

Inflation in Nigeria: Co-Operatives as Corrective Measures

M.I. Ebue, C.N. Onyeze and C. Alisigwe Chidinma

Department of Co-operative and Rural Developments,
Enugu State University of Science and Technology, Nigeria

Abstract: The general aim of this research work was to appraise ‘inflation in Nigeria; Co-operatives as corrective measures’. The objective of co-operatives in addressing the issues of inflation in Nigeria is to investigate how size and capital base of cooperatives affect their role in checkmating inflation in Nigeria. For a successful completion of this research work, the researchers made use of both primary and secondary methods of data collection for information gathering. The population of the study was 115 while the sample size of 89 was gotten through sample survey techniques. The data collection were presented in tables and analyzed with simple percentage while the hypotheses stated were tested with chi square. The findings made was that: cooperatives play a role in addressing the issue of inflation in Nigeria. Political and socio-economic factors positively affect the role of cooperatives in controlling inflation in Nigeria. In conclusion, one of the macroeconomic goals which the government strives to achieve is the maintenance of stable domestic price level. This goal is pursued in order to avoid cost of inflation or deflation and the uncertainty that follows where there is price instability. The researchers therefore recommend that co-operative societies should ensure active participation of all members in diverse activities of cooperatives. They can achieve this by organizing seminars for its members as well as symposium. There should be promotion of sound business acumen and adequate management knowledge on the part of some committee members and managers through attending management training that will go to a great extent in promoting their managerial skills. The government should assist in their active roles in reduction and control of inflation in Nigeria. The consumer goods in that way the price of such goods will be more regulated and thereby reducing the rate of inflation. Diverse financial institutions in Nigeria should as well map out a percentage of their profit for financing the development of cooperatives in Nigeria by giving access to credit to consumer cooperatives which may help in provision of consumer goods to people in reasonable prices.

Key words: Inflation • Co-operatives • Financial institutions

INTRODUCTION

The word inflation rings a bell in the market economies of the world. It is a monster that threatens all economies because of its undesirable effects [1]. Even though some evidence suggests that moderate inflation helps in economic growth, the overall weight of evidence so far clearly indicates that inflation is inimical to growth [2]. The problem of inflation surely is not a new phenomenon. It has been a major problem in Nigeria over the years. Inflation is defined as a generalized increase in the level of price sustained over a long period in an economy [3]. According to [4] the concept of inflation can

be defined as a persistence rise in the general price level of broad spectrum of goods and services in a country over a long period of time. He noted that inflation has been intrinsically linked to money, as captured by the often heard maxim ‘inflation is too much money chasing too few goods’.

Undoubtedly one of the macroeconomic goals which the government strives to achieve is the maintenance of stable domestic price level. This goal is pursued in order to avoid cost of inflation or deflation and the uncertainty that follows where there is price instability [5]. One of the ways to achieve this as has been noted by [6] is the active participation of cooperatives in economic activities.

A cooperative is an autonomous association of persons who voluntarily cooperate for their mutual social, economic and cultural benefit [7]. Cooperatives include non-profit community organizations and businesses that are owned and managed by the people who use its services (a consumer cooperative) or by the people who there (a housing cooperative), hybrids such as workers cooperatives that are also consumer cooperatives or credit unions, multi-stakeholders cooperatives such as those that bring together civil society and local actors to deliver community needs and second and third tier cooperatives whose members are other cooperatives [8].

Co-operatives are a distinct form of organization which occurs in most countries around the world. They differ from companies, trusts, incorporated associations and other legal structures and have their own agreed set of principles which maintains their unique features [9]. The international Co-operative Alliance (ICA) is the umbrella organization for all the co-operatives in the world and is the venue where these principles are debated and agreed. The ICA definition of a co-operative is: "A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs aspirations through a jointly-owned and democratically –controlled enterprise" [10].

[11], asserts that co-operatives are set up to meet a broader purpose than just the economic needs of members. The ICA has also defined a set of Co-operative Values:

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operatives members believe in the ethical values of honesty, openness, social responsibility and caring for others [12]. As well as the values underpinning the co-operative movement, there are seven Co-operative Principles which govern the operations of all co-operatives around the world. These principles ensure that the values are implemented in the operations of co-operatives. The principles include:

- Voluntary and Open Membership
- Democratic Member Control
- Member economic participation
- Autonomy and independence
- Education, Training and information
- Co-operation among Co-operatives
- Concern for community

[13], asserts that these principles are of necessity in stabilization of inflation in any economy and it is based on this premise that this project study appraises cooperatives as remedy to inflation in Nigeria.

