

## **INFORMAL FINANCIAL INTERMEDIATION AND RURAL DEVELOPMENT: THE ROLE OF COOPERATIVE SOCIETIES IN ENHANCING THE INCOME OF RURAL FARMER MEMBERS.**

By

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### **Abstract**

*The study examined the effect of informal financial intermediation on rural development with special focus on, the role of cooperative societies in enhancing the income of rural farmer members in Nigeria. The study utilized primary data, which were extracted from questionnaires distributed to 335 rural farmer members in the study area. Descriptive statistics were used to analyse and discuss the data, while inferential statistics such as paired sample T-test was employed to test the formulated hypothesis. The study found among others that incomes of members are dependent upon their socio-economic profile such as years of farming experience, access to land, family size, age and marital status. The result also revealed that there is a positive relationship between the activities of cooperative societies and the income of its members in Ekiti State as shown from the paired sample T-test which was employed to test the hypothesis at 5% level of significance. The Study recommends, among others, that Government should formulate workable policies that would make credit facilities and extension services available and accessible to cooperatives with less stringent conditions, Cooperatives should provide more education to members and potential members, with the aim of sensitizing them on the benefits of participating in cooperative activities and cooperatives should come up with more practicable activities in their areas of operation that will have more benefits on not just their members alone but also on the promotion of the entire welfare of the community.*

**Keywords:** *Financial intermediation, Rural development, Cooperative society, Rural Farmers, Income, Cooperative Marketing.*

### **1.1 Introduction**

One of the keys to sustainable rural development is access to affordable credit through an efficient financial-intermediation scheme that can improve the access of rural dwellers, who are basically poor farmers to financial services. This will in turn boost farm income and open up the development of the rural areas, which is characterised by absences of competitive market and public investment in physical and social infrastructure which are known to be requirements for achieving sustained rural development. Cooperatives are globally known as self-help organizations that play a significant role in improving the livelihood of their members and community especially in the rural areas. As noted by Ortmann and King (2007) the origin of modern cooperatives can be traced to Europe, which was occasioned by the ills of capitalism. Cooperative societies bring the resources of people together in economic and social forms. It is

democratic in its operation, as all members of the cooperative organization are as well owners and user of their business.

United States Department of Agriculture and Rural Development (2000) assert that Farmers Cooperative Society is owned by farmers to collectively sell their products and promote amongst others the welfare of their members. It allows the farmer producers to accomplish collectively functions they could not achieve on their own, thereby enabling the farmers to capture more of the returns that would otherwise go to others acting singly. Cooperatives Societies operates in different forms, one such is Farmers Multipurpose Cooperative Societies (FMCS) which is targeted at improving the income of farmer members producers through; correcting failure in the market occasioned by low prices or lack of buyers, spread risk and costs, gain market negotiating power against bulk buyers, creates processing in large volumes to efficiently operate a plant and also have enough to meet the demand of buyers. Uplifting the income of the poor in the rural communities is key to the development of the rural areas, especially in the wake of the rising urban population. Cooperative organizations, especially those in the agricultural production sector are known to have optimally demonstrated the potentials and resources towards the satisfaction of the wellbeing of their members especially in the rural areas. As noted by Mhembwe (2017), Cooperatives can enhances the livelihood of members and rural communities by offering self-employment to their members whose participation in economic activities makes it possible for them to be sure of a decent income, they also create indirect employment to others through the spillover effects of their activities to non-members who generate income through transactions and opportunities created by cooperatives.

## **1.2 Statement of the Problem**

The rural farmers in Nigeria are faced with a lot challenges, especially as it concerns their farm produce. Despite being enmeshed in subsistent production, they are faced with varied challenges of; poor access to credit, seasonal farming, lack of storage facilities, perishability of farm produce, prices fluctuations, poor market information, transportation problems, low technology utilization and use of traditional methods of production amongst others. This situation tends to worsen the income generating capacity of the rural farmers, as they become more powerless against market forces and cannot obtain economics of scale acting individually.

