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SUMMARY OF CRD124

NATURE OF CO-OPERATIVES

Origin and Acts of Mutual Assistance

The first co-operative act of man was when the first human family started gathering food even before agriculture was invented. In traditional societies, we have examples of mutual aid and assistance. You would have noticed instances where helps were given to others on such events as birth celebrations, death and funeral ceremonies and assistance to the injured or the sick. Within these traditional societies, customary arrangements for securing assistance from neighbors on these occasions exist.

Extension of Mutual/Traditional Assistance to Formal Co-operative

Modern co-operation developed from these traditional forms of cooperation.

The co-operative actions are based on voluntary agreements by the individual actions.

In general, co-operative can be any form of two or more persons working together to achieve one goal or the other, which can be permanent or adhoc or even a one-time act.

Co-operatives as Non-Profit Making Organization

Another point about co-operatives is that the underlining force behind them like the private entrepreneurs. The entrepreneurs establish businesses for the sole purpose of making profit. They are not for making profit.

Also because the patron is the owner, he must be the controller of the Co-operative. This is necessary so as to ensure the quality of service that is needed and to avoid all forms of exploitation. That is why there is broad base control or democratic control by members (patrons).

THE DIFFERENCES AND SIMILARITIES BETWEEN CO-OPERATIVES AND OTHER SELF-HELP ORGANISATIONS

Explanations of Self – Help Organization and “Traditional Co-operatives”

Self – help organizations, which are also known as traditional co-operatives institutions and “traditional co-operatives

Traditional co-operatives refer only to the historical co-operatives models such as the **Rochdale Equitable pioneer**, which is the first cooperatives organization in the whole world and **established in 1844 in England**.

To avoid the confusion between the traditional co-operatives and traditional co-operative institutions, some people prefer to call the **traditional co-operative institutions as common Initiative Group (C.I.G.)** or simply **self-help organizations**.

Further Examples of Self- Help Organizations

Traditional co-operative is demonstrated in savings societies which are common in Nigeria, such as the “esusu” in the Ibo land and “adashi” in Yoruba land to mention but a few. Here members contribute money, which is given out in rotation to each of them.

In farming communities, there are also labour exchange activities, which are common. In this kind of co-operative, all members will on a rotation plan to work in each other’s farm according to designated days.

Similarly, in those communities where homes are still being **built** in the traditional way, labour exchange activities do exist. Members of the group will decide on agreed days to work on each other’s house for the purpose of erecting shelters for themselves.

What Formal Co-operative Is?

Formal co-operative is not ad- hoc. It comes into existence when individuals or economic units whose means are limited freely act together to overcome this limitation by pooling such limited resources to accomplish common objectives through the formation of a cooperative society. Capital is contributed equitably and the members run the enterprise democratically. They will also agree to share the risks as well as benefit in proportion to the participation and patronage by members in the business.

Comparing Formal Co-operative with Self–Help Organizations, the Following Differences should be Noted

- A co-operatives society is a business entity. As such the management concepts, techniques and principles are applied which may not be emphasized in a self- help organization.
- The co- operatives are owned by members. The capital invested in the business is for members who have taken the risks of investment. There is no such risk in self – help organizations.
- A co-operative is a long term concern, that is, it outlives its founding fathers. That is why the sustainability in co-operative is higher than that of self–help organization, some of which operates on ad-hoc basis.
- The process of registration of a co-operative is more rigorous than that of self – help organization.

Area of Similarities between Modern Co-operative and Self–Help Organizations

- Individuals that form a co-operatives share identical interest (s) or goals (s). The same can be said of self–help organization. It is the pursuit of such identical purpose that brings them together.
- Communication exists in the groups. This includes communication between one individual and the other as well as between one individual and the organization.
- Members of both organizations may enjoy a common identity. The identity separates members of an organization from other organizations. Such identity’s including: recognized names, an identical or peculiar mode of dressing among others.

DEFINITION OF A CO-OPERATIVES AND THE ANALYSIS

In attempting to say what a co-operatives organization is by way of definition, two major ways will be followed

Essentialist Approach to Co-operative

This attempts to define co-operatives in terms of values, ideologies and overall economic and social goals.