Statement of the Problem: Some factors have been responsible for the poor contribution of cooperative societies to the issue of inflation in Nigeria. Socio –economic characteristics of cooperative societies have been singled out as the major constraints to cooperative societies' contribution to redressing the trend of inflation. Such socio-economic characteristics include membership size, the cooperative's asset base and membership participation. [14], emphasized that the socio-economic characteristics of cooperative's asset base and membership participation. [15], emphasized that the socio-economic characteristics of cooperatives that hinder cooperatives access to development resources include the sex of cooperative members, the age of the cooperative society and the distance the cooperative society has to cover to get to the location of the service provider. [16], adds to the list of such socio-economic characteristics to include the type of cooperative, the sector of the economy where cooperative intervention is implemented, the levels of functional and cooperative education possessed by cooperative members, as well as the quality of cooperative management available. In his own study [17], isolated, among others the system of delivery of the services needed by cooperatives, the process used to determine the sector that needs intervention and the mode of selection of beneficiaries as the most critical factors affecting cooperatives' contribution to economic development in the area of checkmating the level of inflation.

These enumerated challenges of cooperatives necessitate the essence of this research project on inflation in Nigeria and cooperatives as remedy.

Objectives of the Study: The broad objective of this study was to examine and appraise inflation in Nigeria and cooperatives as remedy, 2008-2013.

The specific objectives include the following:

- To determine the role of cooperatives in addressing the issue of inflation in Nigeria.
- To investigate how size and capital base of cooperative affect their role in checkmating inflation in Nigeria.

- To determine the extent to which effective management of cooperatives aid their role in checkmating inflation in Nigeria between 2008-2013.
- To determine the challenges faced by cooperatives in checkmating inflation in Nigeria.
- To make recommendations based on the findings.

Research Questions: The following research questions formulated for the purpose of this research questions include the following:

- Do cooperatives play any role in addressing the issue of inflation in Nigeria?
- How do size and capital base of cooperatives affect their role in checkmating inflation in Nigeria?
- To what extent does effective management of cooperatives aid their role in checkmating inflation in Nigeria?
- Are there challenges faced by cooperatives in checkmating inflation in Nigeria?
- How can these challenges be ameliorated?

Significance of the Study: This research work may be of immense significance to the diverse co-operatives in Enugu metropolis in particular and Nigeria at large. It might go to a great extent in enlightening on relevance of cooperatives to the issue of inflation in Nigeria as well as how to circumvent the diverse challenges encountered by cooperatives.

The recommendations from this project work will suggest for cooperatives on best approaches to effective management of cooperative.

The general public may be enlightened on the diverse activities of cooperatives especially their roles in curbing the rate inflation in Nigeria. Students and other researches may widen their scope from the information contained in this project work.

Scope and Limitations of the Study: This project work on inflation in Nigeria and cooperatives as remedy is focused on selected cooperatives in Enugu metropolis. These limitations were encountered by the researcher in this research project.

Finance Limitations: The researchers lacked enough funds to carry out this research project, thereby leading to a slight delay in the successful completion of this research work.

Time Limitations: There was not enough time on the part of the researcher regarding the needed to attend lectures, do various assignments, prepare for degree examinations and also carry out this research project.

Difficulty in Gathering Materials: The researchers had difficulty in gathering the materials which made the process of carrying out this research a bit difficult.

Attitude of the Respondents: The respondents were not really cooperative to the researcher due to fear of leaking their secret to competitors. Fortunately, there is light at the end of the tunnel, the researcher was able to surmount all the challenges and therefore the research was well done.

Research Design and Methodology

Research Design: This study is a descriptive type. According to Orji (2006) [17], descriptive research is concerned with the collection, presentation, analysis and interpretation of data for the purpose of describing vividly existing conditions, prevailing practical beliefs, attitudes and on-going processes.

