

Cooperative Societies and Households Poverty Reduction Nexus: A Study of Minna Metropolis, Niger State, Nigeria

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Abstract. Poverty is one of the major challenges facing the world, most especially, the third world. Government of nations have continuously come up with different economic and social policies or programmes in other to reduce the level of poverty in their countries, Nigeria inclusive. Despite these efforts, the rate of poverty World over is still alarming and on the increase. It has been acknowledged that cooperative societies have been playing a vital role in economic development most especially at medium and micro level. Using a set of co-operative society's member's data generated from the administration of structured questionnaire to 500 members of a cooperative, in Minna metropolis, the study examines the role of cooperative societies on poverty reduction in Minna metropolis, Niger State, Nigeria. Therefore, this paper investigates the impact of cooperative societies on household's poverty reduction in Minna metropolis, Niger State, Nigeria, using Structural Equation Modelling approach (SEM/AMOS). The results obtained shows that cooperative society has significantly improved the living standard of its members in the study area, thus, fulfilling our a priori expectation that cooperative society has positive impact on household's poverty reduction in the study area. This study therefore recommends the use of policy measures that would continue to make cooperative societies relevant to household's poverty reduction in Minna metropolis, Niger State, Nigeria in particular and the world in general.

Keywords: Cooperative Societies, Households, Poverty Reduction, Niger State, Nigeria, Structural Equation Modelling Approach (AMOS).

1. Introduction

Poverty is multidimensional in nature and has continuously troubled the world for decade now. Governments of the world have come up with different policies and programs in other to reduce the menace of this pandemic called poverty. Evidences have shown that a substantial number of the people are living below the poverty line in spite of the efforts made towards reducing the level of poverty by most nations (Ijaiya & Adesina-Uthman 2019). According to (UNDP, 2013), despite the greatest achievement in the reduction of poverty since the introduction of the Millennium Development Goals by the United Nations in 2000, there is still a widespread of human poverty in the world.

However, poverty situation in Nigeria is worrisome. It is high, widespread and pervasive consuming a huge part of the country's large population and has become a major feature in the country (Ajudua & Imoisi, 2017). Over the years Nigeria government have come up with numerous policies and strategies in other to reduce the level of poverty in the country, despite this efforts, it is confirmed that the rate of poverty is still on the increase (NBS, 2014; Balogun, Yusuf, Omonana & Okoruwa, 2011; Balogun, 2011; Ojimba, 2012;

Zaccheaus & Nwokoma, 2012; Ijaiya, Dayang & Norimah, 2016; Ijaiya & Adesina-Uthman 2019). This situation however, contradicts the belief that the country is endowed with the enormous human and physical resources.

Cooperative societies have been posited as an important in reducing poverty. All cooperative societies, social or economic, are mechanisms that ensure the growth and prosperity of communities. In developing and transitioning countries that lack access to capital, education, and training, cooperative structures allow communities to pool together their resources to solve problems, identify common goals and target the causes and symptoms of poverty (Mhembwe & Dube 2017).

On the premise of the economic situation in Nigeria and the importance attached to cooperative societies as a solution to social interaction and well-being; it thus become necessary to examine these cooperative societies and its relevance to poverty reduction focusing on Minna metropolis in Niger State. Therefore, this paper examines cooperative societies and its role on household's poverty reduction in Minna, Niger State, Nigeria.

The rest of the paper is structured as follows: section two provides the literature review of cooperative societies and poverty, section three provides methodology and data source, section four present and interpret the result, while conclusion and policy implication is provided in the last section.

2. Review of Related Literature

2.1 Cooperative Societies

Cooperatives societies are first and foremost, voluntary business associations formed by people of limited means through contribution of share capital that forms the basis of sharing out the profits that accrue from the business or use as dictated by its members, reasons why it has to be democratically managed by the members themselves. (International Cooperatives Alliance, 2015) defined cooperatives as 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.

Cooperative is a group-based and member-owned business that can be formed for economic and social development in any sector (Ohio Co-operative Development Center, OCDC, 2007).The International Labour Organization (ILO) sees

cooperative as an association of person usually of limited means, who have voluntarily come together to achieve a common economics goal through the formation of a democratically controlled business organization, making equitable contribution to the capital required and accepting fair share of the risks and benefits of the undertaking in which members actively participate.

