Entrepreneurial Factors and Development of Cooperative Organizations in Nigeria: A Review of Literature

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Abstract
This study aimed at determining the entrepreneurial factors that influence cooperative development in Nigeria. In the period of recession and high rate of youth unemployment in Nigeria, the nation direly desires ground-breaking strategies to engender growth. Co-operatives practices are built on fair play,, democratic management, and equitable contribution and distribution of surpluses. The cooperative business framework has an all-inclusive reputation in assisting members attain self-sufficiency and achieving a fairly equitable share of the surplus. Amongst the pressing issues confronting societies worldwide is the unavailability of exploitable opportunities for young people engage themselves, particularly in developing nations. Young graduates today perceive their future employment as depending on their ability to be creative and innovative as the era of readymade jobs has gone. The study aimed principally to reassess likely entrepreneurial motives which young people could exploit in establishing a co-operative. A review of literature showed planning competencies, administrative skills, type of personality, resource characteristics, market features, and financial management as major factors of cooperative and business entities alike. In conclusion, both entrepreneurship and cooperative activities will strengthen these economies, while also providing opportunities and advancements for the rural population. It is recommended that structural reform of the cooperative policy framework in Nigeria, including legal and regulatory procedures should be undertaken to effectively drive cooperative development.

Key Words: Entrepreneurial Factors, Development, Cooperative, Organizations.

I. Introduction
The song of diversification in Nigeria economy today has become a widespread narrative owing to deteriorating income from oil and its attendant distasteful consequences on the lives of the people and the nation at large. Governments have acknowledged the impact of entrepreneurship and cooperative organizations on job creation, enhancement of people’s living standard and thus, an overall impact on the economy and thus encouraging entrepreneurship as a way of diversifying the economic reliance on oil for development.

Entrepreneurship concept is used to describe self-motivated process of creating incremental wealth (Shailesh et al., 2013). This wealth is created by individuals that take calculated risks in terms of equity, time and career obligation of providing value to some agreed products and services. The product or service itself may or may not be entirely new or unique but value is necessarily needed to be infused by the entrepreneur through obtaining and assigning the needed skill and resources. Entrepreneurship is also seen as the application of one’s energy for initiating and creating an enterprise (Mishra et al., 2010).

For several years, entrepreneurship and co-operative enterprises have operated across the world. Based on their great influence and tolerability for job and wealth creation, both continue to grow in most sectors, including consumer, banking, agriculture and service provision, not to mention sport and culture. They remain an economic and social reality wherever they function as profit or non-profit organizations. Far from having passed their self-by period, cooperatives are responding to the needs and demands of the market. Furthermore, they are also meeting the new and unsatisfied requirements of the people (Skurnik, 2002). The Nigerian economy faced with economic downturn and high unemployment, particularly among young people, it needs innovative strategies to generate growth. Co-operatives societies are organizations based on democracy, and parity. This business framework has a worldwide record in assisting members become self-sufficient and achieving more equitable distribution of the gains from its business operations. One of the most pressing problems facing nations, particularly third world economies like Nigeria is the inadequacy of opportunities for the teeming young population. The era of government sponsored job for life has long ended. Graduates are now aware that their future employment is significantly tie to their ability to create their own jobs.
To set up a co-operative venture, entrepreneurs require a number of distinct characteristics which other entrepreneurs tend to possess naturally or develop by engaging in business operations. For example, most entrepreneurs demonstrate strength of mind, a capacity to recreate and innovate and think outside the box, enthusiasm to take risks, and good communication skills to promote their ideas to others. Owing to the exceptional characteristics of entrepreneurs, members of cooperative societies also require a few definite traits and attributes to be able to create and manage these types of business organizations and operate them successfully. Co-operative entrepreneurship becomes possible when there is a group of like-minded individuals who have a need that is not being met by other business organizations. For a more successful cooperative organizations, individuals member entrepreneurs are expected to work as team and not in seclusion.