Area of Study: This study covered Awgu Local Government Area of Enugu State. The towns in Awgu Local Government Area includes the following: Agbogugu, Isu-Awa, Ituku, Ihe, Ogbaku, Owelli, Ogugu, Agbudu, Amoli, Mmaku, Ugbo, Obeagu, Mgbidi, Ugwueme, Nkwe, Ezere, Awgu, Nenwenta, Awgunta and Mgbowo. The geographical coordinates of Awgu are 6° 4' 0'' North, 7° 29' 0'' East. It has a population of 390,681, according to the 2006 census.

Sources of Data: This data used for this study were obtained from two main sources as follows:

Primary Source: this is an original way of gathering information. It is made up of questionnaire and oral interviews.

Secondary Source: secondary source of information are those which contain accounts of events or phenomena by other people who did not participate or witness the events. They are Textbooks, Journals and Periodical, Newspapers, Magazines etc.

Population of the Study: The population of the study consists of selected co-operatives from Awgu Local Government Area. They include the following:

- Livestock Farmers Association, Obeagu
- Tractor Hiring Farmers' cooperatives, Mgbowo
- Fish farmers' cooperatives, Ihe
- Agro Input farmers cooperative, Ituku
- Agro processing farmers' cooperative, Mgbidi
- The distribution of the population is shown below:

Table 1: Population Distribution Table

The table below shows population of the respondents

Respondents	No of staff	%
Livestock Farmers Association	23	20
Tractor Hiring Farmers' cooperatives	15	13
Fish farmers' cooperatives	20	17
Agro Input farmers cooperative	27	24
Total	115	100

Source: Field Survey, 2014

Determination of Sample Size: In order to get a representation of the entire population, the Taro Yamani statistical formula was employed. According to Taro Yamani (1964) the formula is stated as follows:

$$n = \frac{N}{1 + N(e)^2}$$

Where n = represents the sample size

N = represents the population

e = represents the margin of error

I = constant

For the purpose of this study, N will be equal to 115, e will be assumed to be 5%

Therefore the sample size for this research work will be

$$\begin{aligned} n &= \frac{115}{1 + 115(0.05)^2} \\ &= \frac{115}{1 + 115(0.0025)} \\ &= \frac{115}{1 + 0.2875} \\ &= \frac{115}{1.2875} \end{aligned}$$

n = 89

The sample size for this study is 89.

Research Instrument: The principal instrumentation used to gather information for this study were through questionnaire and interview questions administered on the respondents.

The questionnaire were distributed personally to various respondents thereby giving the researcher good opportunity of making first hand observation and independent judgment of the researcher project.

The types of statistical tools used in analyzing the questionnaire are based on simple distribution tables and percentages. The testing of hypothesis was done with the use of Chi-Square (X^2).

Sampling Techniques: In order to get a good representation of the population, the researcher used the stratified random sampling techniques. To make a sample a true representation of the parent population, we first divided the entire population into homogenous groups called strata. By applying the systematic sampling, we selected items from each stratum into the sampling.

Using this method, we selected items out a population of staff.

Validation of the Instrument: To ensure validity of the research questionnaires the set of drafted questions was sent to the research supervisor, an expert in research supervision, who ensured that the questions were clearly appropriate and covered the research objective of the study.

After this a pilot study of two of the respondents was carried out. The combined effort led to modification of some questions, additions and selection of some other leading to a set of questions that are clear, unambiguous with enough coverage of the research objectives.

Reliability of the Instrument: Reliability is the degree to which an assessment tool produces stable and consistent results. This research project will adopt the test-retest reliability which is a measure of reliability obtained by administering the same test twice over a period of time to a group of individuals. The scores from Time 1 and Time 2 can then be correlated in order to evaluate the test for stability over time.

Method of Data Analysis: In treating and analyzing of data collected extensive use of tabular and percentage will be paramount. The data collected will be presented in table and analyzed by the use of Chi-square formula.

The formula is shown below:

$$X^2 = (O - E)^2 / E$$

Where X^2 = Chi-Square

O = Observed frequency

E = Expected frequency.

The data collected was presented in simple table. The data analyses were based on the answer to the key questions received from the various departments. The key questions in the questionnaires will be analyzed by the use of simple percentage. A total of 89 copies of questionnaire were distributed and 9 copies were lost while 80 were returned.

Table 1: Distribution of Respondents According to Gender

The table below presents the respondents, showing their number in their sexes

Gender	Number of Respondents	Percentage
Male	57	71
Female	23	29
Total	80	100

Source: Field Survey, Dec.2014

The above table shows that 71% of the respondents were male while 29% of the respondents were females.

