

HISTORICIZING COOPERATIVE SOCIETIES AS GROWTH MECHANISM IN AFRICA: LESSONS FROM JOSTUMCOOPS AND OTABO SAVINGS & LOANS AS INSTITUTIONAL AND GROUP BASED COOPERATIVE SOCIETIES (2000 –2025)

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Abstract

This work, *Historicizing Cooperative Societies as a Growth Mechanism in Africa: Lessons from JOSTUMCOOPS and Otabo Savings and Loans as institutional and group based Cooperative Societies 2000-2025*, aims at reconstructing the historical existence of Cooperative Societies, from the background of the Industrial Revolution era, spanning through its spread to Africa, Nigeria and Benue State in particular, with emphasis on JOSTUMCOOPS and Otabo Savings and Loans, between the period 2000 and 2025. The paper intends to bridge the gap between the global international cooperative societies and JOSTUMCOOPS as well as Otabo savings and Loans in areas of funding of members, embracing technology in improving efficiency and connectivity. This paper contends the identification of giant strides of the cooperative societies on the organizational work force of the institution, unraveling their ability to meet the global aim for cooperatives. The researchers employed multidisciplinary approach to carry out this research. Indeed, the researchers' quest is to fill the gap of inadequate literature on the subject matter especially on study cases such as these. Among the many cooperatives within the study area, most of them failed to exist beyond ten years while the study cases have proven to weather the storm beyond twenty years hence the choice of researching on their origin, constitutions and operational guidelines as well as their impact on members and their immediate communities. In addition, the paper maintains that cooperative societies when effectively and prudently operated can improve the fortunes of their members over

time and serve as real growth opportunities as exemplified in the operations of the studied cooperative societies. Findings have shown that the cooperative societies have impacted positively on the institutional work force, even though with some identifiable shortcomings.

Historical Background:

The phrase: Cooperative Society connotes the assemblage, association or union of people of diverse backgrounds (e.g. ethnic, religious, gender and caste, linguistic and cultural) with the purpose of pooling resources together in order to enhance the welfare of members, which ordinarily may be difficult to meet at individual level. To this end, it is generally believed that Cooperative Society is a voluntary association of persons of like minds and class with the basic motive of enhancing the welfare of members.¹ It is vital to note that the voluntary nature of Cooperative Society enables members to enjoy free entry and exit.

Its origin is traceable to the coming together of deprived labourers and low-middle class people of the society in the post-Industrial Revolution era in Britain. The man widely regarded as the Father of Cooperative Movement was Robert Owen (1771-1858) of Wales, a wealthy cotton industrialist, a social reformer and a philanthropic capitalist who was very popular with his vision of “New Moral Order” where he propounded a model for an association of between 500 and 3,000 or “Villages of Cooperation” where workers would pull themselves out of poverty, as an ideal for a working community.²

The Theory focuses on improving the conditions of factory workers through employees’ decisions that eventually led to motivation and productivity. His brilliant ideas sprung from the important truth: Happy employees are more productive. With just twenty-eight (28) weavers, Owen’s idea of cooperative society came into being. The idea or skill later spread to other countries from Britain.

It is vital to also note that the likes of Dr. William King and Rochdale Society of Equitable Pioneers equally made great contributions to the emergence and growth of cooperative societies across the globe.³ While Owen pioneered the movement, Dr. King (1786-1865) made the idea workable and practical no matter how small with emphasis that it must be efficient and impactful. He therefore founded a monthly periodical called *The Co-operator* on 1st May, 1828 where the mixture of cooperative philosophy and practical advice about running a shop using cooperative principles were outlined.⁴ By and large, Dr. King proposed sensible rules on weekly account audit, appointment of three Trustees and the need not to have meetings in public places (i.e. to avoid the temptation of drinking or eating the profits).⁵

It is worthy to state that the first name associated with Cooperative Society is “Rockdale Society of Equitable Pioneers”. From the onset, the aim of coming together was to provide equitable and quality services to the members. The implication therefore is that, it is a form of business where individuals of the same class pool their resources together for the promotion of their common goals or to stand on their legs in achieving their set goals. This group designed the now famous Rochdale principles. Twenty years later, the North of England Cooperative Society

was launched by 300 individual cooperatives across Yorkshire and Lancashire and by 1872, it became known as Cooperative Wholesale Society (CWS).