II. Literature Review

Entrepreneurial Factors

Critical entrepreneurial success factors can be in the form of activities, events, circumstances or conditions that require special attention of entrepreneurs. According to Kee (2012), all these factors can influence entrepreneurship success in either positive or negative ways, therefore they provide a comprehensive approach that critically focus on clarifying assumptions to induce the flexibility that are neutral and aid divergent thought. Bolton & Green (2012) assert that entrepreneurship factors can be a processes, benchmarks, or components of a business to ensure the profitability and remain competitive in the market place. However, Olatomide & Omowunmi (2015) contend that entrepreneurship factors, which also known as key success factor for entrepreneurs are complex and multifaceted because most of the research revealed contradictory or inconclusive findings on their outcomes. A number of these factors as identified by several authors include:

Attitudinal and Perceptual factors

Johnson et al (2011) assert that attitudinal factor and perception comprising of perceived desirability feasibility has significant in influence on a person’s propensity level to sustainable entrepreneurial engagement. Though his study only examined the direct impact of normative, perceptual and attitudinal factors on propensity to sustainable entrepreneurship, Johnson et al observed that behavioural objective or tendency is a complex process which could follow through several stages. In the same vein, Cambra-Fierro, Hart and Polo-Redondo (2008) proposed variables appropriate for sustainable entrepreneurship which include among others: legal context, leader's personal values, socio-cultural background, market demands, ownership structure and the nature of industrial characteristics.

Firm Sector, Size, Ownership, and Innovative Orientation

The sector a firm belong, the size of the firm, ownership structure, and degree of innovative orientation determines the extent to which sustainable entrepreneurship behaviour is exhibited. Uhlancer, Brent and Jeurisse (2010) opined that larger firms, firms from more tangible products sectors, family owned firms, and firms with a more innovative orientation have more inclination towards manifesting sustainable entrepreneurship behaviours. This is without prejudice to other dimensions of sustainable entrepreneurship such as employees (individuals in the firm), suppliers and clients (direct stakeholders) and the larger society. These views are in consonance with the resource-based approach of large firms, which perceive large firms as having more manpower and financial stability (Naqvi, 2011). Large firms are more exposed to the public, and any attempt to exhibit irresponsible behaviours will undermine their survival and reputation. Responsiveness of family firms towards community related developmental activities and avoidance of actions that are detrimental to peaceful co-existence (e.g. polluting the environment) is a direct consequence of closeness to the local community and willingness to share their prosperity (Oyeku et al 2014; Baron & Markman, 2003).

Personality, Management skills, Environmental and Motivation factors

The key performance indices and extent of growth of an organisation are measures of business success. Triggering factors (for example personality and motivation) that propels entrepreneurs into putting on thinking cap on one hand and successful factors such as management skills, and educational levels, both formal and informal, on the other hand are crucial to entrepreneurial success (Frese, Brantjes & Hoorn, 2002). Dionco-Adetayo therefore, established that motivating factors and personality characteristics are positively related in a significant manner. He also established that there is a significant positive relationship between motivating factors and management skills and abilities, level of education, environmental forces, and entrepreneurial success. Pritchett, Thimany & Seitzinger (2002) emphasised customer services expertise and past experience of the manager as being vital to entrepreneurial sustainability and success.

Cooperative organizations

Co-operatives organisations come in a number of forms but attempts have been made to produce a commonly agreed position on the definition and set of values and principles to harmonise co-operatives world over. The International Co-operative Alliance (ICA), a globally recognised federation of co-operative organizations, describe co-operatives as independent associations of persons united voluntarily to meet their ordinary economic, social, and cultural needs and aspirations through a jointly owned and democratically managed enterprise.

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To supplement the foretasted definition of cooperatives, a set of recognised values and principles was also produced in observance with ideas that motivated the original founders of the co-operative movement in the nineteenth century. These set of values include democracy, equity, equality, solidarity, self-responsibility and self-help. These are central to the purpose of a co-operative and these values are workable through the application of seven principles, namely:

1. **Voluntary and open membership**: Co-operatives organizations' membership are voluntary. This implies that they are open to all persons capable of joining and utilising their services and also prepared to willingly accept the responsibilities of membership, devoid of discrimination in gender, social status, race, political affiliation or religious belief.