Cooperative is a catalyst for local entrepreneurial growth; because it retains within the communities in which they operate the mobilized capital, as well as surplus derived from outside transactions, both accumulating for further entrepreneurial development. This opinion supports the view of Olaleye (2007) who sees cooperative societies as a business voluntarily owned and controlled by its members and operated for them and by them on a non-profit or cost basis.

Cooperative enterprises provide the members means whereby a significant proportion of humanity is able to take into its own hands the tasks of creating productive employment, overcoming poverty achieve social integration and continue to be an important means of acquiring self-help, self-responsibility, democratic voice, equality, equity and solidarity.

According to the Department for International Development (DFID) (2005), cooperatives have four main characteristics:

They are formed by groups of people for a specific need or problem; they are formed freely by members through contribution of assets; the formed organization is governed democratically in order to achieve desired objectives; they are independent enterprises promoted, owned and controlled by people who are members to meet their needs. Cooperatives therefore focus on serving members and communities (FAO, 2013). They help build a "solidarity economy" that emphasizes mutual self-help, inclusion, participation and concern for community, thereby reflecting the priority placed on goals beyond the profit motive. They help ensure decent, regular incomes to their members and enable local access to safe, affordable and nutritious food. For instance, by creating opportunities for employment and investment for rural population, agricultural cooperatives contribute to stabilizing communities and preventing social conflict.

2.2 Types of Cooperative Societies

2.2.1 Consumer Cooperative Societies

Consumers' cooperatives societies are societies primarily formed by consumers with the sole aim of eliminating the challenges posed by middlemen in their quest to secure goods required for daily use at lower price. It is a society that is service oriented rather than profit oriented. These societies purchase goods directly from manufacturers and wholesalers and sell to members thereby eliminating the profit oriented middlemen. Consumer co-operatives do not use advertising but rely on word-of-mouth. They ensure a regular supply of goods at reasonable rates. They thus function as the public distribution system and well as develop a mechanism to check prices of consumer goods in the market. The scarcity of consumer goods during the Second World War gave rise to the formation of many consumer societies in Nigeria; however, not long after the end of the most of these societies faded away. But recently, like all consumers, they end the chain of production. Goods are bought from the co-operators on wholesale basis, stored and sold to the consumers and members of the public at the current market price. At a given time, members are paid dividends calculated on the basis of their purchase.

2.2.2 Producer Cooperative Societies

Producer cooperatives were formed to enhance the production of goods and services of various kinds. Indeed, the chief characteristic of producer cooperative society is its pronounced cooperative nexus. By this it means a strong functioning working relationship between the cooperative complex and the members. There is a very strong working relationship between a productive society and its members. Ijere (1986) classified producer cooperative in two: producer cooperatives for mutual work in the area of farming, livestock, fishing, forestry extraction (or mining), processing, industry, labour and handicrafts; and auxiliary cooperative for the marketing of product and the supply of professional goods, such as credit machinery, tools, input, storage, irrigation, accounting, insurance, technical guidance, etc.

2.2.3 Marketing Cooperatives

Through the marketing cooperatives, middlemen are eliminated and the unnecessary waste of products avoided. Nwankwo et al. (2016) noted that in the villages of old Anambra and Anambra States, for instance, piles of uncracked palm kernels are now left under sun and rain to waste away. If the owners were in marketing cooperatives, it would have been simple for them to dispose of. Nwankwo et al. (2016) further noted that the cooperatives through their pooled resources would be able, as producer merchants, to explore and harness all the

possible avenues for efficient and profitable marketing of our products both internally and internationally.

2.2.4 Housing Cooperative

This emerged as a result of the system whereby people form a group for the purpose of building houses for one another on rotational basis. As at the time, this type of cooperative existed. Mud and that were used in building.

2.2.5 Transport Cooperative Societies

Transport cooperative societies cater for the transit problems of their members as well as the external transportation of their goods. Sometimes, they carry out some activities for non-members for a price.

2.2.6 Input Service Cooperatives

These societies exist to supply its members with seasoned inputs at reasonable costs. It is mostly operated on agro business line.

2.2.7 Cooperative Thrift and Loan Societies

The Roman Catholic teachers in Abeokuta started the first cooperative thrift and loan society in 1940. This type of society was designed for salary earners and primarily to take care of their old age and retirement. Members make regular thrift savings during the period they are under employment and an individual could also make other savings for special purpose if he wishes. Such savings could be children's school fees, vacation, leave, etc.