Nominalist Approach to Co-operative

Looking at the nominalist approach it attempts to select structural elements of organization present to all institutions, which claim to be cooperatives in any economic system and sector. This is why it is readily accepted. The structural elements, which are readily emphasized, are:

- 1) Individuals or persons who operate their private businesses or who operate their households and are unified by a common goal.
- 2) Joint action by a group, which attempt to attain group goal through economic betterment of the group such as mutual help.

An Example of Essentialist Approach to the Definition of a Co-operative “It is an association of socially weak persons trying to achieve certain social aims within the frame work of an enterprise open to all and based on the rules of solidarity and democracy, it instills ideas of mutual help and social responsibility as part of a new ideal society.

An Example of Nominal Definition “A co –operatives is an association of persons usually of limited means who have voluntarily joined together to achieve economic end through the formation of a democratically controlled business organization making equitable contribution to the capital required and accepting a fair share of the risks and benefits of the undertakings.”

Analysis of the Nominal Definition

Association of Process A Co – operatives Society is an association of persons, who are ready to work together, understand themselves, ready to solve their problems jointly and socially fit to associate with one another. This is not to say that a co-operative society should be an association of armed robbers, thief, and fraudsters among others.

Limited Means Those persons that join together are usually of limited means, but not beggars. They must be willing to make capital contributions to the society.

Voluntarily Joined Together Individuals are not forced to join a Co- operative. The decision to team up with others to form the society rests with every individual.

Achieve a common Economic End The major aim of a Co-operative is to achieve economic goals, which include making profit or surplus.

Democratically Controlled This means that the Co-operatives business is controlled by members themselves through one man, one vote on any decision affecting the Cooperatives.

Business Organizations A Co- operative is business entity and not humanitarian organization. Business concepts, techniques and principles are brought to bear in the Management of Co- operatives.

Equitable Contribution to the Capital Since a co-operative is a business venture, equitable contribution is expected by all members including intending members.

Accepting a Fair Share of the Risks and Benefits Every member participates in the management of the Co-operatives so that at the end of the year, through efficient management, surplus can be made.

Types of Business Organizations in Nigeria

- **Sole Proprietorship** - This is a one – man business. He finances the business alone, takes all the decisions and the success and failure of the business are squarely on his shoulder. It is not restricted to the sole trader who hawks his wares about. The barbers at the corner of the street, the fried or roasted plantain seller by the road of the market among others **are all examples of sole proprietorship**.
- **Partnership Business** This is an improvement on the sole proprietorship. A least two persons must come together to establish this business. They pool their resources together such as talents, skills, knowledge, finance, and time in order to carry out the business.
- **Private Limited Companies** Most private limited companies started as a family business. Eventually other individuals were invited to buy shares and become co-owners of the business. There is better financing in this type of business compared to partnership. Also profit declared which is the major aim for forming such business is shared according to the number of share each shareholder is having. Hired manager are employed to run such business.
- **Public Limited Companies** These are big organizations whose shares are publicly quoted in the Nigeria Stock Exchange. Well - trained managers are usually employed to run such organizations. They include: Nigeria Bottling Company Plc. Union Bank of Nigeria Plc. among others.
- **Public Corporations** These are organizations usually established by Government through Act of parliament and similarly authority.
They are usually formed because:
 - If left to private individuals, they may not be able to finance them
 - If owned and managed by private persons, they may exploit the masses;
 - Private persons may make abnormal profit if they are allowed to establish such organizations, among other reasons.

Criteria for Comparing Co-operatives and other Business

The criteria under which Co-operatives can be compared can be compared with other business are:

- **Ownership** This addresses the issue of who can be the owner of the business. This means that there must be certain conditions that should be fulfilled before somebody or a group of persons or an organization can lay claim to such a business entity.
- **How much can an individual own?** There is restriction to the amount an individual can own, while in others there is no such restriction.
- **Transfer of ownership** What will be the basis, under which ownership is transferred from one person to the other, varies from one form of business to the other.

- **Control Controlling** the business is of high importance such as taking such decisions as to who becomes a member of the board, the requirement for voting, how many votes per voter and who manages the organizations need to be carefully considered.
- **Benefits** Here, issues concerning why net income is generated, who can be patrons of the business, how is income so generated is distributed, among other issues, are looked upon.
- **Guiding rules for accepting a transaction**
- **Size of Board of Directors**

Nature of Business Objectives

- Specific and well defined
- Measurable, that, some quantitative figure should be out there
- Action oriented;
- Realistic; and
- Timely.