2. **Democratic member control**: Co-operatives organizations are managed through a democratic process that involve all members, who actively or through representation, participate in formulating policies and deciding on matters relating to the cooperative affairs. Men and women elected as representatives are responsible and accountable to the membership. In demonstration of the democratic principle, primary co-operatives members have equal voting rights; one man, one vote, and co-operatives institutions at other levels are also structured in a democratic manner.

3. **Member economic participation**: Cooperative members contribute equitably to, and democratically control, the capital of their cooperative organisation. This is because part of that contributed capital is usually the common property of the members of cooperative. Members are usually allowed to receive as compensation, limited sums, if any, on capital subscribed as a condition of holding membership. Cooperatives allocate surpluses for any of the five reasons:
   - developing the co-operative,
   - setting up reserves,
   - part of which at least would be indivisible;
   - benefit to members proportionate to their transactions with the co-operative;
   - providing support in other activities as approved by the membership.

4. **Autonomy and independence**: Co-operatives are self help organisations owned and managed independently by their members. If they are involved in any contractual agreements with other organisations, including governments, or recapitalisation from external sources, they are under obligation to comply with the terms that ensure democratic management by their members and maintain their cooperative independence/ autonomy.

5. **Education, training and information**: Education and training are provided by co-operatives organisations to their members, elected representatives, cooperative managers and cooperative employees for effective contribution to the development of the co-operative organizations. One of the focus of the training is to educate cooperative members and the general public, particularly young people and opinion leaders, about the character and importance of co-operation.

6. **Cooperation among cooperative organisations**: Cooperative organisations provide for their members most effectively and support the cooperative agenda by working together through local, regional, national and international structures for greater opportunities in cooperative development.

7. **Concern for the community**: Cooperative organisations work for the sustainable development of their societies through the approved policies or cooperatives by cooperative members.

Cooperative organizations are unique and strategic business models which fit comfortably into existing organisational paradigms. This is due to their dual function or relationship of dual benefits in which they simultaneously serve both an economic and a social purpose. As noted by Levi and Davis (2008), co-operative enterprises are the unconventional economics entities; too socially focused for mainstream economics and business, but too economically focused for the non-profit or 3rd sector. The dual function of the co-operative is mirrored by the dual role of its members who are both owner-investors and patrons (e.g. customers-suppliers). Nilsson (2001) points to the tensions that this dual role can generate and the impacts that this can have on the management of the co-op. Where they place more importance on their patronage role the co-operative will tend to operate in a traditional manner. This type 1 traditional cooperative encounters only minor property rights problems, and is an effective counter to market failures. Ownership or shareholder rights are of much less concern to members than their ability to receive the benefits that accrue from patronage.

The main goal of a cooperative organisation is to provide satisfactory reward to members by engaging in economic activities or intervening in the market environment to close the demand gap (Zeul & Cropp, 2004). Members’ benefits can be described in economic, social, and psychological context. For example, a cooperative may be poised to provide food produce at low cost for its members, as well as support social initiatives in the members’ environment. Many cooperatives also seek to achieve environmental objectives at the demand of their members such as the growing number of renewable energy co-operatives. This focus on providing maximum benefits of various sorts to members contrasts with the focus in the business-for -profit model of enterprise where shareholder benefits are defined exclusively in economic terms. Co-operative’s members, be they consumers, workers, or producers, are the owners of the business as well as the users of the goods and services offered. The members assume
total responsibility for the success and failure of the cooperative but are entitled to appropriate share of the rewards generated. Member ownership ensures that cooperatives are directed towards meeting the needs of members. It is absolutely important that founders and members of a cooperative societies understand the rights, roles and responsibilities that ownership of a business entails.

