooperative societies which will significantly enhance production efficiency and financing.

In research question four, Recommendations for practitioners and farmers to which they can strengthen agricultural cooperative societies. Farmers should prioritize participatory Governance structures within agricultural cooperatives to enhance decision making and member engagement, Implementing regular training programs on financial management and marketing strategies is essential for improving the effectiveness of agricultural cooperatives, Encouraging collaborative partnerships with local government and non-governmental organizations, Encouraging increased membership, Creating specialized lending programs for cooperatives are in agreement with Karanja, (2021). Enhancing the Effectiveness of Agricultural Cooperatives: Recommendations for Policy and Practice. Also, Birchall (2004) and Muriu (2018) discussed about encouraging increased membership to provide cooperatives with more capital by implementing outreach programs emphasizing the financial benefits and support offered by the cooperative model.

In research question five, Extent to which farmers have access to farm inputs through cooperative societies. Farmers in local communities have sufficient access to essential agricultural inputs such as seeds, fertilizers and pesticides through cooperative societies, Cooperative farmers have access to other farm inputs more than non-cooperative farmers, Pricing of agricultural inputs provided by cooperative societies is competitive compared to local markets, cooperative societies effectively communicate the availability and benefits of agricultural inputs to members, Quality of agricultural inputs obtained from cooperative societies meets the expectations and needs of farmers are in accordance with

Nwafor, (2018). Access to Agricultural Inputs through Cooperatives: A Study of Smallholder Farmers in Nigeria. Also, Peter et al ( 2008) found that the problem of poor access to farm inputs is not only in Nigeria and also Matungul et al, reported that small scale farmers in other countries have limited access to factors of production, credit and information. The lack of access and pricing of farm inputs by both cooperative and non-cooperative farmers seems to have persisted and is impacting negatively on overall agricultural production in Nigeria.

In research question six, Extent to which cooperative societies can improve profitability of members. Membership in a cooperative society significantly increase overall profitability for farmers, Cooperative societies provide valuable resources and support that help their members reduce production costs, collective marketing efforts of cooperative societies enhance selling prices of members agricultural products, Training and educational programs offered by cooperative societies can positively impact the profitability of members, profitability can be improved through economies of scale such as lowering of costs for inputs, Cooperatives can provide services such as marketing, processing and logistics which can be shared among members are in agreement with Nwafor, (2021), Profitability and Sustainability of Agricultural Cooperatives: Analysis of Impact on Farmer Incomes. Holloway (2021) found that cooperatives often provide small producers access to larger markets that they might not reach individually. Also Jansen et al (2003) also found that by marketing products collectively, shared marketing and the

exchange of knowledge and best practices can lead to more efficient production processes and better crop yield.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

This chapter includes the summary of the study, relevant conclusions drawn from the analysis of data collected, results obtained and recommendations offered.

#### **Summary**

The researcher conducted a study on Improving Agricultural Production and Finance through Cooperative Societies in the era of Economic uncertainties. The descriptive survey design was adopted for the study. The target population for the study comprises of 110 cooperative societies in Ugbowo, Benin City. A sample size of one hundred and fifty (150) members was selected for the study .

The research Instrument used for this study was structured questionnaire titled Questionnaire on Improving Agricultural Production and Finance through Cooperative Societies in the era of economic uncertainties (QIAPFCEU). To achieve the study's objectives, six research question questions were formulated and examined. Data was collected through a questionnaire administered to 150 respondents. The questionnaire was validated by the researcher's project supervisor and other lecturers from the Department of Vocational and Technical Education, University of Benin. The reliability

of the instrument was confirmed using Cronbach's alpha method, resulting in a coefficient of 0.87, indicating high reliability. The collected data was analyzed using descriptive statistics, including mean scores and standard deviation. A mean score of 2.50 was established as the benchmark for decision making purposes. The analysis of the data revealed the following findings:

- The impact of economic uncertainties on agricultural cooperative societies.
- The constraints facing cooperative societies in financing agricultural production in the era of economic uncertainties.
- The successful models on agricultural cooperative societies that have improved agricultural production and financing.
- The recommendations for practitioners and farmers to which they can strengthen agricultural cooperative societies.
- The extent to which farmers have access to farm inputs through Cooperative Societies.
- The extent to which cooperative societies can improve profitability of members.

## **Conclusion**

Based on the analysis, the following conclusions were drawn.

- Economic uncertainties negatively affect the decision-making capabilities of agricultural cooperative societies.
- Economic uncertainties reduces the ability of agricultural cooperative societies to invest in growth and innovation.
- Constraints varies among members in cooperatives greatly, influenced by education, information access, insufficient funds or capital, poor management, governance practices among others.
- Agricultural cooperative societies that implement profit- sharing models and integrating technology and Innovation demonstrates significant improvement and in overall production.
- The lack of stable market conditions negatively impacts the financing capabilities of cooperative societies for agricultural initiatives.
- Many cooperative societies struggle to adapt to economic changes that makes them unable to protect their members from financial loss or market instability.