Table 2: Distribution of Respondents According to Marital Status

The Table below Shows the Marital Status of the Respondents

Marital Status	Number of Respondents	Percentage
Single	35	44
Married	45	56
Total	80	100

Source: Field Survey, Dec. 2014

The above table shows that 44% of the respondents were married while 56% of them were single.

Table 3: Distribution of Respondents According to Academic Qualification

The table below shows the academic qualification of the respondents

Academic Qualification	Number of Respondents	Percentage
GCE/WAEC	14	17
OND/NCE	35	43
HND/BSC/BA/BED	29	36
MSC/MBA	2	3
PHD and others	-	-
Total	80	100

Source: Field Survey, Dec. 2014 the above table shows that 17 % of the respondents have only GCE/WAEC, 43% of them have up to OND/NCE, 37% of them have up to HND/BSC/BA while 3% of the have to MSC/MBA.

Table 4: Distribution of Respondents According to Age

The table below shows the age of the respondents

Age	Number of Respondents	Percentage
20-30	40	49
31-40	31	38
41-50	9	13
51 and above	-	-
Total	80	100

Source: Field Survey, Dec. 2014

The above table shows that 49% of the respondents were between the ages of 20-30 years, 38% of them were between the ages of 31-40 years while 13% of them were between the ages of 41-50.

Table 5: Distribution of Respondents on Working Experience

The table below shows the working experience of the respondents

Working Experience	Number of Respondents	Percentage
1-5	49	61
6-10	31	39
11 and above	-	-
Total	80	100

Source: Field Survey, Dec. 2014

The above table shows that 61% of the respondents had worked in the organization between 1-5 years while 39% of them had worked in the organization between 6-10 years.

Table 6: Co-operatives role in addressing the issue of inflation in Nigeria

The table below shows the role cooperatives play in addressing the issue of inflation in Nigeria

Options	Number of Respondents	Percentage
Positively	63	79
Negatively	17	21
Total	80	100

Source: Field Survey, Dec. 2014

The above table shows that 79% of the respondents were of the opinion that size and capital base of co-operatives positively affect their role in checkmating inflation in Nigeria while 21% said negatively.

Table 7: The extent to which effective management of cooperatives aid their role in checkmating inflation in Nigeria

The table below shows the responses on the extent to which effective management of cooperatives aid their role in checkmating inflation in Nigeria

Options	Number of Respondents	Percentage
To a very great extent	43	54
To a great extent	25	31
To an extent	8	10
Not at all	4	5
Total	80	100

Source: Field Survey, Dec. 2014

The above table shows that 54% of the respondents were of the opinion that effective management of cooperatives aid their role in checking inflation in Nigeria to a very great extent, 31% said to a great extent, 10% said to an extent while 5% of them said not at all.

Table 8: The challenges faced by cooperatives in checkmating inflation in Nigeria
The table below shows the responses on whether there are challenges faced by cooperatives in checkmating inflation in Nigeria

Options	Number of Respondents	Percentage
Strongly agree	40	50
Agree	21	26
Disagree	12	15
Strongly disagree	7	9
Total	80	100

Source: Field Survey, Dec. 2014

The above table shows that 49% of the respondents strongly agree that there are challenges faced by cooperatives in checkmating inflation in Nigeria, 26% agree, 15% disagree while 10% of them strongly disagree.

Table 9: The effectiveness on the accounting and book keeping methods of cooperatives in Nigeria
The table below shows the responses on the effectiveness of the accounting and book keeping methods of cooperatives in Nigeria

Options	Number of Respondents	Percentage
very effective	37	46
Effective	26	33
Ineffective	11	14
Very ineffective	6	7
Total	80	100

Source: Field Survey, Dec,2014

The above table shows that 46% of the respondents were of the opinion that the accounting and book keeping methods of cooperatives in Nigeria were very effective, 33% said effective, 16% ineffective while 8% very ineffective.

Table 10: The extent to which leadership affects the performance of cooperative in checkmating inflation in Nigeria.
The table below shows the responses on the extent to which leadership affects the performances of cooperatives in checking inflation in Nigeria

Options	Number of Respondents	Percentage
To a very great extent	34	43
To a great extent	27	33
To an extent	13	16
Not at all	5	8
Total	80	100

Source: Field Survey, Dec. 2014

The above table shows that 43% of the respondents were of the opinion that leadership affects the performance of cooperatives in checkmating inflation in Nigeria to a very great extent, 33% said to a great extent, 16% said to an extent while 8% said not all.