Entrepreneurship factors and development of cooperative organizations

Several factors significantly contribute to the success of an operation; a review of current literature shows that management planning and administrative skills, resource characteristics, type of personality and tendencies, product/service mix, market characteristics as well as financial management are major drivers of success for both business and cooperative entities. This part of the paper will dwell on these factors and the supporting studies. While some differences may exist between entrepreneurial and cooperative enterprises, some of the principles are alike and can be applied for both operations and sectors.

Planning/Administrative Skills

Keeping records, setting clear goals and business planning are commonly found in any good organization and are typically factors that lead to success in entrepreneurship and cooperative businesses (Yeboah, Owens, & Bynum, 2011). Administrative capacities largely affect the day-to-day operations of a business and are the means by which success can be achieved. In a study analyzing ethnic minority entrepreneurs’ management skills were identified as the leading key to success of the enterprises researched (Ekanem & Wyer, 2007). Though extremely essential, management capacities are not always recognized for their importance in the overall success of cooperatives. Several cooperatives failed and obviously did not completely understand their lack of managerial abilities that are crucial ingredients for success. Essentially, such cooperative organizations that can learn to develop appropriate managerial skills and strategies, while at the same time learning from previous mistakes, are those who will find success in their businesses (Ekanem & Wyer, 2007). Management strategies abound that business and cooperative organisation operators can apply to smooth the progress of their operations while also mitigating risk; some of these include the forward contracting of resource inputs, distributing sales throughout the year, taking part in government programmes and insurance policies, and expanding products/services lines (Mishra, El-Osta, & Johnson, 1999). With sufficient understanding of all the parameters of one’s business operations, as well as identifying areas of weakness and probable problems is important. For example, Titus (2004) research suggests a careful and consistent assessment of company inputs and products demanded by customers is a crucial part to business sustenance and success. Several businesses do not have an understandable vision of their own strengths, weaknesses, and industry attractiveness that can enhance their operations for success (Hax & Majluf, 1983) and also lack a true understanding of their consumer/member demand (Meyer & Schwager, 2007). These factors can lead to misplaced opportunities and ultimately business failure if not corrected appropriately.

Managing business growth is an important administrative skill that is also key to the success of businesses operations (Lussier, 1996). Having sufficient physical and human capital to support growth is just as important as having sufficient capital when starting the new enterprise. Businesses go all-out to maintain fixed costs as low as possible throughout their operations, thereby allowing for a greater margin to protect firms from unforeseen costs. The error of many enterprises is that the growth of their business exceeds the growth of their market share.

Resource Characteristics

Resource inputs in business are in variance from land to machinery, technology to personnel, materials to expertise and so on. The knowledge of how to best utilize these resource inputs is a skill that can greatly improve business performance. An example of this is the use of technology and improved operational practices. The adoption of technology is proven successful in specific areas that lead to improved productivity and revenues while those cooperatives that failed to implement more efficient technologies tend to lose competitive edge. Entrepreneurs with entrepreneurship orientation have a higher probability of success (Frese, Brantjes, & Hoorn, 2002). As it is in entrepreneurship, getting sufficient professional assistance while carrying out market feasibility, setting business objectives/goals and creating a business plan, receiving adequate training and experience as possible in cooperative endeavours would greatly improve operations and the wealth of contributors. Human capital can greatly influence business success as much as financial capital. The study analyzing human capital as an independent factor of new venture performance, experience, education and training levels of workers were found to be important factors that influenced the survival and growth of new businesses (Cooper, wood & Dunkkelberg, 1988). The study of Howard, Fairnie, Schneider, & Litzenberg, 1990 show that businesses from all sectors and industries want employees that are self-motivated, good communicators, and who have positive work attitudes and high ethical standards. Hiring the right persons for the right job, while also aligning employees’ vision with the organisation's and understanding of the business with the overall mission and vision of the firm is important when aspiring for business success (Thimany, Pendell, Johnson, Seitzinger, & Pritchett, 2011). A cooperative organization’s success cannot be independently achieved by singular individual, but rather it has to be the concern of all co-operators to be attained. Good human relations skills, business planning, role/task scheduling amongst business members, and clear goals and expectations are critical factors to successful venture operations. Many cooperative farm operations in Nigeria at least partially rely on off-farm income to provide financial support, stability and insurance benefits as a result of poor business planning. Adoption of proper entrepreneurial planning would sustain cooperative organizations beyond the short term period for a successful future.