As noted by Ojiagu and Onugu (2015), these rural farmers are close to or even below the economic viability. Due to their farm size, lack of influence on the market, lack of means to acquire the desired resources to increase productivity in expanding and modernizing farming methods, lack of improved seedlings and adequate market for their produce. The rural farmers lack the resources to make these facilities available, thereby making them to continually experience; low yield and productivity, low savings and low investment which finally results in dwindling income for the

farmers. Farmers Multipurpose Cooperative (FMCS) can play a vital role in this regard, because as a unique form of business organization, it is aimed at meeting the needs of its members by providing them with services that can help them optimize their production and help them achieve price stability. Royal Tropical Institute and International Institute of Rural Reconstruction (2008) note that price stability in rural Africa is a big challenge to smallholder farmer producers, it has impacted negatively in no small measure on the income of rural farmers as a result of the dominance of rain feed agriculture which account for great fluctuation in prices largely between areas, within a season and between seasons, frequent harvest failures, limited storage facilities, limited integration of market due to bad roads amongst others.

Majority of the rural farmers do not just produce for their own subsistent use, but they also aim to sell some of their produce in the market in order to have income as gain for their farm labour, which will enable them to buy other economic goods or pay for services. Hence Farmers Multipurpose Cooperative Societies, through collective action can enable smallholder farmers in the rural areas to strengthen their bargaining power and participate in profitable value chains, as well as exploit economics of scale to transact business with big buyer of their outputs or suppliers of the input needed in their farming business, it also offer to farmers many advantages from the ability to realize higher prices in markets that will raise farm income which otherwise would have be impossible to attain acting individually, boost members access to affordable credit for higher productivity and expansion of farm business and ultimately, improve the economy of the rural areas. This paper seeks to empirically investigate informal financial intermediation and rural development: the role of cooperative societies in enhancing the income of rural farmer members in Ekiti State, Nigeria.

### **1.3 Objectives of the Study**

The broad objective of this paper is to appraise informal financial intermediation and rural development: the role of cooperative societies in enhancing the income of rural farmer members in Ekiti State, Nigeria. Specifically, the objectives are to:

- i. examine the socioeconomics characteristics of Farmers Multipurpose Cooperative Society members in Ekiti State.
- ii. determine the relationship between Farmers Multipurpose Cooperative Societies and the income of rural farmer members in Ekiti State.
- iii. examine the effect of Cooperative Marketing on farm size and productivity of rural members in Ekiti State.

It thus, hypothesized that Farmers Multipurpose Cooperative Societies in Ekiti State have not significantly enhanced the income of its rural members.

### **The Scope of the Study**

This study is designed to examine the effect of informal financial intermediation on rural development, with focus on cooperative societies in enhancing the income of rural farmer members. The unit of analysis focuses on rural farmers who are members of cooperative societies (Farmers Multipurpose Cooperative Society). This study was conducted in selected rural areas of Ekiti State, with active Farmers' Cooperative Societies.

### **Significance of the Study**

The findings of this study will show the immense benefit of credit availability in the development of the rural areas through informal financial intermediation of cooperative societies. This will help to address the peculiarity of the rural economy, boost the income of local farmers and further emphasize the importance of cooperatives in national development. It will also provide a guide for both academic researcher and scholars in their future study.

## **1.4 Literature Review**

### **1.4.1 Conceptual Review**

#### **Informal Financial Sector**

Informal financial sector consist of those, often unrecorded, activities that take place outside official financial institutions. Their transactions rarely use legal documentation or the legal system to enforce contracts, though their activities are legal, but unregulated. The procedures of the informal sector are usually simple and straight forward; as they emanate from local cultures and customs and are easily understood by the people. Leora and Dorothe (2015) emphasized the importance of the sector, noting that less than a quarter of adults in Africa have an account at formal financial institution, while many adults in Africa use informal methods to save and borrow.