Common Business Objectives are

- To make profit
- To produce or provide good quality product or service at affordable price; •
- To keep on surviving;
- To have good quality workers;
- To be leader in the industry etc

Co-operatives Business versus Non-Co-operatives Business

Who is allowed to vote on the selection Board of Directors?

Shareholders in non co-operative in co-operative its **all members who are paid the entrance fees and /or own the minimum share.**

CLASSIFICATION OF CO-OPERATIVES

Based on Function Performed There are some Co-operatives that perform all business functions. Two forms of Co-operatives emerge:

- Productive Co-operatives, which again exist in two forms: i. **The ordinary productive** in which all the business functions of the members, private enterprise are taken over by the Cooperatives while members become is employed by the Cooperatives. ii. The full productive Co-operative in which in addition to the above. iii. Auxiliary (service) Co- operatives

Based on the Organizational Level of Operation

The primary Co-operatives: These are smallest individuals units in the set up they cover limited area of operation, have in most cases individual persons as members and may link up with other Co-operatives for improved services.

The Secondary Co-operatives They are Co-operatives of second layer with the primary cooperatives below. They are mostly formed by a number of primarily Co-operatives. They cover wider areas of operation. They are sometimes called regional Co-operatives.

Tertiary Co-operatives They are Co-operatives occupying the third layer. They are formed mostly by secondary Co-operatives. The areas of operation cover the areas of operations of the secondary Co-operatives that formed them. Sometimes they are called National Co-operatives if they cover the whole country.

Union A union can be referred to as any coming together of primary cooperatives to form another common body. It is identical with a Federation in that sense.

Federation This is a result of joint action by a number of independent primaries and/ or secondaries and/or tertiaries. In some cases, a union can also be seen as a primary co-operatives society in Nigeria.

An apex co-operative This is the same thing as functionally specialized national Cooperatives e.g. National Co-operatives federation of Nigeria Ltd.

Based on the Sector of the National Economy

This addresses the issue of what sectors of the national economy is the co-operatives engaged in. The following forms of co-operatives emerge:

Agricultural Co-operatives These are the co-operatives that engaged in the agricultural sector.

Industrial/Small scale Industrial Co-operatives This concerns those co-operatives that engage in the industrial, mostly small – scale industrial co-operatives in the industrial sector.

Service co-operatives Are Co-operatives in the service sector e.g. Banking, Insurance, transport e.t.c.

Based on the Relationship between the Management and the Members of the Co-operatives

The traditional Co-operatives This is the where members make all the decisions and management is to execute only.

Market Co-operatives Here members indicate broad guidelines of the business, especially their needs but the activities that are necessary to accomplish these needs are left for the management.

The Integrated Co-operatives This is the type of co-operatives where the members have decided to leave all aspects of decision making to management.

TYPES OF CO-OPERATIVE SOCIETIES AND THEIR FUNCTIONS

Agricultural Co-operatives Societies These are societies usually formed by farmers. On their own, each member has his own farmland. By coming together to form a cooperative, the reason is for them to benefit from the special services, which include: receiving loans, farms inputs such as fertilizer, professional advice among others.

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Consumer Co-operatives Societies The motive for people coming together to form a consumer Cooperatives Society is to procure essential goods at reasonable prices.

Co-operatives Thrift and Credit Societies A Co-operative Thrift and Credit Society are very popular in Nigeria. There is hardly any state of the Federation where this form of society is not found. In forming this society, members mobilize funds among themselves. Such funds come from the members in form of entrance fees, savings, fines among others.

Co-operatives Investment and Credit Societies A Co-operative Investment and Credit Society is a variation of Cooperatives thrift and Credit Society.

Fisherman Co-operatives Societies. Fishermen/women can bring themselves together to form fisherman Cooperative Society.

Transport Co-operatives Societies Drivers can form this type of society.

Building and Housing Co-operatives Societies Individuals who are so interested can form a building Co-operative Society.

REASONS FOR ESTABLISHING OR JOINING CO-OPERATIVES

Economic Reasons

Economics reasons constitute the major motive why people join or form Cooperative.

It is an attempt to improve one's income by carrying out more economic activities or improving on the performance of the present enterprise of the individual. By so doing, the member's economic position is increased.