Personality Type and Tendencies

Personal characteristics and personality types are traits that affect interactions of people with others, as well as their ability to manage people and processes. Although difficult to forecast, different personality types appear to willingly try their hand at creating value through entrepreneurial engagement (Caliendo & Kritikos, 2008). Some studies have suggested that people who have high need for achievement and those with problem-solving orientation tend to tilt towards entrepreneurship rather than wage employment (D'Intino, Goldsby, Houghton, & Neck, 2007), while in the same vein, experiencing varying degrees of success (Caliendo & Kritikos, 2008). Many entrepreneurs are confronted with challenges from the stress of over-commitment in business, solitude, social issues and a high sense or need to achieve. Despite these challenges, many are able to employ tactics that allow them to overcome their challenges and achieve success in their areas of operations (D'Intino, Goldsby, Houghton, & Neck, 2007).

When a number of these personality types combine to establish a cooperative organization, a monumental progression in growth and development is possible.

People are motivated into particular occupation by several factors. For some it is income that pay their bills; for some, it is interest or passion for a particular profession; and yet for others it is chosen lifestyle. These factors are important to consider when measuring success in business engagement (Neely, Adams, & Kennerley, 2002). For example, desire and a love for the business or cooperative is characteristically common among successful owners and operators. In a study researching cooperative farm operations in North Carolina State of United State of America (USA), farms income were found to be less important than anticipated in the measure of operation success (Yeboah, Owens, & Bynum, 2011); yet, income is among the simplest methods to measure. Many economically developed goals are set to improve income, with the intention that such improvements will increase living standards and comfortability of owners. Further studies have indicated that certain social behaviours and competencies have a significant direct correlation with the financial success of a business. Accuracy correctly interpreting environmental factors that have influence on business and speed in social adaptability were found to relate to financial success in several industries (Baron & Markman, 2003). The alignment between person and organization, which is key in cooperative democratic management, will also greatly affect not only job satisfaction, but also performance. Close matches between the personal characteristics and the responsibilities of being an entrepreneur have also been discovered as factors of success in business. It is apparently clear that many social factors play important roles in cooperative development, as both economic and social benefits are generally expected.

Product/Service Mix

Many successful entrepreneurial organizations choose diverse production systems as a means of risk management (Safdar, Fisseha, & Ekanem, 2004). Diversified operations and the existence of specialty services/products tend to be more resilient during challenging times due to numerous market options available (Yeboah, Owens, & Bynum, 2011). Studies show similar discoveries for cooperative businesses. Having widely diversified products/services also tends to broaden a firm’s customer base. A broader product variety will increase the probability of a firm’s survival when specialized products markets strengthen (Baptista, Karaoz, & Leitão, 2010). For firms with a broad product line, there exist several business strategies available to realize economic benefit. Hill and Hoskisson (1987) suggest three strategic options:

i. vertical integration,
ii. related diversification, and
iii. unrelated diversification.

The easiest of the three types of strategies is related diversification, which allows firm operators to diversify their product line using many of the same inputs, processes and technology. This permits ease of entry to the market and typically a broader consumer base. Expansion into unrelated products can prove economically beneficial, but should be undertaken with great deal of caution, with an attempt to keep fixed costs as low as possible.