3. Poverty: Concepts, Types, Causes and Consequences

Poverty is the state of being poor. It is a concept which affects individuals and the economy socially, economically and otherwise and has been posited by scholars to have contributed to all forms of socio-economic and political problems in economies (Ajudua & Imoisi, 2017). Poverty is multidimensional in nature; scholars have described it in different ways. There is no precise agreement on the definition of poverty. Depending on the societies and changes over time, the perceptions, contexts, meanings and usages may differ among the observers and researchers. World Bank (2006), defined poverty as a condition of having insufficient resources or income. In its most extreme form, poverty is a lack of basic needs, such as adequate and nutritious food, clothing, housing, clean water, and health services.

United Nations (2009) posits poverty as the inability of getting choices and opportunities, a violation of human dignity. This means the lack of basic capacity to participate effectively in the society; lack of food and clothes; not having a school or clinic to go to; lack of land to farm and grow food or a job to earn a living; lack of access to credit; insecurity, powerlessness and exclusion of individuals, households and communities; susceptibility to violence; living in a marginalized or fragile environments; lack of access to clean water or sanitation”.

According to Powerful Information Grassroots International Development, (PIGID, 2014), poverty deprives people of their security and well-being; safe water and adequate food, clothing and shelter, education and healthcare; rights, and their freedom, dignity and peace of mind and end up putting people's lives in danger and robbing them of their future.

Related to the concepts of poverty are the types, causes and consequences of poverty. Jensen, (2009), identify six main types of poverty, which includes: Situational poverty; Generational poverty; Absolute poverty; Relative poverty; Urban poverty and Rural poverty.

Situational poverty is generally caused by a sudden crisis or loss and is often temporary. Events causing situational poverty include environmental disasters, divorce, or severe health problems. (Woodford & Anderson, 2012). Generational poverty according to Barrientos, (2011) is a situation in families where at least two generations have been born into poverty. Families living in this type of poverty are not expected to get out of poverty. Absolute poverty, involves scarcity of necessities such as shelter, running water, and food. It is a situation of day-to-day survival on day-to-day survival. It is having an annual income less than half of the official poverty line. It can also be defined in terms of the minimal requirements necessary to afford minimal standards of food, clothing, healthcare and shelter (Bergh et al., 2014). Relative poverty refers to the economic status of a family whose income is insufficient to meet its society's average standard of living. In other words, it is referring to the living standards of majority in a given society and separates the poor from the non-poor. Households with expenditure greater than two-thirds of the Total Household Per Capita expenditure are non-poor whereas those below it is poor. (MacKeigan et al., 2013). Urban poverty occurs in metropolitan areas with higher populations. The urban poor deal with a complex aggregate of chronic and acute stressors, it consists of ghettos, slump, and shanties

which characterized by inadequate welfare services, low per capita income, over-crowded accommodation and environmental degradation. (Rusch et al., 2014). Rural poverty occurs in nonmetropolitan areas with lower populations. In rural areas, there are more single-guardian households, and families often have less access to services, support for disabilities, and quality education opportunities. It is characterized by poor living condition. Programs to encourage transition from welfare to work are problematic in remote rural areas, where job opportunities are few (Whitener, Gibbs, & Kusmin, 2003). (See Himanshu et al., 2011).

Maldonado (2004) classified the causes of poverty into two; low productivity of available household resources and the high income and consumption volatility experienced by poor households. The first one is associated to limited endowments (that is, human capital, technology and knowledge, social capital and physical capital), not well-defined property rights, and precarious access to markets (e.g., markets for goods and services, financial services, labor markets, and land markets). These constraints make it difficult for poor households to take fuller advantage of their productive opportunities. The second one is the instability of income and consumption results from the incidence of shocks and the lack of mechanisms to anticipate and cope with adverse occurrences. The inability of households to deal efficiently with shocks may lead to loss of productive assets and, thereby, reduce income-generating opportunities. To solve this problem, households may choose strategies that generate lower, but more stable returns in the process trap into poverty. Consequently, poverty involves a complex array of risk factors that adversely affect the population in a multitude of ways. It has a wide ranging and often devastating effects. World Bank (2006) highlighted five major consequences of poverty which include malnutrition and salvation; infectious disease and exposure to the element; mental illness and drug dependence; crime and violence and long-term effect.