Sociological Reasons

- Isolation and Loneliness
- For Security
- **For protection** Co-operatives offer group protection to their members against physical or spiritual threats from outside.
- **To Satisfy personal admiration** In every individual, there is always another person (s) we hold in high esteem because of his education and other personal qualities such as truth, hard work, honesty, and boldness among others.
- Keeping with the neighbours
- **Impulsive Reason** Some individuals join the Co-operatives with the idea that they would not like to miss out on possible advantages arising from membership.
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Co- operatives Spirit

Co-operatives emphasizes that the attitude of each members should place the Co-operatives Society and its interests over and above that of the individuals that make up the Co-operatives. In other words, the spirit emphasizes the supremacy of the Co-operatives over everything else including the personal interest of the members.

Level of intensity of Co-operatives Spirit

Since Co-operatives spirit is a result of inner conviction, its level of intensity differs according to whether membership has been forced on individuals or is based on individual free will.

Co- operative Nexus

This is the relationship between a Co-operatives organization as a business entity and members' private business enterprise or household economy. The Co-operative is thus established to promote the interest of the members.

The Co-operative Effect

The Co-operative effect can generally be said to be that degree of extra satisfaction, which a member derives as a result of participating or being a member of the Co-operatives compared to being a non – member.

Positive and Negative Co-operatives Effect

The Co-operatives effect can be either positive or negative. It is positive when the total level of satisfaction after becoming a Cooperator is higher than the total level of satisfaction before becoming a member of the Cooperatives.

Negative effect occurs when the total of satisfaction before becoming a member of the Co-operative and participating in its activities is higher than the total level of satisfaction after becoming a member and participating in the Co-operatives activities.

Kinds of Co-operatives Effects:

- Price Effects
- Increase acceptability in economic circles
- Increase adaptability
- Increase possibility of investment
- Educational effect
- Social Effect

CO-OPERATIVE SPIRIT, COOPERATIVE NEXUS AND COOPERATIVES EFFECT

There are necessary and sufficient conditions, which should exist before establishing a co-operative. If these conditions are not there the life span of the Co-operatives effect would be short. Our conclusion was that the success of a Co-operatives rest on these **three elements**. But before the Co-operatives can come into being and resting on these three elements, **the environment must be ripe for it**.

These environmental factors or more precisely the conditions that should exist are both **economic and non- economic factors** which impact either positive or negative effects on the establishment of a Co-operatives in a given area. All these are usually reflected in the economic survey report that the Co-operative officer will write and turn in to the appropriate authority.

The Economic Condition There is level of economic development that varies from one continent to the other and equally different regions in a country. Different levels of economic development take two extreme forms:

- **The subsistence economy** Here the output of business enterprises is mainly for domestic consumption.
- **The market economy** This is the opposite of the subsistence economy.

Life Styles of Prospective Members There again are two extreme life styles that need to be considered.

- **A nomadic life style** This is characterized by constant movement of family, homestead and economy of the producer. This life style makes it difficult to establish Co-operatives.
- **A sedentary life style** This is the opposite of the nomadic life style. It is characterized by fixed abode in specific settlements. That is where group bases and inter personal relationship are much more likely to occur. It is upon these bases that Co-operatives can be established.

Availability of promoters

An outside person can be so motivated to bring others together to form a Cooperative. This outside person may not even belong to the same social or economic class. **Such as individual is called a promoter.**

Types of Promotes

- **Individual philanthropists** The philanthropists in some cases can be politicians who are generally not much trusted; they are viewed with suspicion.
- **Religious bodies** Have been active in some area cases. However, with the increase in religious fanaticism and rivalry between Muslims and Christians and also internal rivalry within the sects, the danger exists that the Co-operatives promoted by these bodies may become not only exclusive, but also instruments in the settlement of scores between rivals.
- **The trade unions** They have also been active. However, the danger is not overlooked such union regarding and trying to use such Cooperatives as a weapon for ideological warfare.
- **The government promoters** Government promoters often tend to not only promote but to dominate and even take over the Co-operatives when eventually established.
- **Existing co-operatives institutions** The existing Co-operatives institutions can also be promoters. For examples the unions, the apex organizations among others can, and should sponsor and promote Co-operatives.