Market Features

Those entrepreneurs using different marketing approaches to achieve improved levels of profitability tend to have a greater probability of business success (Safdar, Fisseha, & Ekanem, 2004). In quite a number of cases, higher profitability margins can be achieved in direct to consumer markets strategy; however, having multiple market options can prove more beneficial to a producer’s overall earnings (Park, 2015). Cooperative organizations that choose to only sell through direct-to-consumer channels which is usually limited to cooperative members would report revenues that are significantly less than those cooperatives entities that have a more diversified marketing approach. The proximity of a firm to its markets commonly has a huge impact on overall business success. In rural settlements, where infrastructure can sometimes be largely lacking, accessibility to one’s market is a key factor that can largely influence sales and future contracts (IFAD, 2001). This is of particular concern and interest in agricultural engagement, where many cooperative farms/ranches can be sufficiently isolated and distant. Typically, cooperative organizations proximity to urban and metro areas do better in comparison to those whose locations are distant and remote. In Nigeria, where infrastructure is typically lack or in dire need of repair, while options are limited and expensive to come by, a firm’s location can prove to the greatest factors of success.

Financial Opportunities/Management

Financial access and the amount of capital contributed to the survival and growth of the business by owner(s) is a key factor for business success. Lack or inadequacy of finance, or the inability to access realistic low-cost financing is a major constraint for many businesses, leading them to terminate their pursuit or attempt to create and run their enterprise (Ekanem & Wyer, 2007). The moment the firm begins to earn revenue, the persuasion to increase fixed costs should usually be avoided so as to have sufficient margin of financing to cover unexpected costs or failures. The seeming synergy enjoyed by cooperative organizations...
by way of membership contributions significantly place cooperatives in a good financial position. Controlling the variable costs of production and the cost of technology will greatly improve the likelihood of cooperative success. Firms that have firm control over their cash operating expenses are more likely to achieve success in comparison to those that do not. Having capital fixed up in machinery can greatly constrain a firm’s financial opportunities and operation flexibility. The acceptance and utilization of financial management tools that control operational costs and help manage keep debt at optimum level can greatly improve success rates of cooperative organizations.

**Perceptions**

Perceptions of a business operation’s success can differ significantly depending on one’s interpretation, experience and knowledge. Not all entrepreneurs consider revenue and profitability the only measure of business success (Markman & Baron, 2003). Many business owners consider success as a measure independence or autonomy that an operation has in the marketplace. Some consider interest or the degree of passion/love that one feels towards the industry or business that they work in, or operate, as being the most important criteria for measuring business success. Other people place a significant value on the lifestyle that certain businesses or operations offer to them. While measures of business success differ greatly amongst individuals and industries, and while this narrative has been researched by many scholars, the issue of perceptions of business/operation success particularly amongst young would-be entrepreneurs is lacking. Perceptions on the worth and/or need of initial investment in capital, government support, international markets and exposure, education/training level, prior experience and personal qualities would greatly influence membership participation and growth of cooperative organizations in Nigeria.

**Conclusion and Recommendations**

The continued development the rural economy is of great importance for Nigeria’s further overall economic growth and development. Entrepreneurship and cooperative activities alike would strengthen the nation's economy, and at the same time provide opportunities for advancements of the rural population. The agenda of stimulating economic growth in rural settlements will require a great deal of youth encouragement through empowerment programmes to participate in creative cooperative entrepreneurship. This will place the population in a better position to engage in small scale trading, manufacturing, service and agricultural operations in cooperative endeavours.

It is becoming increasingly obvious that cooperatives are the key to Nigeria's prosperity in time of cash scarcity. The efforts to achieve self-help by co-operators would afford great opportunities to a number of low income earners to engage in productive activities. Since past efforts by government to solve economic problems did not yield significant results, there is a need to bring in other institutional arrangements such as cooperatives that could help, hence the need to examine the success factors that can drive cooperative organizations.

Entrepreneurship has always promoted Cooperative businesses through financial and human resource management with a couple of other entrepreneurial skills. However, in spite of the significance of entrepreneurship to cooperative development and national growth at large, entrepreneurship is faced with a number of challenges which include lack of access to funds and poor infrastructure among others. Entrepreneurship will impact cooperative development to a greater extent when concerted efforts are made to address these challenges. A reform of the cooperative policy, legal and regulatory framework is needed for effective and efficient operations of the cooperative business model in Nigeria.

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