3.1 Poverty Reduction Strategy in Nigeria

Poverty reduction strategy in Nigeria has always been part of the national development plans and implemented at both national and regional levels through entrepreneurial development initiatives Ogwumike (2001), and Ilesanmi et al. (2015), in their work grouped the poverty reduction strategy in Nigeria into three eras, that is, the pre-SAP era, the SAP era, and the democratic era. The pre SAP era saw the introduction of poverty reduction

programmes such as the Operation Feed the Nation, the River Basin Development Authorities, the Agricultural Development Programmes, the Agricultural Credit Guarantee Scheme, the Rural Electrification Scheme and the Green Revolution. In the SAP era, the following poverty reduction measures were introduced: The Better Life for Rural Women, the Directorate of Employment, the Family Support Programme, the Peoples' Bank of Nigeria and the Family Economic, Advancement Programme, while the democratic era witnessed the emergence of the Poverty Alleviation Programme (PAP) designed to reduce poverty by providing employment for 200,000 people in the country on a yearly basis. It was also aimed at inculcating and improving better attitudes towards maintenance culture on highways, urban and rural roads and public buildings.

The Poverty Alleviation Programme (PAP) as a strategy was phased out in 2001 and replaced by the National Poverty Eradication Programme (NAPEP), which was an integral part of the National Economic Empowerment and Development Strategy (NEEDS). Apart from being a poverty reduction strategy, NEEDS that was initiated in 2004 had other objectives which includes: wealth creation, employment generation and value orientation (NPC, 2004).

4. Theoretical Framework

This study is anchored on the collective action theory. Marshall (1988) defined collective action as an action taken by a group (either directly or on its behalf through an organization) in pursuit of members' perceived shared interests. Members can contribute in various ways to achieve the shared goal: money, labour or in-kind contributions (food, wood).

The action can take place directly by members of a group, or on their behalf by a representative or even employee. The coordination can take place through a formal organization, through an informal organization, or, in some cases, through spontaneous action. Thus, an organization may contribute to collective action, but the two concepts are not the same. In the context of natural resource management, the collective action of deciding on and observing rules for use or non-use of a resource can take place through common property regimes or by coordinating activities across individual farms. Three major tenets of collective action are:

- It requires the involvement of a group of people
- It requires a shared interest within the group

- It involves some kind of common action which works in pursuit of that shared interest.

The nature of cooperative society is easily explained by the social action theory. Cooperatives are made up of individual who through a combination of resources are able to confront and overcome several socio-economic challenges confronting them. Putnam's (1995) three components of social action as explained above appears to be the essential values on which cooperative societies thrive on and which to a large extent determine their success.

Clearly, the social action theory is relevant to this study since it enhances our understanding of the cooperative as a self-help organization that depends on member contribution, commitment and participation for its success.

5. Empirical Review

Adekola & Dokubo (2017) examined how operations of cooperative societies in Rivers State have been carrying out poverty reduction activities among their members so as to help them contribute to community development. The population of the study comprised 2,355 members of twenty-one (21) registered cooperative societies whose activities cover thrift and loan, and thrift and credit facilities. Stratified random sampling technique was used to sample 1,103 representing 50% of the members of the twenty-one (21) thrift loan and credit cooperative societies which were used for the study. However, factors such as Lack of capital and corruption among the heads of cooperative societies in the State have been militating against the effectiveness of the cooperative poverty reduction activities. Therefore, in order to sustain the cooperative poverty reduction activities, cooperators need cooperative education.

Olaleye, (2007), examined the effectiveness of the strategies adopted by the cooperatives societies to alleviate poverty among their members. The study employed the ex post-facto method with the sample size of 1276. Structured questionnaire was used to gather the data. The finding shows that cooperative societies in urban area adopt twelve main strategies to curb poverty among their members; it was also revealed that 4 of these strategies were not effective, while 3 were very effective. The study therefore recommends that for the cooperative societies to be able to focus and improve on their performance in poverty alleviation, there is need for a reduction in the number of strategies being used.