FACTORS THAT ENHANCE THE SUCCESS OF COOPERATIVE ORGANISATIONS

For a Co-operative to grow and develop the members must be honest, painstaking in their deliberations and hardworking. This is because members are both the owners of the business as well as the end users of the Cooperatives product and/or services.

The Relationship between the Members and the Cooperatives Society

There is therefore a relationship existing between the member and the Co-operatives, which is both personal and economic. If the members through the group the Cooperatives effect, which we discussed earlier, becomes low and if the probability is high that the members will desert the Co-operatives.

Closing Records Yearly

All transactions of the Co-operatives must be properly recorded in the books of account. At the end of the financial year, which is usually, 31st march, every year, the accounts should be closed. The

preparation of the final accounts should commence immediately. This is important so that the Annual General Meeting (A.G.M.) can take place within the year, all resolutions and other discussions made during the previous Annual General Meeting as well as the general meetings of the Co-operatives during the year should be implemented. If this is not the case, the issue should be investigated. The Annual General Meeting itself should be held not more than two months into the New Year. This is to allow for a review of the operational result of the past year and to take fresh discussions concerning outstanding issues and also concerning the New Year.

Opening a Bank Account

Every Co-operative Society should operate a bank account where all money for the Society should be kept. The cash balance of the Society should never be kept in an individual's account or one's home or office. There is a limit to the amount that the treasurer should keep. Money is tempting and an undisciplined treasurer may not resist the temptation to spend the society's money. When this is done, the smooth operation of the Society's business is negatively affected.

Care of Members' Passbook

The passbook is a booklet where details of a member's financial dealing with the society are recorded. The record shows the assets of the member with the Society such as: savings shares among others. It also shows members liability e.g. loans taken. If there have been loan repayments, the passbook indicated the regularity of the loan repayments as regards the date, the amounts paid and outstanding amount if any.

Affiliation to a Co-Operative Union

Every primary Society should try to affiliate to a visible C-operatives union. The union should not be too far from the Society. There are advantages of the affiliation, which will make the young Society to grow. Such advantages include:

- Receiving financial assistance by way of loans from the union to meet short – term cash requirement of the Society
- Receiving professional advice from the union how best to run the Society
- Uniting the Society to the other affiliated Societies of the union where exchange of ideas is possible.

Co-operative Propaganda/Publicity

Every member has a duty to ensure that the Co –operatives receive favourable image in the eyes of the public.

SHARE CAPITAL AS A SOURCE OF COOPERATIVE FUNDS I

Definitions of Terms Capital is often said to be the oil that lubricates the wheel of business operations; the Co-operatives are not exceptions. No business organization can exist without capital, which is often classified into:

- **Fixed Capital** Fixed capital concerns those items that often remain in the service of the Co-operative over a long period of time. Examples are: land, Building, Equipment, Vehicles among others.

- **Operating or Working Capital** This is type of capital that is consumed in the actual operation of the Cooperatives. It is the capital spent on such items as paying for supplies from other sources to the Co- operatives, payment for salaries and wages, payment for electricity and other payments the expenditure involved and the income arising from the operation.
- **Owned Capital** This is the capital contributed from within the Co-operatives itself. It includes fines, savings, special deposits etc.
- **Borrowed capital** This is the capital raised from the other resources; it is capital raised outside the Co-operative.

Share Capital

What is Capital Share Means?

Share capital is the money contributed by members. As soon as a person is admitted as a member of a Co-operative, he is expected to acquire shares in recognition of his membership. This means that share Capital is tied to membership.

Reasons why Co-operative Capital is Small

Shareholding is to one person

- Shareholding is to one person
- Co-operative shares are not transferable
- More shares acquisition, more liability

Possible Ways of Increasing Co-operatives Share

Individuals Member Patronage Linked to Proportional Share Holding

- This is one way of increasing Co-operatives share capital.
- Creating Preference Share
- Sponsor Share
- **Deduction from Loan Amount** This method is applied to credit Co-operatives. The practice ensures that when a member applies for a loan, before the money is paid to him after an approval, a deduction is made from the loan amount. This amount increases automatically the member's share capital holding.

SHARE CAPITAL AS A SOURCE OF COOPERATIVE FUNDS II

What is a reserve fund?

Reserves are funds that are created and maintained within the Cooperatives business enterprise as a form of security against any unforeseen circumstance. Reserve can be classified into **statutory** and **voluntary**.