#### **Cooperative Society**

Cooperatives are self-help organizations formed by a group of people with a common purpose, which could be social or economic or both. Cooperatives are independent enterprise, owned and controlled by people who are members and user of their business. Cooperatives, especially along the agricultural sector, are important tools in improving the conditions of living of farmers and their host communities.

Bhuyan (2007) assert that Cooperatives are significant in employment creation and in the mobilization of resources for income enhancement. Cooperatives are known to employ over 100 million people globally. In Nigeria, Cooperative provides locally needed services, employment and inputs to farmers. They also create opportunities for farmers to organise themselves into groups for the purpose of providing services that will facilitate members productive capacity.

Hermida (2008) noted that cooperatives in the agricultural sector provide members with education/training in the area of production, processing and marketing of their produce. Agricultural cooperative can help in boosting the income earning capacity in the rural areas, end

migration from rural to urban areas and generate employment through increased agricultural productivity.

Levi (2002) stressed that farmers multipurpose cooperative societies have an impact on the totality of rural economies, especially in terms of availability and access to infrastructural/social amenities that enhance the living conditions of the rural people in the aspect of; employment generation, rural market development, rural income enhancement and improvement of access to social services.

### **Rural Income Enhancement**

The rural area which is usually characterised by absence of competitive market and public investment in physical and social infrastructure is where the poor are predominately situated and they earn their living from agriculture, which remain their main source of income and employment. As noted by Adinya (2008), enhancing the income of the rural poor is necessary and urgent in order to ensure that the poor households have a stable livelihood which will substantially increase their income and wellbeing, promote the growth and development of the rural economic and ensure social and political stability,

because a hungry and idle people is invitation to crime, violence and social disorder. Income is very important, in order for our basic needs to be met in a sustainable manner. But income is only possible by

engaging in an economic activity or rendering a desired service, because it is what drives the individual and the global economy and creates the demand for goods and service. It's represents the revenue a business earns from selling its goods and services or the money an individual receives in compensation for his or her labour, service or investment.

Income therefore, can be viewed from business, accounting and economist perspectives. From the business perspective it is the amount received from your customers for the goods or services that you have sold to them. It includes any amount received for expenses or materials you invoiced to your customers. From the perspective of an accountant, it is the profit a company retains after paying off all relevant expenses from sales revenue earned. To the economist, income refers to the amount of money, property and other transfer of value received over a set period of time in exchange for services or products.

### **Rural Development**

The rural area is where the most poor and hungry people in the world are found, and the development of every aspect of our rural society is vital for the complete development of the nation. Thus, rural development entails improving the quality of life and economic well-being of people living in rural areas. To attain this, there must be a conscious effort to improve the infrastructural /social amenities that will enhance the development of the rural communities and

the living conditions of the rural people in the areas of employment generation, rural market development, rural income enhancement and improvement of access to social services.

#### **1.4.2 Empirical Review**

A number of empirical studies have been conducted on the role of cooperative societies in rural development and income enhancement for rural farmers. As noted by Agbo, Rousseliere & Salanie (2014), over 50% of global agricultural output is marketed through cooperatives in Finland, Italy and the Netherlands. The rationale is that with marketing cooperatives smallholder farmers can get better or secure price by overcoming the activities of the oligopolistic Investor-Owned Firms (IOFs), have a much better position for price negotiation, have access to markets that they cannot access individually and it can also enable farmers to overcome the uncertainty about agricultural market price for their produce thus ensuring sustainable income for the smallholder farmers.

Fasakin and Popoola (2019), stressed that cooperative marketing activities greatly had a positive effect on the income of farmer members. Empirical evidence from the study area showed that the annual farm income of members was greatly uplifted as result of being a member of cooperative. They further emphasized that cooperatives should provide a wide ranges of services such as credit, access to land and storage facilities which would further boost their member's income.