Abbas (2016) assessed the roles of cooperative societies on poverty reduction in Yobe State, Nigeria. Using multi-layer random sampling technique responses from questionnaires and interviews conducted with key informants served as the main source of data. The study showed that the activities of cooperative societies have improved the living standard of its members through provision of skills, trainings, job opportunities and financial assistance thereby reducing the poverty level of its members and communities. The finding of the study also showed that, despite various successes achieved by the cooperative societies in poverty alleviation, its efforts are not without some challenges. The study thus identified and developed effective policy measures within which cooperative societies can exploit to benefit all its members and communities especially in the area of poverty alleviation.

Okafor et al., (2018), examines agricultural cooperative and empowerment of rural dweller in Awka North L.G.A of Anambra state, Nigeria. To achieve this 254 structured questionnaire were used to collect data from women agricultural cooperatives in the area. The study provides empirical evidence on the women's socio-economic characteristics as well as determines the relationship between membership duration and member's income, and also the effect of farm input; credit and extension visit on income which is proxy for empowerment. Findings revealed that the joint effect of the explanatory variable in the model account for 38% of the variations in the income profile of members of agricultural cooperatives. Two coefficients (farm input and credit) are not significant while extension visit was significant at 1%. Membership duration also shows a positive correlation with income of the members. There is a significant difference between the incomes of members after joining cooperatives. The study recommends that women in the area should be encouraged to form or join cooperatives for enhanced income and poverty reduction. Cooperatives should improve in the provision of farm input and credit to their members in other to enhance their agricultural production capacity thereby empowering the rural women economically.

6. Methodology and Data Source

The study was conducted in Minna metropolis, Minna is the state capital of Niger State, and is located some 740 kilometers from Lagos and 140 Kilometer from Abuja the Federal Capital of Nigeria and on latitude North 6o.301 and longitude East 8o.801of the equator. By 2006 census it has an

estimated population of about 253,125 people (NPC 2006). Minna is divided into two local governments, that is Bosso local government area and Chanchaga local government area. Data were collected through structured questionnaire administered among members of cooperatives in the study between the month of September 2019 and November 2019. A multistage sample design was used to collect cross sectional data from members of the cooperative societies in the study area. Specifically, a stratified sampling method and a random sampling were used in selecting the respondents. The first stage was to identify the sample areas which comprise 2 local government areas, that is Bosso local government area and Chanchaga local government area. The second stage identified the number of cooperative societies and the number of members in each, while the third stage of the sampling involves random selection of 250 members in each of the selected study areas. In all a total sample of about 500 cooperative societies members were randomly selected to respond to the questions in the questionnaires.

In determining the impact of cooperative societies on poverty reduction in Minna metropolis, an econometrics model of simultaneous equation modeling through structural equation model was built around the indicators of cooperative societies and poverty reduction as the main objective of this study. The model was used in estimating the impact of these indicators on the poverty reduction in the study area. The variables considered are as follows: Members contributions, interest rate, and credit facility.

These can be represented in the following model:

$$\text{PovR} = F(\text{MC} + \text{IR} + \text{CF}) + U_i$$

Where:

PovR = Poverty status of the cooperative societies members in the study area.

MC = Members contribution to the cooperative societies in the study area.

IR = Interest rate on loan by the cooperative societies in the study area.

CF = Credit facilities available to members

U_i = Error terms

The responses to the questionnaires by the respondents were coded and then analyzed using SPSS version 22. Structural Equation Model (SEM) was conducted using Analysis of Moment Structure (AMOS). All tests were statistically significant at 95 percent confidence interval.

Structural Equation Model (SEM) is a statistical tool used in testing and estimating the causal relationships among latent variables. SEM was derived from an econometrics simultaneous equation modeling. SEM technique can be

categorized among the second generation multivariate analysis such as confirmatory factor analysis, correlation, multiple linear regression and path analysis (Fornell, 1987). Also, SEM is a technique used by researcher to simultaneously assess the relationships that exist between multiple independent and dependent constructs. SEM can also be called latent variables model, the term structural depicts a causal relationship that the parameters show. AMOS is the software used in the analysis of the data. According to Kline (1998), a sample size that is more than 200 can be considered to be large enough for Structural Equation Modeling (SEM) analysis. Hence, this study is qualified to adopt Structural Equation Model (SEM) technique, because the sample size exceeds 200.