- **Statutory Reserves** They derive their existence from the relevant laws (statutes) that require that they be created irrespective of members' feelings. That is to say, whether members like it or not, reserves must be created especially from the declared net result (profit) of the Co-operatives.

- **Voluntary Reserves** Voluntary reserves are created only after the statutory reserves have been met.

Sources of Reserve Funds

Co-operative reserves are created from diverse sources. These sources are both within the Co-operative and outside the Co-operative as well. They include the followings:

- **Retained Annual Surpluses (profit)** In Co-operatives, surplus, if you recall is what is commonly known as profit.
- **Entrance/Admission Fees** These are usually small fees paid by the member when he is admitted into Co-operative.

Uncollected/Lapsed Share Capital If it has been stated in the byelaw that a maximum length of time should be indicated within which a member who has withdrawn must come forward to collect his share capital refund; and the event of his inability to come forward, the share capital refund lapses and is then transferred to the reserves.

Uncollected/Lapsed Dividends and Patronage Refunds This practice is not common. What has been done under above equally applies here; but in this case it concerns existing members.

Penalties This occurs when a member (s) breaks the rules and regulations of the Co-operative, which have already been stated clearly in the byelaws.

Advantages of Co-operative Reserves

- Stable Capital Source
- Increased Security for Lenders to the Co-operatives
- Cheap Source of Capital
- A Source of Long Term Capital

Limitations of Reserves Funds

- **Conflict Arising from Timing** Conflict again arises at the timing of the creation of reserves particularly during Christmas and Easter periods.
- Loss of Control of the Co-operatives by Members
- Creation of All False Sense of Security

BORROWED CAPITAL AS A SOURCE OF COOPERATIVE FUNDS

Feature of Borrowed Capital

Co-operatives will need to borrow capital to finance their Co-operatives because of the smallness and other limitations of share capital and reserves. Borrowed capital is different from owned capital because it is obtained from outside.

Authority for Borrowing

The authority for borrowing money is derived from the Annual General Meeting of the Co-operative. You are hereby reminded that the Annual General Meeting is the supreme authority of the Co-operatives and it consists of the entire members of the Co-op.

Advantages of Borrowed capital

- **Borrowed Capital** Borrowed capital can make the Co-operative to improve its services to the members thereby enhancing the Co-operative effect.
- **Borrowed Capital Interest Rates** Borrowed Capital interest rates are deductible from tax. That is, the money to be paid is removed from the amount of tax to be paid to government for those Co-operative organizations that pay tax.

Disadvantages of Borrowed Capital

- **Regular Payments of Interest** It requires regular payments of interest, which must be made even when the co-operative is making net losses.
- **Creditor Recalled** It cannot be recalled by the creditor; therefore it is not secured compared to reserves.
- **Availability of Borrowed Capital** The availability of borrowed capital depends to a large extent on availability of acceptable collaterals. These collaterals may be difficult to provide.

Government Sources of Loans to Co-operative

Government giving loans to the co-operatives are common in Nigeria. This is because of the generally low- income levels as well as the fact that governments are the major initiator of Co-operatives.

Government giving money to the Co-operatives is in two forms:

- a) Grants which are not repayable neither do they attract interest payments. Sometimes, grants may be attached to specific projects.
- b) Loans: they attract low interests even though not as much as from the Commercial Banks. They are to be repaid after some periods.

Disadvantages of loans from Government

- Money from government is easily regarded as National cake, and needs not to be repaid.
- Laxity on the part of government agents who do not even bother to follow the activities leading to high rate of loan defaults.

Borrowed Capital from the Financial Institution

This is the capital borrowed from such institutions as the banks.

Advantages

- Banks usually have much more funds to lend out to their customers including the co-operatives.
- Banks have financial management experts who can be of help with the relevant advice.

Disadvantages

- Banks loans are usually short – term. This means that the money cannot be used for projects that will bring money in a distant period.
- Collaterals are usually demanded which the co-operatives may find difficult to provide.
- Banks officials work according to given guidelines. They are therefore inflexible.

Borrowed Capital from other Co-operative institutions

It is often advised that Cooperatives should borrow from organizations that are at least partly Co-operatives or preferably wholly Co-operative or on friendly relations with Co-operatives.