Following the brief instability that greeted the cooperative movements in Europe and the United States, when the CWS's share of the market declined in the 90s with a lot of doubt over the viability of cooperative model, allegations of 'carpet bagging', frauds and commercial leaks led to dismissal and imprisonment of some executives. CWS was recharged when its membership base increased and the Tony Blair's Cooperative Commission chaired by John Monks made useful recommendations which transformed the fortunes of CWS from the year 2000.⁴ The recommendations led to the merger between CWS and Cooperative Retail Services, CRS, UK's second largest society.⁵

As a by-product of industrial revolution, the philosophy of Cooperative Society "all for each and each for all" is geared towards serving the common man and to liberate him from the oppression of economically strong people and organizations. It aims at self-help on the part of economically weaker groups of the society through enhancement of their common economic and social interests to eradicate capitalist exploitation, eliminate middleman and bring the consumer and producer together and/or to bring the depositors/contributors and borrowers of the funds together (e.g. in the area of Finance Cooperative Society) in the post-industrial society.⁶

Consequently, it needs to be stressed that since its existence from 1844 and its rapid spread to other countries of the world, cooperative movement has been described as a "third force or third sector", an alternative and countervailing power to both big business and big government for sustainable socio-economic development and stability through its approaches by way of giving access to the economically weak to exercise and exert considerable economic power through the pooling of resources.⁷

With its spread from Europe to Africa and considering its potentials in contemporary global socio-economic development and especially with the fact that communism has almost ended and capitalism has reached its limit without solving the socio-economic problems of the world, Africa and other less developed world came to realize that the future of the world lies in cooperativism in view of its potentials. Nevertheless, according to Rally Comrades, "Revolutionaries recognize that to win, our class must move from the defensive-defending the capitalist system and what they once had- to the offensive- fighting for a cooperative society that is possible....." ⁸ It is against this backdrop that Cooperative Society will serve as a growth mechanism of African response to global socio-economic challenges especially in the 21st Century and beyond.

The objective of this exercise is to interrogate its origin and significance in view of it serving as growth mechanism of African response to global socio-economic challenges, with the aim of weighing its potentials vis-a-vis the limitations in its over 180 years of existence. This article focuses on definitions of key words such as Cooperative Society, Growth, African Response and Global Economy and drawing lessons from the sustained operations of JOSTUMCOOPS and Otabo Savings & Loans as institutional and group based cooperative societies respectively while examining the challenges and potentials. It will therefore conclude with suggestions and/or recommendations on ways of sustaining them as effective growth

mechanism of African response to global economic realities in the 21st Century and beyond.

Conceptual notes: Cooperative Society falls in the category of institutional infrastructure. Infrastructural facilities are basically of three types. According to Kahn's classification, infrastructural facilities include: physical, social and institutional. The physical type consists of roads, water, rural electrification, storage and processing. On the other hand, the social infrastructure deals with health, educational, community centers and fire and security services. The third category which is institutional infrastructure is concerned with credit and financial institutions as well as agricultural research facilities.⁹

Generally speaking, infrastructures are the foundational structures that are necessary for optimal living of the people in a giving society. Indeed, the provision of these infrastructures would not only affect the living conditions of the people but enhance economic development of any community or are capable of addressing the problem of poverty in the society. That is why the Millennium Development Goals (MDGs) according to development scholars were/are designed to confront the challenges of underdevelopment. The provision of infrastructures therefore remains the best option as they have direct benefit to the communities wherever they are sited.¹⁰

Growth: According to Professor Simon Kuznets, it is defined as, "a long-term rise in capacity to supply increasingly diverse economic goods to its population, where the growing capacity is based on advancing technology and the institutional and ideological adjustments." Indeed, the above definition contains three components. In the first instance, economic growth of any society is identified by the sustained increase in the supply of goods. The second component is that advancing technology is the permissive factor in economic growth which determines the growth of capacity in supplying diverse goods to the population. The third being that for an efficient and wise use of technology and its development, institutional and ideological adjustments must be made to affect the proper use of innovations generated by advancing stock of human knowledge.¹¹

African Response: This implies the way and manner Africans and their institutions embrace economic policies and reforms, especially the concept of Cooperative Society to their cultural, social and economic spheres. In other words, the response simply connotes Africa's acceptance or otherwise of cooperativism especially how they have been able to manage it for themselves over the years.¹² In addition, their approaches toward its critical goal as an alternative platform to the continent's economic growth and development equally constitutes critical response.

Global Economy: The phrase connotes how trade and technology enable the interconnectivity of nations' economies into a single market place. In other words, it refers to the oneness economic system by all humans due to social and economic changes resulting from trade and technology, which is completely different from global geography and ecology. It must be noted that this interconnected activity can have either negative or positive impact on the participants hence its generation of unequal relationships among nations.