Omogegbee and Ighoro (2012), reported that members of various types of cooperatives earned higher farm income annually than farmers who are not members of any type of cooperative. The study further reveals that farmers' co-operative multipurpose society members earned the highest mean net farm income annually and also have more membership. Agricultural marketing cooperative have the potentials

to economically empower their members, through undertaking certain diversified activities that can increase income of farmers, especially in the rural areas.

Nkechi and Uchenna (2015) noted that membership of cooperative is a platform for rural smallholder farmer to enhance their farm income and achieve a better standard of living. The study recommended that government is advised to formulate policies that will incorporate information from the local level that can support planning, implementation and evaluation of programmes that can enhance farmers' income and that cooperatives should intensify the education of members to gain more benefits, and that government, non-governmental organizations and international development agencies should show interest in supervising and providing development support to Farmers Cooperative Societies, especially in the rural areas.

Wanyama, Develtere and Pollet (2008), evidence from this study shows that cooperative remains a major source of income for rural dwellers. Specifically it noted that about 4 million farmers in Egypt would have seen their income further diminished had they not been members of agricultural



marketing cooperatives. In Kenya about 924,000 farmers earn an income as a result of being members in agricultural cooperatives, while about 900,000 people in the agricultural sector in Ethiopia generate part or all of their income through their cooperatives. It's also affirmed that about 4,476 temporary workers in Rwanda are engaged on a yearly basis, this affirms the impact of agricultural cooperative on income enhancement and generation.

Verhofstadt and Maertens (2014), reveals that the membership of agricultural marketing cooperatives impacted positively on the income of smallholder rural farmers. It noted that though cooperative membership generally increases farm income and productivity, the effects was largest for larger farms (land-rich farmers) and low among land-poor households because the impact on their incomes is too low, due to lack of access to credit and farm lands.

### 1.5 Method of Analysis

The research design adopted for this study is the descriptive survey research design. The population of the study consist of all registered members of Farmers Multipurpose Cooperative Societies (FMCS) in Ekiti South geo-political zone of Ekiti State. There are six Local Government Areas in Ekiti South geo-political zone; Ekiti South West, Ikere, Ise/Orun, Emure, Gboyin and Ekiti East with a total of 203 active FMCS, with a membership strength of Two Thousand and Sixty Five (2,065) co-operators, (Ekiti State Ministry of Commerce, Industry and Cooperatives). The sample size for this study was determined through the use of Taro Yamane sample size determination formula:

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

A sample is a small group of elements or subjects that is drawn through a definite procedure from a specified population.

Multi stage sampling technique was adopted to determine the actual sample of the study, which was done in three (3) stages. In the first stage, a random selection of three LGAs (Ekiti South West, Emure and Ekiti East), in` the second stage, judgmental sampling was adopted to select 2 towns each from the three (3) Local Government Areas in the geo-political zone, bringing the total number of selected towns to 6. These towns were selected based on their recognition for being predominately farmers. In the final stage, simple random sampling technique was employed to select three (3) FMCS, from each of the 6 towns to make a total of eighteen (18) Farmers Multipurpose Cooperative Societies. Primary data was basically used for this study and this was obtained through the administration of structured copies of questionnaires to all the members of each of the selected FMCS.

Structured questionnaire was used for collection of data. The questionnaire consisted of two parts (A and B), part A covered the background of the respondents, that is the socio economic profile of

farmers who are members of FMCS, while part B covered research questions that relates to the specific objectives, bordering on a FMCS and income enhancement for rural farmer members. Analysis of data was accomplished using descriptive statistics to describe the socio-economic characteristics of members through the use of frequencies counts, percentages and weighted mean. Inferential statistics using Spearman's Correlation was used to analyze the relationship between variables in the objectives related to income enhancement and the hypothesis for the study was tested using paired sample T- test. The functional specification of the model is of the form:

$$Y = f(X_1, X_2, X_3, X_4, \dots, X_8) \dots\dots\dots (2)$$

The model will be explicitly written as follows;