7. Results and Discussions

7.1 Descriptive Statistics of the Socio-Demographic Characteristics of the Respondents

Table 1 shows the socio-demographic characteristics of the respondents, age of the respondents in the study area. For instance, 5.80 % of the respondents is under the age of 21years. While 35.10 % were between the age of 31 and 40 years. The mean age group of the respondents is 35 years. An indication that most of the respondents under this study are in their economic active age, meaning that at this age they are to be more efficient and productive which is likely to impact positively on their livelihood and move them out of poverty.

This result is invariance to the work of Marx et al. (2012), who were of the view that in most cases people in their active age were not willing or even

if they are willing, they cannot get job because of unemployment problem. But in agreement with the work of Ibitoye & Odiba (2015), in their study found that economic active age of the heads of household make them more efficient and productive which gave them a higher chance to overcome poverty than those of the older and younger age.

Also, gender of the respondents was shown in Table 1, out of 500 respondents of the entire study, 86.00 % were male, while, 18.20 % were female. An indication that we have more of male than female, this can be attributed to the culture of the study area, where female is not encouraged to work, here most women are full house wife, whose major work is to take care of the children and the husband. This situation is likely to increase the economic burden on the heads of household, which may increase the level of poverty status. This result is in agreement with the work of Ibitoye & Odiba (2015), who also have more male heads of household than female heads of household in their study, which was as a result of labor intensive.

Table 1 also shows marital status of the respondents, 29.00 % of the respondents were single, majority, 70.10 % were married, and also only 12.20 % were either widow or widower. An indication that there are more married people under this study, this can be attributed to the focus of the study which is basically on the members of cooperative societies, also because of the high level of homogeneity of the marital status of the heads of household. The result is in agreement with the work of Marx et al. (2012) and Ibitoye & Odiba (2015), who were of the view that more married people in the area, can also be attributed to high level of homogeneity of the farmer's marital status in their study.

Table 1: Descriptive Statistics of the Socio-Demographic Characteristics of the Respondents

Factors	Frequency	Percentage	Mean	Factors	Frequency	Percentage	Factors	Frequency
	N=500	%			N=500	%		N=500
Age(Years)				Primary Occupation			Educational Status (Years)	
less than 21	28	5.80		Agric/Fishing	21	4.40	10 Years	8
21-30	159	33.20		Trade	119	24.80	11 Years	91
31-40	168	35.10	35 Years	Transportation	110	23.00	12 Years	49
41-50	90	18.60		Technical/Professional	91	18.80	15 Years	290
51-60	41	8.60		Civil Servant	65	13.60	3 Years	10
>60	14	2.90		Construction	15	3.10	6 Years	21
Gender				Handcraft	14	2.90	7 Years	5
Male	412	86.00		Others	65	13.60	8 year	1
Female	88	18.20		Secondary Occupation			9 years	25
Marital Status				Agric/Fishing	65	13.60		
Single	139	29.00		Handcraft	21	4.40		
Married	336	70.10		Trade	119	24.80		
Widow/Widower	25	12.20		Transportation	14	2.90		
Household Size				Construction	15	3.10		
Between 1-3	158	32.80		Technical/Professional	65	13.60		
Between 4-6	278	58.00	5	Government Service	110	23.00		
Between 7-10	64	13.40		Others	91	18.80		

Source: Field Survey 2019

7.2 Measurement Model Fit

In the measurement model, the model fit generated along with the output including the Comparative fit index (CFI), Normed fit index (NFI), Goodness of fit index (GFI), Root Mean Square of Error Approximation (RMSEA) and Relative Chi-square meet their expected range to justify the validity of the measurement model.

Table 2: Established Criteria for fit Indices

Fit Indices	Authors	Recommended Values	Values from current model
CFI	Bentler, (1990) Hatcher, (1994),	>.90	9.14
NFI	Bentler & Bonett, (1987)	>.90	9.26
GFI	Yuan, K.H, (2005) Steiper, J.H, (2007)	>90	9.48
RMSEA	Hair et.al., (2010) Byrne, (2001), Hu & Bentler (1999)	>.80 < 0.50 or <= 0.08	0.05
Relative Chi-square	Marsh & Hocevar, (1985), Bentler (1990)	0.05 or < 5.0	2.324

The CFI generated for the study was 9.14, NFI is 9.26, GFI is 9.48, RMSEA is 0.05 and Relative chi-square is 2.324. Also, the unidimensionality was tested and this was achieved because all factors loading was positive and greater than 0.5.