A notable feature of it is its changing patterns from time to time and its control. For example, industrial revolution made it possible for the western European nations

such as Britain, France, Germany, Italy etc., to play dominant roles in it. Since then, it has shifted basis to United States of America, Japan, China, Canada, and Singapore etc. It is majorly controlled by the big businesses especially in financial and production sectors. The spread through international transactions led to the involvement of African and other developing countries even though at their detriment.¹³

As a Growth Mechanism of African Response to Socio-Economic Challenges:

The world, no doubt has undergone some fundamental changes such as globalization, liberation and regional integration. This has often led Africa and Nigeria at the mercy of the industrialized world especially with the establishment of World Trade Organization (WTO) as partner to International Monetary Fund, IMF and World Bank, WB as instruments of manipulation by the advanced countries.¹⁴ Cooperativism according to Father Arizmendi is an economic movement that uses the methods of education or an educational movement that uses the methods of economics. On his part, Bello observes that in an era when many people feel powerless to change their lives, cooperatives represents a strong, vibrant and viable economic alternative since they are formed to meet people's mutual needs. They are based on the strong idea that together, a group of people can achieve goals that none of them could alone.¹⁵ For nearly 200 years now, cooperatives have become the effective ways for people to exert control over their economic livelihoods. They therefore serve as economic tools for achieving one or more economic goals in an increasingly competitive global economy. Perhaps, as government around the world cut services and withdraw from regulating markets, cooperatives are regarded as useful mechanisms to manage risks for members, assist salary/wage earners save for the future through a soft- felt monthly contribution that is deducted from source, own what might be difficult for individuals to own by their efforts, strengthen the communities in which they operate through job provision and payment of local taxes. No wonder then that the cooperative movement has been described as a third force/ third sector that serves as an alternative and counter-veiling power to both big business and big government for sustainable socio-economic development and stability through its approaches.¹⁶

This therefore gives access to the economically weak to exercise and exert considerable economic power through the pooling of resources, hence it reduces exclusion, which engenders socio-economic stability. Perhaps, now that communism has ended and capitalism has reached its limit without solving the socio-economic problems of the world, the future of the world lies in cooperativism¹⁷ due to its socio-economic potentials as earlier posited.

By and large, Cooperative Societies are known to offer loan facilities at lower interest rate and on easy terms and conditions. Indeed, credit cooperative societies are mainly two, namely: agricultural credit cooperative which give credit to rural people for both productive and non-productive purposes; and non-agricultural credit cooperative which services urban masses and meet their short term financial requirements. The latter happens to be the focus of this article, Joseph Sarwuan Tarka University Makurdi Cooperative Society (JOSTUMCOOPS) formerly known as University of Agriculture Makurdi Staff Multipurpose Cooperative Society Limited

UAM-SMCSL and Otabo Xmas Loans & Savings Society as institution and group based Cooperative Societies, both based in Makurdi, capital of Benue state in north central Nigeria from 2000 to 2025.

Principles of Cooperative Societies: The focus here is to look at Cooperative Society as an institutional infrastructure owing to its obligations of making financial resources available to members to meet certain basic needs. In that context, both the banks and cooperative societies (e.g. credit and finance) have become enablers of responsible credit system within a society. Without their roles, the gap in any given society between classes would have widened maximally. In a nutshell, the term, Cooperative Society from the perspective of International Cooperative Alliance (ICA) is “an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise”¹⁸ This implies that Cooperative Society is therefore meant to embody the values of self-help, honesty, effectiveness, transparency and accountability. There are seven key principles of Cooperative Society identified to guide its formation, organization and activities. These include: (i) Voluntary and open membership (ii) Democratic member control (iii) Member economic participation (iv) Autonomy and independence (v) Education, training and information (vi) Cooperation and cooperatives and (vii) Concern for community.

Potentials of Cooperative Societies: Its potentials range from generation of employment and maintenance of stable income, production and supply of quality goods and services to members and communities of their operation, promotion of solidarity and tolerance through the practice of principles and ethnics, promotion of rights of individuals (i.e. women and men) as well as enhancement of literacy or technical training. All these no doubt, make cooperatives as social and economic actors in many national economies due to their role of integrating the poor into the mainstream economies. Others include; achievement of bargaining power and capacity to invest in storage, processing, marketing and distribution of products and services. In addition, Cooperatives devolve decision making to the community level or membership level, build social capital as well as community spirit and pride.

Pillars of Cooperative Societies: As a growth mechanism of African response to global economic challenges, the Cooperatives’ four major pillars which drive its development are; education, finance, social welfare, and research and innovation. At the level of education, Father Arizmendi’s statement was modified as “cooperativism is an educational movement that uses the methods of economics. Consequently, educational ideas and educational training as well as information management should be built into the operations of cooperatives.”¹⁹ On the social welfare, since it is one of the core objectives of every cooperative, it is expected of cooperative management to create scheme such as insurance, pension, health etc. for further benefits of members who are usually vulnerable.