Y = Income of Rural Farmers

X<sub>1</sub> = Age

X<sub>2</sub> = Gender

X<sub>3</sub> = Marital Status

X<sub>4</sub> = Farming Experience

X<sub>5</sub> = Formal Education

X<sub>6</sub> = Land Acquisition

X<sub>7</sub> = Family Size

X<sub>8</sub> = Cooperative Marketing

Income of rural farmers is used as a dependent variable to represent the total influence of cooperative society in the enhancement of members' economic enterprise. It is assumed that age, gender, marital status, farming experience, formal education, land acquisition, family size and cooperative marketing will have a positive effect on the income of rural farmers.

## 1.6 Data Analysis and Discussion

In this section, the data collected were analyzed and presented in tables according to the socio-economic characteristics of the respondents; perception of respondents on the activities of farmers multipurpose cooperative societies on the income of rural farmer members in Ekiti State, effect of cooperative marketing on farm size and productivity of rural members in Ekiti State, the relationship between the variables were examined using Spearman's Correlation and the test of the formulated hypothesis using T-test. Notably, this study is based on retrieved 270 copies of questionnaire administered to the selected respondents on the field which represents 81% returned and valid questionnaire.

### 1.6.1 Report of Questionnaire



**Table 1: Analysis of Dispersed Questionnaire**

	No of administered questionnaire	No of retrieved questionnaire	No of unretrieved questionnaire
Respondents	335	270	65

**Source: Field Survey, 2023.**

Accordingly, 335 copies of questionnaire are administered while 270 copies were retrieved. Therefore, 270 copies become the valid number of responses in the study.

### 1.6.2 Socio-economic Characteristics Data of Respondents

The socioeconomic characteristics of the respondents were presented according to their age, gender, educational qualification, marital status, land acquisition, type of farming, farming experience and family/household size. The observed socio-economic characteristics of respondents are presented below (table 2):

**Table 2: Distribution of Respondents According to Socio-Economic Characteristics**

Item	Frequency	Percentage (%)
Age:		
18-30 years	10	3.70
31-40 years	40	14.8
41-50 years	120	44.5
51-60 years	100	37.0
61 and above	0	0
Total	270	100.0
Gender:		
Female	120	44.5
Male	150	55.5
Total	270	100.0
Marital Status:		
Married	230	85.2
Single	0	0
Widow	40	14.8
Widower	0	0
Divorced	0	0
Total	270	100.0
Farming Experience:		
Less than 10 years	50	18.5
10 years and above	220	81.5
Total	270	100.0

Educational Qualification:		
No formal education	1	0.4
Primary education	37	13.7
Secondary education	200	74.1
Technical	12	4.4
University	20	7.4
Total	270	100.0
Land Acquisition:		
Rented	20	7.4
Freehold	220	81.5
Leased	30	11.1
Total	270	100.0
Family size		
1-3	20	7.4
4-6	230	85.2
7-9	5	1.9
Above 9	15	5.5
Total	270	100.0

**Source:** Field survey, 2023

Table 2 shows the socio-economic characteristics of respondents explained one after the other. The distribution of respondents according to age revealed that majority of the respondents were between the age group of 41-50 (i.e.44.5%) followed by the age group of 31-40 and 51-60 years of age (37%) and (14.8%), followed by the age group of 18-30 age group (3.7%). This shows that majority of the respondents were more of adults than youths involved in multipurpose cooperative societies. As shown in the table 1, it is clearly observed that 55.5%% of the respondents' were male while 45.5% of the respondents were female. This implies that male gender were more than the female gender in the multipurpose cooperative society. The analysis of respondents according to their marital status revealed that 230 respondents were married constituting 85.2% leaving the remaining 40 (14.8%) to widow marital status. This showed that majority of the respondents are married and were more disposed to joining the multipurpose cooperative society to improve their income, productivity and living standards.