Table 11: Performance of cooperative in control of inflation in Nigeria
The table below shows the responses on the performance of cooperative in controlling inflation in Nigeria

Options	Number of Respondents	Percentage
Very high	29	36
High	20	25
Low	14	18
Very low	17	21
Total	80	100

Source: Field Survey, Dec. 2014

The above table shows that 36% of the respondents were of the opinion that the rate of performance of cooperatives in control of inflation in Nigeria is very high, 25% said it is high, 18% said it is low.

Table 12: Factors that affect cooperatives in control of inflation in Nigeria
The table below shows the political and socio-economic factors that affect the role of cooperatives in controlling inflation in Nigeria

Options	Number of Respondents	Percentage
Positively	50	63
Negatively	30	37
Total	80	100

Source: field survey, Dec. 2014

The above table shows that 63% of respondents were of the opinion that political and socio-economic factors positively affect the role of cooperatives in controlling inflation in Nigeria while 37% said negatively.

DISCUSSION

The researchers discovered that 55% of the respondents strongly agree that cooperatives play a role in addressing the issue of inflation in Nigeria, 30% agreed, 11% disagreed while 4% of them strongly disagreed. Therefore, cooperatives play a role in addressing the issue of inflation in Nigeria.

Size and capital base of cooperatives positively affect their role in checkmating inflation in Nigeria. This is based on the premise that a greater percentage of the respondents ascertained to that fact.

The researcher found out that 54% of the respondents are of the opinion that effective management of cooperatives aid their role in checkmating inflation in

Nigeria to a very great extent, 31% said to a great extent, 31% said to a great extent, 10% said to an extent while 5% of the said not at all. Therefore, effective management of cooperatives aid their role in checkmating inflation in Nigeria to a very great extent.

There were challenges faced by cooperatives in checkmating inflation in Nigeria.

The researchers discovered that 46% of the respondents were of the opinion that the accounting and book keeping methods of cooperatives in Nigeria were very effective, 33% said effective, 16% ineffective while 8% very ineffective. Therefore, the accounting and keeping method of cooperatives in Nigeria are very effective.

Leadership affects the performance of cooperatives in checkmating inflation in Nigeria to a very great extent due to the fact that a greater percentage of the respondents from the analysis were in agreement to the response.

The rate of performance of cooperative movement in Nigeria is very high.

The researcher discovered that political and socio-economic factors positively affect the role of cooperatives in controlling inflation in Nigeria.

CONCLUSION

The following conclusions were drawn from the findings of the study: Cooperatives play a role in addressing the issue of inflation in Nigeria. Size and capital base of cooperatives positively affect their role in checkmating inflation in Nigeria. Effective management of cooperatives aid their role in checkmating inflation in Nigeria to a very great extent. There were challenges faced by cooperatives in checkmating inflation in Nigeria. The accounting and book keeping methods of cooperatives in Nigeria were very effective. Leadership affects the performance of cooperatives in checkmating inflation in Nigeria to a very great extent. The rate of performance of cooperative movement in Nigeria is very high.

Political and socio-economic factors positively affect the role of cooperatives in controlling inflation in Nigeria.

Recommendations: The following recommendations are made by the researchers: Cooperatives still have a lot to do about the education, training and enlightenment of its members. This is to ensure the active participation of all members in diverse activities of cooperatives. They can achieve this by organizing seminars for its members as well as symposium.

There should be promotion of sound business acumen and adequate management knowledge on the part of some committee members and managers through attending management training that will go to a great extent in promoting their managerial skills.

The government should assist in the growth and development of cooperatives in Nigeria based on their active roles in reduction and control of inflation in Nigeria. The government should use cooperatives as agents in marketing of consumer goods in that way the prices of such goods will be more regulated and thereby reducing the rate of inflation.

Diverse financial institutions in Nigeria should as well map out a percentage of their profit for financing the development of cooperatives in Nigeria by giving access to credit to credit to consumer cooperatives which may help in provision of consumer goods to people in reasonable prices. The government should provide adequate infrastructural facilities and other basic amenities as these affect the roles of cooperatives I reducing inflation in Nigeria.

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