At the level of finance, since it is always a major concern for all cooperatives, their management should employ innovative solutions to deal with the issues of sourcing, managing and increasing capital by putting in place necessary procedures.

One way to do this is through inter-cooperative cooperation. Such as establishment of cooperative bank or other scheme that facilitates the transfer of loans between one cooperative and another or to establish rules that encourage the allocation of substantial percentage that is given to members to be retained in the business individual capital accounts.

Finally, on the research and innovation as a major pillar of Cooperatives, it is expected of every cooperative to place emphasis on research and innovation both in terms of product development and support institutions. In all intents and purposes, innovation guarantees the future of cooperatives. By and large, the above pillars enhance the continued success of cooperatives both from business and cooperative perspectives. They also give rise to the practical implementation of its principles, support its structure and facilitate the achievement of future objectives.

Following the development and introduction of microchip into the world economy, areas of production, increasing output and replacement of human labour in production, the Rally Comrades Publication, RCP responded by preferring that, the only solution is a Cooperative Society. This position was strongly supported by the recognition accorded the increasing need and importance of cooperatives in contemporary world economy by the International Labour Organization, ILO. The recognition led to the review of ILO's recommendation 127 on Cooperatives, where it was observed that, because of mass poverty, high unemployment, inflation, unfavorable terms of trade for export crops and the burden of foreign debts and reduction of investment in areas of education and health as well as the dictates of the rapid technological change which requires individuals to learn and relearn skills throughout their working lives in the developing countries, there has been sufficient structural shift to small and micro-enterprises including Cooperatives.

For its efficient operations, Cooperatives must count on cooperation rather than competition among themselves. While commercial firms usually follow the rule of "grow or perish", the typically cooperative answer to the increasing competition and to the challenges of globalization is horizontal and vertical integration which allows basic units of the integrated system (primary cooperative societies) to remain independent entities operating close to their members. Summarily, cooperatives are enterprises that put people at the center of their business and not capital. Cooperatives therefore are business enterprises defined on three basic interests; ownership, control and beneficiary. The people are at the heart of its business unlike those out for profit making.

As a social capital and poverty reduction approach, often when rural people are asked, what keeps poor people poor, the first thing they say is, "The poor are alone." And when asked further about what they appreciate most about a successful development project in their community, before mentioning monetary or technical benefits, the poor would say, "The project helped them to stand together." It is imperative to note that strong social organization like Cooperatives makes it possible for the poor to gain access to resources and knowledge within the communities and to develop links with external partners.²⁰

Emergence of Cooperatives in Africa has served as a countervailing force to the problems associated with traditional financial institutions (e.g. usury) whose activities rather than reducing poverty aggravate it for the rural poor. This is so

because their usual extremely high interest rates always entangle the rural poor with increased indebtedness in their quest to fulfill their important social obligations such as marriages, burials and rendering assistance to relatives etc.). Microfinance institutions were later developed to assist Cooperatives access capital for enhanced operations. For instance, in a survey of eighteen (18) West and Central African countries in 1992, the World Bank found 139 Microfinance Institutions, MFIs. Nineteen (19) were in Burkina Faso, Ghana and Senegal, seven (7) in Mali, which hopefully increased to fifty seven (57) in 1996. However, between 2018 and 2024, there were 632 MFIs in thirty seven (37) Sub-Saharan African countries surveyed with over 500 in West Africa alone serving nearly 19 million clients.²¹

Lessons from JOSTUMCOOPS Society:

JOSTUMCOOPS: Joseph Sarwuan Tarka University Makurdi Cooperative Society (JOSTUMCOOPS) is known formerly as University of Agriculture Staff Multipurpose Cooperative Society Limited (UAM-SMCSL) registered as a corporate entity with registration no. BNS/9847 on 20th May, 2002 under the Nigerian Cooperative Societies Decree No. 90 of 1993. JOSTUMCOOPS has four (4) major layer organs for its operations. These include: The Board of Trustees (BOT); Executive Committee (Exco); General Assembly/Congress and the Working Committees.²² The Society is governed by its Constitution and Operational Guidelines.

The Board of Trustees (BOT) as the apex decision making body of the Society comprises the six Principal Officers of the University, namely: Vice-Chancellor, Deputy Vice-Chancellors (Admin. & Academic), Registrar, Bursar and Librarian) and five out of the nine Exco members which include: President, Secretary-General, Treasurer, Financial Secretary and Legal Adviser. BOT meets quarterly to consider requests and approve proposals for Exco to implement for the good management of the society.