In the aspect of farming experience, the analysis above showed that majority of the respondents had farming experience of over 10 years representing 81.5% while others 18.5 have less than 10 years farming experience which revealed that majority of the respondents had been into farming for over 10 years. The distribution according to educational qualification revealed that the respondents have acquired one level of education or the other ranging from no formal education (0.4%) to primary education (13.7%), secondary (74.1%), technical (4.4%) and university (7.4%), this showed that majority of the

respondents were learned to an extent. The distribution of respondents according to the land acquisition showed that 81.5% of the respondents which formed the majority freehold land and others either get it as rented (7.4%) and leased (11.1%). This stipulates that large size (hectares) of land is required for productive farming activities. Finally, the distribution of respondents

according to the family size shows that 7.4% and 85.2% of the respondents engaged have family size of 1-3 and 4-6 as well as 5.5% for above 9 family size with the least (1.9%) having 7-9 family size. Based on the analysis of the socio-economic characteristics of respondents, it can be inferred that majority of the respondents shared the same socio-economic profile in terms of their background, farming experience, land acquisition, family size and farming practices.

### Presentation of Core Issues of Investigation

**Table 3: perception of members on income enhancement by Farmers Multipurpose Cooperative Societies**

S/N	Items	Mean	Std. Dev.	Decision
1.	Membership of Farmers Multipurpose Cooperative Society has significantly improved total farm income.	3.8658	0.5964	Agree
2.	Accesses to credit/loans by members at favourable interest rate and without collateral have enhanced the productivity of farmers.	3.8695	0.5749	Agree
3.	FMCS have helped rural famers to eliminate speculations about produce marketability which have led to the reduction in wastage of farm produce and a result increase farm income.	3.9965	0.9532	Agree
4.	Cooperative marketing have helped you to enhance your income generating capacities by enabling you to expand farm size.	4.0861	0.9748	Agree
5.	You have reduced processing cost and generate more profit due to the training and extension services activities of FMCS.	4.8528	0.7647	Agree
Grand mean		4.1341	0.7728	Agree

**Source:** Field Study 2023

Based on the 5-point scale used in the research tool, the decision on either to agree or to disagree was based on the average coding value of 3.0. Mean response greater than 3.0 implies that the respondents agree to the statement and value less than 3.0 is an indication of disagreement of respondents with the statement. From the analysis above, all the respondents agreed that members on income enhancement by Farmers Multipurpose Cooperative Societies (FMCS) with a grand mean of 4.1341 which indicated that the respondents agreed on the five items implying that there is agreement among respondents that member's income significantly improved farmer's multipurpose cooperative societies.

**Table 4: Cooperative Marketing on farm size and productivity of rural members in Ekiti State.**

S/N	Items	Mean	Std. Dev.	Decision
1.	Members have expanded farm size and experienced increased productivity as a result of cooperative marketing activities of FMCS.	4.7153	0.7364	Agree
2.	As a result of Cooperative marketing members have be able to eliminate speculations about the marketability of their farm produce due to sure produce market link by FMCS.	4.7364	0.7263	Agree
3.	Farm income has been greatly enhanced through Cooperative marketing which have boosted the productivity of members.	3.8263	0.9721	Agree
4.	FMCS provides you with financial/ advisory support services that have helped in boosting your farm productivity and income.	3.9274	0.8926	Agree
5.	Marketing activities by FMCS have facilitated the availability of transportation, fertilizers and storage facilities which have increased farm revenue.	3.8253	0.8253	Agree
<b>Grand mean</b>		<b>4.4206</b>	<b>0.8305</b>	<b>Agree</b>

**Source:** Field Study 2023

Based on the 5-point scale used in the research tool, the decision on either to agree or to disagree was based on the average coding value of 3.0. Mean response greater than 3.0 implies that the respondents agree to the statement and value less than 3.0 is an indication of disagreement of respondents with the statement. From the analysis above, the grans mean of 4.4206 was achieved which indicated that the respondents unanimously agreed on the five points agenda that cooperative marketing on farm size and productivity of rural members in Ekiti State.