Borrowed Capital from Suppliers of Goods/Services

Suppliers do extend loan funds to the Co-operatives when they supply goods and/or services, which are not immediately paid for. These goods are then sold and later paid for by the Co-operatives. In most cases, credits may be for a month or longer. A good **manager** should utilize such opportunities and make good sales turnovers before paying.

MANAGEMENT OF CO-OPERATIVE

Structure of Co-operative Management

The structure of Co-operative Management is in layers: the first layer comprises the **members of the Co-operative**. Remember that the members are also known as the **owners and users of Co-operatives goods/ or services**. They constitute the highest level and are also known as the General Assembly of the co-operative. **The next level is the Board of Directors**. Members of the board can be called the **officers of the Co-operative who are elected into office by the general members**. Members of the Board of Directors are called **Committee Members**.

Functions of the Members

The members are the owners and end users of co-operative goods and/ or services and they constitute the General Assembly. The major ways the function of the general members are recognized and appreciated is through meetings.

Objectives of Meetings

- To identify, analyse and solve problems.
- To give information.
- To obtain opinion and recommendation.
- To decide on a course of action
- To conduct business transaction
- To build enthusiasm

Election of Board of Directors or Committee Members

It is the duty of the general meeting to elect Board of Directors or Committee members into various offices. These offices include: the president, secretary, Treasurer, and Committee members among others. The members also have the power to remove anybody from office who is found wanting on the discharge of his/her responsibilities.

Functions of Committee Members

- To Represent the Society
- Power to Sue
- Manage the Society's Affairs
- Controlling the Manager

Duties of the Principal Officers of the Society

The President

- He shall preside at all meetings, both general and committee meetings of the society;
- He ensures that the business of the Society is well managed;
- He is a signatory to the Society's accounts;

The Treasurer

- He takes charge of all money received by the society from members and other sources.
- He disburses money according to the directives from the Committee;
- He is a signatory to the Society's accounts and other important transactions.

The Secretary/Manager

- He maintains and keeps the books of accounts and other records
- Through the directive of the president, he summons all meetings of the Society and takes the minutes;
- He prepares and submits the accounts of the Society including the final accounts;

HISTORICAL DEVELOPMENTS OF COOPERATIVES IN NIGERIA

Formal Co-operatives in Nigeria can be said to have started in **1907**. Among the earliest formal Co-operatives in Nigeria was **Agege** Planters union (APU). This association was made up of about **400 cocoa farmers** who came together to ensure that cocoa was the major farm produce being exported from Nigeria and earning the Country much foreign exchange. They were still other farmers union existing elsewhere. Two of these amongst other are: the **Egba farmers Union**, which joined the Agege planters.

The Initial Involvement of Government in Cooperatives Development

The European form of Co-operative arrived Africa in the 1920s. The British after introducing it in India in 1921 brought it to Africa first to their colonies in East Africa and then to West Africa. In Nigeria, sequel to the persistent demands of the Agege Planters Union and other, the government yielded to the farmer in 1926 when cocoa fermentaries were built for them. From this period, Cooperatives development was rapid because:

- Government saw Co-operative as a means of realizing more income.

Reasons for Government Intervention in Co-operative Development

There are two principal reasons why the colonial government decided to spread formal Co-operatives in Nigeria; these are **economic and political reasons**.

THE RELATIONSHIP BETWEEN GOVERNMENT AND COOPERATIVES IN NIGERIA

Co-operative's Roles in National Development Plans

Giving Out Loans to Co-operatives Government also gives out loans to Co-operative with which Cooperatives are expected to use and execute viable projects.

Staff Secondment Co-operative and ensure they are used judiciously expended sometimes post staff to Co-operative where there is lack of personnel. Staff secondment is, however, done without violating the independent nature of Co-operatives.

Consequences of Government Interventions

Positive Consequences of Government Intervention

- It has led to the formation of more Co-operatives, which in turn provided more employment opportunities.
- Training and development of Co-operative personnel was made possible through Co-operatives colleges and training in states provided by government.

Negative Consequences of State Intervention

- Over expansion as a result of over promotion by government led to a large increase in the number of Co-operatives, which were not viable.
- Because of the large number of Co – operative viz - -a- viz government promotion through enlightenment led to mismanagement of Co-operatives, which led to their liquidation.
- As a result of above reasons, members started to see Cooperatives as government agencies instead of member, owned organizations.

THE END