The Executive Committee (Exco) meets regularly to process members' requests or demands. Each official maintains an office in the Society's Administrative Office located within the University Staff Quarters. The Executive Committee members are elected for two years and re-elected for a second term depending on credible performance. The nine-Exco body includes: President, Vice-President, Secretary-General, Assistant Sec-General; Treasurer, Financial Secretary, Auditor, Public Relations Officer and Legal Adviser. The Congress/General Assembly consists of all financial members of the Society which meets once in a year except for emergency meetings. Its main duty is to ratify decisions of BOT and grant approvals to Exco requests that are in line with its Constitution. It considers financial reports of the Society and conducts elections into the various offices as well as raising Committees to run the affairs of the Society.

The Society's activities are centered on the aims and objectives which include the following:

- (i). Promotion of the wellbeing of the members.
- (ii). Provision of forum for exchange of ideas for entrepreneurship education and development.

- (iii). Make tangible contribution to the job satisfaction of Staff of the University.
- (iv). Complement the staff welfare policy of the Institution.
- (v). Promote culture of savings among members.
- (vi). Engage in income generating activities for members and those of the community, and
- (vii). Protecting the economic interests of members.²³

In its twenty three years of operation (2002 -2025), JOSTUMCOOPS has grown to a conglomerate with a total of 3,740 members and a total equity of over #2billion (i.e. #2,018,193,273.00) as well as total assets of #2,145,398,164 as at 2021. As a worker-cooperative scheme, membership remains voluntary among the workforce through application to the Exco and payment of registration fee of #1,000 only and acquisition of shareholding. The next step is monthly deduction of members' subscribed amount from his or her salary at source which is remitted to the society by the bursary department. The pooling together of funds by members constitutes the loanable funds of the Society which are granted to members upon request. Disbursement of loan request is based on 150 percent of member's saved fund for duration of twenty four (24) months. It is worthy of note that loan recovery is by deduction from the staff salary at source.

JOSTUMCOOPS operates basically four (4) types of credit facilities to its members at ten (10) percent interest charge only with recovery duration ranging from twelve (12) to twenty four (24) months respectively. These include: Emergency Loan, Commodity Loan, School Fees Loan, and Regular Loan. While repayment of Emergency, Commodity and School Fees' loans are for 12 months that of the Regular loan is for 24 months. Regular loans are of higher amount and are granted for execution of capital projects such as purchase of lands, building of houses and procurement of automobiles among others.²³ It is observed that at the onset of the Cooperative, members rarely take loans for burials and other uneconomic activities.

It is erroneously believed by many that having easy access to loan facilities will enhance their financial fortunes. At least, this illusion is very much responsible for the near bankrupt state of most cooperatives in Africa and Nigeria in particular. For instance, in the Joseph Sarwuan Tarka University Makurdi where JOSTUMCOOPS is domiciled, majority of the members struggle to access all the four types of loans almost simultaneously. The implication is that after deductions are made from their salaries they are left with very meager amount for their upkeep. It was because of the attendant consequences on the Staff and members of the society that prompted the University Management to issue a memorandum titled, "Financial Embarrassment" which warned members against procuring loans beyond their salaries' capacities. That memorandum also directed the JOSTUMCOOPS Exco not to allow staff/members to over borrow from the Society.²⁴ Be that as it may, that incidence marked the beginning of official regulation of the Society's activities by the University Management to some extent even though for the good of the members and the society.²⁵

Benefits of JOSTUMCOOPS as an Institutional Cooperative:

JOSTUMCOOPS in the twenty-three years of its existence has greatly benefited its almost 4,000 members in the following ways:

(a). **Easy and direct access to funding:** All members have enjoyed easy and direct access to funds from the Society for running businesses and execution of various projects through the various types of loan (e.g. Regular, Emergency, School fees and Commodity) available to them from time to time.

(b). **Training:** Owing to availability and accessibility to funds from the society by members, the hitherto difficult educational and professional trainings for both staff and members was overcome. Because of staff yearning for self-sponsorship at various levels, the Society introduced Emergency and School fees loans to meet member's expectations. Similarly, the Management of the Society reserves 1% profit for Staff/Management Development/ Training workshops/conferences etc.²⁶

(c). **Imbued culture of savings:** Prior to the advent of JOSTUMCOOPS in 2002, staff of the institution barely lived from hand to mouth as many of them could not boast of any serious savings or tangible funds outside salaries. Few years after JOSTUMCOOPS' operations and following its positive impact on the members, it was described as "First Retirement Fund" in view of the fact that whenever a member and a retiring staff pulls out of service, the saved funds is seen as such before the real retirement benefits (e.g. gratuities and pensions) are paid by the government. The Society since 2021 set aside 5% of its net profit to payment of terminal benefits to the retiring members from the University service.²⁷

Furthermore, the culture of saving (compulsory in nature) means that a sense of financial stability is created among the Society members.