## **Recommendation**

Based on the findings of the study, several recommendations are proposed to mitigate the negative impacts of economic uncertainties on agricultural cooperative societies and to which it can be strengthened.

1. **Prioritizing Participatory Governance structures:** Participatory governance structures within agricultural cooperative societies are essential for fostering inclusivity, accountability, and efficiency in decision-making processes. Such structures enable farmers and other stakeholders to engage actively in the governance of cooperatives, leading to outcomes that better reflect the needs and priorities of the members. Participatory governance ensures that all members have a voice in decision-making processes. This empowerment fosters a sense of ownership and commitment among cooperative members, encouraging them to actively contribute to the cooperative's objectives. Engaging in participatory governance can enhance members' skills in leadership, negotiation, and conflict resolution, which are valuable both within and outside the cooperative context.
2. **Training Programs Implementation:** Implementing a regular training program on financial management for cooperative societies is essential for enhancing the financial literacy and management skills of their members, which can lead to better decision-making and sustainability of the cooperatives. In

implementing training programs, things going on be considered involves, Needs assessment that is, conducting interviews and surveys with Cooperative members to understand the current levels of financial knowledge, areas of confusion, among others. Then, curriculum development, training methodologies such as workshops, seminars and others, qualified trainees, duration, evaluation and feedback.

3. **Enhanced Bargaining Power:** When farmers unite in cooperatives, they enhance their bargaining power in purchasing inputs (like seeds and fertilizers) and selling their produce. This collective strength allows them to negotiate better prices and terms, ultimately improving their profitability and sustainability.
4. **Sharing and Capacity Building:** Cooperative societies serve as platforms for knowledge sharing and capacity building. They can facilitate training programs on best agricultural practices, sustainable farming techniques, and financial literacy, equipping farmers with the skills necessary to improve productivity and adapt to changing circumstances.
5. **Innovation and Technology Adoption:** Cooperatives can promote the adoption of innovative agricultural technologies and practices among their members. By collaborating on research and development initiatives, cooperatives can help farmers access cutting-edge solutions that enhance productivity, reduce costs, and promote sustainability.

6. **Access and Value Addition:** Through cooperatives, farmers can access broader markets and explore opportunities for value addition, such as processing and branding their products. This diversification can lead to increased income stability in times of economic fluctuations and create a more sustainable economic environment for rural communities.
7. **Policy Advocacy:** Cooperative societies can engage in policy advocacy to influence government policies that affect agriculture and rural development. By representing the interests of their members, cooperatives can help ensure that policies are supportive of smallholder farmers and address their needs.

### **Contribution to Knowledge**

This study contributes to Agriculture and Cooperatives on improving agricultural production and financing through cooperative societies in the era of economic uncertainties, it can be substantial, addressing multiple dimensions of agriculture, finance, and community development.

Cooperative societies allow farmers to band together, increasing their bargaining power when purchasing inputs (like seeds and fertilizers) and selling their produce. This collective approach can lead to better prices, reduced costs, and improved profit margins, which is especially crucial during periods of economic uncertainty when individual farmers might struggle to negotiate favorable terms.

Furthermore, cooperatives can help mitigate the challenges of limited access to finance faced by individual farmers. By pooling resources, cooperatives can secure loans and grants more effectively than individual farmers. By fostering a sense of community, cooperative societies contribute to social capital, which is vital in navigating economic uncertainties. Stronger community ties can lead to better collaborative efforts in crisis management, resource sharing, and local support systems. This social cohesion can be a buffer against economic shocks, enabling farmers to sustain their livelihoods and maintain agricultural production.

In summary, the contribution of knowledge through cooperative societies in improving agricultural production and financing is significant, particularly during economic uncertainties. They enhance collective power, facilitate access to finance, promote knowledge sharing, implement risk mitigation strategies, and build social capital, all of which are important in improving agricultural production and financing through cooperatives.

### **Suggestions for Further Studies**

1. Access to Agricultural Inputs through Cooperatives: A Study of Smallholder Farmers in Nigeria. *International Journal of Agricultural Management*.
2. Profitability and Sustainability of Agricultural Cooperatives: Analysis of Impact on Farmer Incomes. *Journal of Cooperative Studies*.

3. Enhancing the Effectiveness of Agricultural Cooperatives: Recommendations for Policy and Practice.

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**APPENDIX I**  
**AGRICULTURAL SCIENCE EDUCATION,**  
**DEPARTMENT OF VOCATIONAL AND TECHNICAL EDUCATION**  
**FACULTY OF EDUCATION**  
**UNIVERSITY OF BENIN, BENIN CITY**

**QUESTIONNAIRE ON "IMPROVING AGRICULTURAL PRODUCTION AND FINANCING THROUGH COOPERATIVE SOCIETY IN THE ERA OF ECONOMIC UNCERTAINTIES"**

Dear Respondents,

I am a final year student of Department of Vocational and Technical Education in the above named institution. I am carrying out a research study on topic "IMPROVING AGRICULTURAL PRODUCTION AND FINANCING THROUGH COOPERATIVE SOCIETY IN THE ERA OF ECONOMIC UNCERTAINTIES". Kindly assist me by availing yourself to fill out this questionnaire.