Table 3: Discriminant Validity Testing

	MC	IR	CF	Pov
MC	0.85			
IR	0.24	0.75		
CF	0.29	0.42	0.85	
Pov	0.36	0.44	0.37	0.95

The value in diagonal and bold is the square root of AVE of the construct while other values are the correlation between the respective constructs. The discriminant validity is said to be achieved when a diagonal value (bold) is higher than the values in its row and column. Therefore, this study exhibits sufficient discriminant validity since the value in bold is higher than the values in its row and column. Also, there is the absence of multicollinearity since the correlation coefficient among the latent variables did not exceed 0.85 (See Zainudin 2015).

Table 4: Results of SEM on the Impact of Cooperative Societies on Poverty Reduction in Minna, Niger State, Nigeria

Construct	β	SE	Beta	CR	ρ	Results
MC	0.228	0.022	0.244	4.213	0.000***	Significant
IR	0.232	0.030	0.442	7.413	0.001***	Significant
CF	0.254	0.032	0.148	4.234	0.004***	Significant

R = 0.89
R² = 0.79

Note: Asterisks indicate significance level: ***1%, **5%, *10%, MC = member’s contribution, IR = Interest rate, CR = Credit facility.

Table 4 shows the results of the regression analysis on the impact of cooperative societies on poverty reduction in Minna, Niger State, Nigeria. The R² value of 0.79 shows that 79 percent variation in the dependent variable (Poverty) is explained by the explanatory variables (cooperative societies components). According to Chin et al. (2003), R² values greater than 0.67 is having practical value, R² value between 0.33 and 0.66 is assumed to have moderate explanatory value and while R² value between 0.19 and 0.32 has weak explanatory value, therefore, R² for this study is 0.79 and it has a practical explanatory power. Looking at the

individual variables, it is shows that all independent variables, (that is, cooperative societies components), are significant, an indication that the model is acceptable. For example, member contributions (MC), has a coefficient of 0.228, with critical ratio of 4.213 was positively related to poverty reduction and statistically significant at 1 percent level. The beta result of 0.244 indicates that member contributions have 24.4 percent direct effect on poverty reduction in the study area. Interest rate (IR), has coefficient of 0.232 with critical ratio of 7.413 been positively related to poverty reduction and statistically significant at 1 percent level. The beta result of 0.442

indicates that interest rate has 44.2 percent direct effect on poverty reduction in the study area. Credit facilities (CF), has coefficient of 0.254 with critical ratio of 4.234 been positively related and statistically significant at 1 percent level. The beta result of 0.148 indicates that credit facilities have 14.8 percent direct effect on poverty reduction in the study area.

8. Conclusion and Recommendations

This paper investigates the impact of cooperative societies components on poverty reduction in Minna, Niger State, Nigeria, using Structural Equation Model technique. The findings of this study revealed that member contributions (MC), interest rate (IR), and credit facility (CF) all have positive impact on poverty reduction in Minna, Niger State, Nigeria. Up till now, government of the nation Nigeria inclusive, have failed to recognized the immense contribution of the cooperative societies has necessary missing link in fighting poverty, yet its contribution to the improvement in the living standard of members of the populace. This study focused on investigating on the causal relationship between cooperative societies and poverty using Minna metropolis. The result of the study showed clearly that there is a very high level of poverty and cooperative societies has far in reducing the rate of poverty to some extent in the study area. There is a reaction causation effect between cooperative societies and poverty in the study area. Member contributions, interest rate as well as credit facility have great impact in the reduction of poverty in the study area. This is consistent with the few studies that have investigated on the causal relationship between both. The result of the study further showed that member contributions, interest rate and credit facility causes reduction in the poverty status of members in the study area. Thus there is a direct link between cooperative societies and poverty in the study area.

The results of this study notwithstanding, it recommends that members should be more committed and be honest in improving their contribution; this will go a long way in the financial status of the cooperative. It is also recommended that cooperative societies should look in to the interest rate and review so that it will easy for members to be to pay back with ease. The study also recommended that credit facility should be made available to members as at when due; this will go a long way in easing economic hardship of the members. It also recommended that government can also come to the aid of the cooperative societies by making available soft loan with either no interest or low interest. However, policy measure that would further improve

cooperative societies in reducing the poverty status of the populace in the study area and Nigeria at large should be put in place.

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