(d). **Payment of dividends and honoraria:** The sharing of profit among the members/shareholders known as Interest on Savings (IOS) on an annual basis per percentage based on total saved funds of a member. This nonetheless has seriously enhanced additional income of members, similar to a feat enjoyed by those who made investments in stock business. Aside the dividends paid to all financial members annually, payment of sundry honoraria to Executive Committee members, BOT members and Special Committee members is of great benefit. In particular, Exco members and the Society Staff enjoy payments of monthly local running allowances, kilometer allowance and 5% honorarium out of total profit for the year. All these equally make the Society beneficial to several people.

(e). **Generation of employment and business opportunities for members of the public:** The Society started with two deployed staff from the University Administration who joined the then few Exco members to run it. Overtime, as it expanded in operations and membership, JOSTUMCOOPS increased not only its Exco but employed five and later thirteen (13) staff that is well placed on salaries and allowances based on the Federal Civil Service terms. Consequently, the Society's wage bill rose to over #5 million (i.e. #5,237, 021.00) in 2020.²⁸

(f). **Production and supply of quality goods and services** to members and communities of their operation. The Scheme provides a lot of opportunities for business men and women to increase their yields. Many of these groups registered with the Society as contractors and clients and derive maximum benefits in making

supplies of goods and services periodically. By this, members are afforded access to quality goods at affordable rates.

(g). Community Service: The Society has introduced scholarship Scheme for members of the immediate community. In addition, it made room for donations and assistance to deserving members of the community in terms of relief support (e.g. natural disasters) from time to time. For example, in 2020, the Society set aside 1% of its net profit for corporate social responsibility. Part of it includes the institution of prize for best graduating student in Mathematics and English Language for students of Demonstration Secondary School of the University.²⁹

Lessons from OTABO SAVINGS & LOANS as a group based Cooperative Society:

Established in November, 2007 in the Central Police Barracks, Makurdi, capital of Benue State in the North-Central Zone of Nigeria with only 47 members and total shareholdings of 1,750, Otabo Savings & Loans Society has grown in membership to 574 and shareholdings of 123,500 in 2025 after eighteen years of existence.²⁹ As a good example of cooperative credit or group based cooperative society, Otabo started on the principle to “help” people with high priority on the registered members. Its mission statements at inception are as follows:

- i). To promote the culture of saving for investment and attainment of personal development;
- ii). To pool resources together for improved welfare of members; and
- iii). To enshrine transparency in the management of people’s resources with the view of lifting the goal of cooperative society as an institutional infrastructure to higher level.³⁰

Its sources of income range from membership registration fees, fines for lateness in contribution, loan application fees, interest charges on loans, default charges on non-loan repayments at due date, fine for non-borrowing during the end of transaction year (i.e. equalitarian principle for all to share accrued profits equally based on shareholdings), administrative charges on non-qualified contributors; to interests from savings in banks and fund placement. Its meetings are held weekly on Sunday from 12 noon to 4pm where members make their contributions or deposits for the week or month depending on individual preferences. The Exco, comprising the Chairman, Secretary, Treasurer, Financial Secretary, Assistant Secretary and Assistant Treasurer make entries and reconcile account of members on their cards and other registers/records.

Otabo Cooperative unlike JOSTUMCOOPS has only two types of loans, namely: Card loan and Management loan. The Card loan is essentially for funds within the capital base of the members while the Management loan is for huge amount of money and is for both members and non-members who are capable of repaying when due. All types of loans are properly guaranteed before disbursement and with duration of three months at first instance.

As at 14th January, 2014, Otabo Xmas Savings and Loans Society has a 20-member Board of Trustees BOT, which meets twice annually to fashion out leadership policies and to attract businesses/transactions to the Society as well as take

decisions on sharing of annual dividends to qualified depositors. The BOT comprises the Chairman, Secretary as its key officials along with all Exco members, Recovery Committee Members, Members of Audit Committee and a few selected Stakeholders.³¹

On the other hand, the following constitute losses on the Society’s transactions: charges on SMS alerts, fund transfers or online payments, 5% of Value Added Tax (VAT) on fixed deposits’ interests; and all operational expenses including cost of materials and printed items and funds deployed in recovery of debts on yearly basis.