**Table 5 Spearman's Correlation Matrix**

			Income of rural members	Farmers Multipurpose Cooperative Societies
Spearman's rho	Income of rural members	Correlation Coefficient Sig. (2-tailed)	1.000	.826** .000

	N	270	270
Farmers Multipurpose Cooperative Societies	Correlation Coefficient	.826**	1.000
	Sig. (2-tailed)	.000	.
Societies	N	270	270

**Source:** Researcher's computation using SPSS version 23, 2023

The matrix in table 5 shows the analysis of the relationship between Farmers Multipurpose Cooperative Societies functions and income of rural members. Farmer's multipurpose cooperative societies shows positive coefficient values of 0.826. The implication of this is that there is a significant positive relationship between farmer's multipurpose cooperative societies and income of rural members in Ekiti State.

### 1.6.3 Test of Hypothesis

The major hypothesis tested in this study is:

**H<sub>01</sub>:** Farmers Multipurpose Cooperative Societies in Ekiti State have not significantly enhanced the income of its rural members.

**H<sub>1</sub>:** Farmers Multipurpose Cooperative Societies in Ekiti State have significantly enhanced the income of its rural members.

The result of the test of hypothesis is as reported below:

**Table 6 Paired Samples Test**

	Paired Differences					T	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			

Pair 1	Farmers Multipurpose Cooperative Societies in Ekiti State have not significantly enhanced the income of its rural members	.37462	1.7364	.17324	1.7340	4.7254	22.8126	269	0.000
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**Source:** Researcher's computation using SPSS version 23, 2023

Paired T-test which is appropriate for testing the mean difference between paired observations. The paired sample test seals up the relationship between Farmers Multipurpose Cooperative Societies and income of its rural members in Ekiti State as indicated by the t-value = 22.8126 and probability value = 0.000 as shown in table 6. This implies that Farmers Multipurpose Cooperative Societies in Ekiti State have significantly enhanced the income of its rural members.

It is based on the decision rule that we accept the null hypothesis if the p-value is greater than 0.05, otherwise, we reject.

The decision taken is, since the p-value is 0.000 which is less than the critical value 0.05, this study upholds that there exists a significant positive relationship between Farmers Multipurpose Cooperative Societies in Ekiti State at 5% level of significance, thus, the alternative hypothesis of the study is accepted.

#### 1.6.4 Summary and Conclusion

This study evaluated informal financial intermediation and rural development: the role of cooperative societies in enhancing the income of rural farmer members in Ekiti State. Evidence from this study showed that significant positive relationship exists between the variables. Precisely, the test of hypothesis indicated by the t-value = 22.8126 and probability value = 0.000 as shown in table 6. The study supports and validates the empirical investigation of Fasakin and Popoola (2019) to establish that Farmers Multipurpose Cooperative Societies in Ekiti State have significantly enhanced the income of its rural members at 5% level of significance. In conclusion, we therefore note that cooperative societies should intensify more effort in their marketing activities, since it helped rural farmers to expand their farm size and increase productivity, due to the spillover effects of their activities to other sector of the rural economic and that, Government should also encourage cooperative societies, especially those in the agricultural sector in making affordable credit available and accessible to cooperative societies without stringent collateral as a

way of complementing their activities in rural development. We therefore make recommendations as follows:

- i. Government should formulate workable policies that would make credit facilities and extension services available and accessible with less stringent conditions to rural farmers, with the aim of encouraging and sustaining sound and profitable farming business that will further boost the income of the rural farmers and also the economy of the rural areas.
- ii. Cooperatives should provide more education to members and potential members, with the aim of sensitizing them on the benefits of participating in cooperative activities. This will help in making them to be conscious of the cooperative effect and its importance.
- iii. Cooperatives should come up with more practicable activities in their areas of operation that will have more benefits on not just their members alone, but also on the welfare of the community where they operate, this will also bring more positive benefits to the community and promote the cooperative movement.



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