This study is strictly for academic purpose and you are hereby assured that all information supplied will be treated in a confidential manner. Thanks for your cooperation.

Yours Faithfully,

**Adegoroye Victoria Ayobami**

## APPENDIX II

### DATA ON THE QUESTIONNAIRE

Please tick (√) in the item that represents you or your opinion.

**KEY: SA – Strongly Agree, A – Agree, SD – Strongly Disagree, D – Disagree, VHE- Very high extent, HE- High extent, VLE - Very Low Extent, LE- Low extent**

S/N	ITEMS	SA	A	D	SD
	<b>What is the impact of economic uncertainties on agricultural cooperative societies</b>				
1.	Economic uncertainties significantly hinder the ability of agricultural cooperative societies to secure financing and investment.				
2	Instability in agricultural markets due to economic uncertainties leads to increased operational risks for agricultural cooperative societies.				
3.	Economic uncertainties lead to increased challenges for agricultural cooperative societies in planning and implementing long-term strategies				
4.	Economic uncertainties lead to increased competition between cooperative societies				
5.	Economic uncertainties negatively affect the decision-making capabilities of agricultural cooperative societies.				
	<b>What are the constraints facing cooperative societies in financing agricultural production in the rain of economic uncertainties</b>	<b>SA</b>	<b>A</b>	<b>D</b>	<b>SD</b>
6.	The lack of financial literacy among cooperative members negatively impacts their capacity to access financing for agricultural production.				
7.	The lack of stable market conditions negatively impacts the financing capabilities of cooperative societies for				

	agricultural initiatives.				
8.	Insufficient capital discourages or limits cooperative societies in providing loans to members				
9.	Many cooperatives societies suffer from poor management and governance practices which can lead to inefficiencies and lack of transparencies				
10.	Lack of access to agricultural technologies and digital financial services by cooperatives hinder productivity and financial management				
11.	Government policies and support programs do not adequately address the financing needs of agricultural cooperative societies in times of economic uncertainty.				
	<b>What are the successful models on agricultural cooperative societies that have improved agricultural production and financing</b>	<b>SA</b>	<b>A</b>	<b>D</b>	<b>SD</b>
12	Prioritizing training and capacity building for cooperative members makes it more successful in improving agricultural production and financial stability.				
13	The integration of technology in agricultural cooperative societies has significantly enhanced production efficiency and financing.				
14	Service cooperatives should focus on providing services to their members rather than products				
15	Partnerships between agricultural cooperatives and private sector stakeholders is effective in improving access to financing and resources for production				
	<b>What are the recommendations for practitioners and farmers to which they can strengthen agricultural cooperative societies</b>	<b>SA</b>	<b>A</b>	<b>D</b>	<b>SD</b>
16.	Farmers should prioritize participatory governance structures within agricultural cooperatives to enhance				

	decision-making and member engagement.				
17.	Implementing regular training programs on financial management and marketing strategies is essential for improving the effectiveness of agricultural cooperatives.				
18.	Encouraging collaborative partnerships with local government and non-governmental organizations significantly strengthen the resources available to agricultural cooperatives.				
19.	Encouraging increased membership provide cooperatives with more capital through share purchases and reduce individual risk.				
20	Creating specialized lending programs for cooperatives can help ensure they have necessary capital.				
	<b>What is the extent to which farmers have access to farm inputs through Cooperative societies</b>	<b>VHE</b>	<b>HE</b>	<b>LE</b>	<b>VLE</b>
21.	Farmers in local communities have sufficient access to essential agricultural inputs (such as seeds, fertilizers, and pesticides) through cooperative societies				
22.	Cooperative farmers have access to other farm inputs more than noncooperative farmers				
23.	The pricing of agricultural inputs provided by cooperative societies is competitive compared to local markets.				
24.	Cooperative societies effectively communicate the availability and benefits of agricultural inputs to their members.				
25.	The quality of agricultural inputs obtained from cooperative societies meets the expectations and needs of farmers.				
	<b>What is the extent to which cooperative societies can improve profitability of members</b>	<b>VHE</b>	<b>HE</b>	<b>LE</b>	<b>VLE</b>
26.	Membership in a cooperative society significantly increase overall profitability for farmers.				

27.	Cooperative societies provide valuable resources and support that help their members reduce production costs, leading to higher profitability				
28.	The collective marketing efforts of cooperative societies enhance the selling prices of members' agricultural products.				
29.	Training and educational programs offered by cooperative societies can positively impact the profitability of their members.				
30.	Profitability of members can be improved through economies of scale such as lowering of costs for inputs				
31.	Cooperatives can often provide services such as marketing, processing and logistics which can be shared among members				