Qualifications for interest or dividend sharing in Otabo Cooperative Society at the end of every year transaction are based on shares subscribed to from the beginning by members. To qualify for such interest, each depositor must contribute up to forty-four weeks out of the fifty-two (52) weeks of the year. In other words, any depositor who is absent for eight weeks within the business year stands disqualified from sharing interest and can only be paid his/her deposited fund less administrative charge of N1,000, notwithstanding the payment of penalty for non-contribution during the financial year.³²

Reporting at a JOINT EXCO/BOT/AUDIT/RECOVERY COMMITTEES’ MEETING held on 3rd December, 2022, the Chairman noted that the society has grown at a geometrical progression both in membership and shareholding from the commencement year 2007/2008 (with only 47 members and 1,750 shares) to 574 registered members and 123, 500 shares in 2023/2024. The Chairman added that, “Our last year report observed that higher subscribed shares implies low dividend for members while controlled shares and membership means higher dividend for members”. Citing the example of 2021/2022 Performance, the Chairman further explained that with membership of 459 and total shareholdings of 102,500, **Otabo’s** total deposit for 2021/2022 stood at over one hundred and six million naira (N106,369,000.00) but personal/management debts and other Depositor’s liabilities of about thirteen million naira made it to be left with a balance of about N80 million. Out of this figure, N18,157,750.00 represents total sharable profit funds for the qualified shares of 98,150 hence = N185 per share, slightly less than the figure for last year (i.e. N190 per share). Whereas, previous year’s qualified shares stood at 86,000 as against 2022’s 98,150 qualified shares.³³

Table 1: Otabo Society’s Performances since inception (2007-2024):

TRANSACTION YEAR	TOTAL MEMBERS	TOTAL SHARES	TOTAL QUALIFIED SHARES	TOTAL DISQUALIFIED SHARES	DIVIDEND PER SHARE	TOTAL SHAREABLE PROFIT	TOTAL PAYABLE FUNDS
2007/2008	50	1,750	1,730	20	275	481,250	Over N1.6m
2008/2009	64	2,675	2,605	70	250	651,250	Over N2.5m
2009/2010	98	5,725	5,650	75	270	1,525,500	About N5.6m
2010/2011	126	11,425	11,300	125	300	3,390,000	About N9.8m
2011/2012	146	16,345	16,200	145	290	4,698,000	About N14.85 m
2012/2013	209	27,050	27,000	50	240	6,480,000	Less N26.2m

2013/2014	284	41,675	41,300	375	290	11,977	Over N37.3 m
2014/2015	358	52,725	52,155	570	300	15,646,500	N45.9m
2015/2016	513	79,075	79,000	75	220	17,380,000	N67,905 m
2016/2017	536	87,750	87,500	250	225	N19,687,500	N79,995,000 m
2017/2018	570	101,525	100,600	925	215	N21,629,000	About N94m
018/2019	621	127,750	127,000	750	180	N22,869,000	N112 m
2019/2020	480	101,150	91,750	9,400	175	N16,056,250	N96.8 m
2020/2021	427	92,450	86,000	6,450	190	N16,340,000	N89m
2021/2022	459	102,500	98,150	4,400	185	N18,157,750	N91,392,750.00k
2022/2023	402	94,175	90,175	4,000	190	N16,285,400	N82,580,000.00k
2023/2024	574	123,500	107,000	16,500	185	N19,795,000	N115,649,000.00k

SOURCE: Annual Report of 2023/2024³⁴

General Lessons: From the foregoing, it is vital to note that the two studied cooperative societies are of different types. While JOSTUMCOOPS is of institutional based, Otabo Savings and Loans is group based. Though the two are based in Makurdi where a good number of both institutional and group-based schemes have failed to exist beyond five years after their establishment, they continue to exist twenty-three years and eighteen years respectively. The former with 13 staff plus 9 Exco members is weathering the challenges of running cooperative in a non-industrialized environment and the latter (Otabo) with 6 Exco plus a strong BOT has proven that competency and transparency can distinguish a visionary group from the mushrooms.

Nevertheless, because of placing too much emphasis on personal benefits of the Exco members and the staff, JOSTUMCOOPS' fortunes in the past four years are beginning to decline remarkably. The management is unwilling to review the Constitution to cut down administrative costs hence low IOS in 2024 to members. For instance, N48m out of N105m of JOSTUMCOOPS' profit for 2023/2024 financial year went into administrative, honorarium and sundry expenditures leaving only N57m as IOS which yielded meager N28.00k as dividend per a thousand share for members. This drastically reduced the IOS for the year to be the lowest ever, leaving members helpless and disappointed.

Also, inability to satisfy member's expectations in granting loans to applicants for the various credit facilities, all contributed to the proliferation of four Union based cooperatives in the University. (ASUU, SSANU, NASU, NAAT) hence rapid declining membership with a bleak future. This implies that the best of JOSTUMCOOPS may have come and gone.

Conversely, the Otabo Savings and Loans Society has strictly adhered to its foundational Constitution and Operational Guidelines hence surviving in spite of some difficult economic situations. For instance, many of its contemporaries

collapsed after the Covid 19 Pandemic. The simple explanation is that the management gives priority to satisfaction of the general members than the Exco of the BOT members unlike many others. For example, as can be seen from the table above, in 2010/2011 and 2014/2015 when OTABO Cooperative declared its highest IOS/dividend of N300 per share, Exco and BOT got only N600,000.00k and N750,000.00k as honoraria respectively.

Otabo Cooperative Society is a registered business entity with the Corporate Affairs Commission under the name Otabo Mega Synergy Limited (RC 1310812) saddled with the responsibility of encouraging Savings among members and granting credit facilities to both members and trusted members of the public. These cardinal objectives, Otabo has vigorously pursued since 2007/2008 when it was established and has never operated at a loss.³⁵ No wonder, Otabo has consistently maintained a leading position in the comity of Cooperative Societies in Benue state.

Like the saying that, you don't change a winning team Otabo's management team has remained since inception to date (from 2007- 2025), all because of effective operations of the scheme based on focused economic principles. Little wonder that in 2024, when Otabo shareholding had geometrically increased, JOSTUMCOOPS' is plummeting and facing possible extinction owing to its burdened large number of employees and Exco members as well as bloated expenditure year in year out.

Conclusion

The main crux of this paper is historicizing cooperative societies as a growth mechanism in Africa, drawing specific lessons from JOSTUMCOOPS and Otabo Savings and Loans as Institutional and group based cooperative Societies, periodized between 2000 and 2025. In a historical perspective, Cooperative Societies emanated from the Global Industrial Revolution era. The motive was to pull factory workers and Cooperative workers out of poverty. Partly, it was aimed at improving productivity of the workforce. These gave birth to the idea of operating a shop for Cooperative as well as have a Board of Trustees, geared towards saving the common man, as well as financially empowering him. Basically, it aimed at liberating the common working-class man from the operation of economically strong people. This spirit of cooperation was embraced in Africa following the World Economic Order. The fundamental objective was to interrogate origin and significant of growth medium for Africa.

It is for this reason that this paper specifically interrogates JOSTUMCOOPS and Otabo Savings and Loans in Benue State, Nigeria in Africa with the aim of ascertaining their benefits to organizational workforce of the societies and to unravel their ability to meet the global aim for cooperatives established. This paper reveals that JOSTUMCOOPS and Otabo Savings and Loans have made significant impact in areas like: Direct access to funding for members, funding for further training, and savings for members among others.

However, these Cooperatives are not without shortcomings, in the area of embracing Technology, International Cooperatives have emphasized the importance of Technology in improving efficiency and connecting with members across borders. For example, Kenya's CoopTech is a Cooperative owned Technology Company that

supports and provides shared services to the Cooperative Movement. This is lacking in these two cooperatives. Others include: Diversifying investments to strengthen resilience and competitiveness in global market. Another is global partnership and Networking, to promote fair trade, share best practice and support member institutions. All of these have constituted deficiencies here.

Recommendations:

It should be reiterated that, as unraveled from the historical background of this paper, Cooperative Societies are alien to Africa, Nigeria and Benue State. Since its adoption to our society, it has however impacted significantly on the socio-economic challenges of the working population of the Joseph Sarwuan Tarka University Makurdi and its environs in various perspectives. However, for the JOSTUMCOOPS and OTABO Savings and Loans to achieve their set goals and objectives to meet the global standards amidst certain shortcomings, the following recommendations should be adopted:

1. Cooperative Societies under study and others should embrace Technology. This is to enable them conform to international cooperatives which emphasize the importance of technology in improving efficiency and connection with members.
2. There should be diversification of investments in order to strengthen resilience and global competitiveness.
3. Cooperative Societies should embrace global partnership and Networking in order to promote fair trade, share best practices and support members.
4. Exco members of the JOSTUMCOOPS should place less emphasis on their personal benefits for the better survival of the cooperative society.
5. JOSTUMCOOPS should improve on her ability to satisfy members' expectations in granting loans for various credit facilities to avoid membership deflation.

Endnotes

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