

COOPERATIVE, THRIFT AND MULTIPURPOSE SOCIETY, THE BEST INVESTMENT AVENUE (A CASE STUDY OF FCE FENACOMS, (OSIELE), (ODEDA), ABEOKUTA)

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Abstract:

This study aimed at providing people with the benefits derivable from investing in Cooperative Societies in any community we find ourselves. The quest for earning on investment has led a lot of people into various untold bad experiences. Some invested their hard earned income into charming and promising investing entities only to discover that both the principal and promised dividends or returns on investment are lost in transaction. The study is a descriptive research and adopted the narrative of non-manipulated variables, which were investigated and analyzed to justify the best investment avenue in Cooperative, Thrift and Multipurpose Societies. The choice of FENACOMS as a case study is as a result of easy assessability to the data requested for the findings. Available findings are the various percentages of dividends actually declared and paid up to five years and beyond. The findings from the records and books of accounts kept by the Executive Managers, the Controlling Agents like the State Director of Cooperatives, College management, as well as the Congress power to scrutinize details of the annual report help in no small measure to confirm the best investment avenue available in Co-operative Societies. The implications of the findings are that Cooperative Societies have come to stay as the best investment avenue considering the nearness of the operatives to each other. Not like some large entities where people invested their shares and cannot trace their operators or have any say while the managing executives grow fatter and the investors grow leaner. The study concludes that since human beings are highly interested in generating additional incomes to satisfy their needs, one of the best avenues Co-operative, thrift and Multipurpose Societies; hence, the use of descriptive approach to narrate the findings, which are the proof to being the best investment avenue.

Keywords: Cooperative, Thrift and Multipurpose Society, Best Investment Avenue.

Introduction:

A Cooperative and Multipurpose Society (CMPS) is a type of cooperative organization that provides various services to its members, aiming to improve their economic and social well-being at minimal interest. While Thrift involves the culture of saving money and being meticulous in spending to forestall wastages, since money is a scarce commodity, as a known economic variable in Peter Maunder and Adam Smith. The idea of co-operating and assisting each other in service took its roots in African culture of pooling human and other limited or scarce resources together to work for a member in turns among themselves. Today, this type of cooperative is replaced with money and fund pooled together for loans. This practice is well known in Nigeria. It is called 'Ajo' in Yoruba, 'Adashi' in Hausa, 'Isusu' in Igbo, 'Ipi' in Igede, 'Osusu' by Ogoja, 'Dashi' by Nupe and so on. The modern cooperative movement started in Rochdale, England, where 28 working-class individuals pooled resources to open a store, the Rochdale Equitable Pioneers Society. They introduced principles like member ownership, democratic control, and distribution of surplus to members about 1844. Since then, Co-operative Societies have continued to develop and expand throughout the world. Salakan (2024)

According to Owojuyigbe (2007) "In the report, on Introduction of Modern Cooperation into Nigeria, in 1934 during the colonial period. He said 'Nigeria is a good ground for the introduction of Cooperatives'. As a result of this report, many types of Cooperative Societies started emerging in the Country." This led to the appointment of Mr. E. F. G. Haig as the first Registrar of Cooperative in Nigeria, which is now known as the Director of Cooperatives.

FENACOMS is an acronym for FCE Staff Essential Needs Acquisition Scheme (Osiele) (Odeda) Co-operative Multipurpose Society (FENACOMS). It was established on Tuesday 30th May, 2000 by Dr. John Olu Akinmoyewa with the motto, 'Towards a Secured Tomorrow'. It was initially registered with the name; Essential Needs Acquisition Society (ENAS), which was later changed in 2017 to its current name. Since the commencement of FENACOMS as a Cooperative Society in the College, members have benefited immensely. FENACOMS meets members' needs through loans ranging from Soft, Emergency, Regular, Education, Car, Business, as well as Special loans and sharing of surpluses at Annual General Meetings (AGM).

Soft loan is like salary advance payable in one or two months. Emergency Loan is for unexpected occurrence and pay within five to six months. Regular loan is a yearly interval. Education loan is to meet children education at the resumption of the school. While Car, Business and Special loans are as the names indicate, with repayment period between two to three years. Each loan has a duration of payment and interest varies depending on the type of facility requested. FENACOMS really relieved the staff and the College Management from issues relating to loans to meet immediate needs. Unlike what operated in the past, when staff would be waiting for the College loans such as: Furniture, Motor Vehicle, Car and Housing Loans; ranging from one thousand, (#1,000) three thousand (#3,000), five thousand (#5,000) et cetera.

The purpose of this paper as earlier said is to bring out the facts of the benefit of investing in Cooperative Societies. Based on the findings on surplus, which were distributed to members in forms of souvenirs, dividends, workshops/seminars, call cards, gifts, raffle draws, the immediate welfare satisfaction of members' needs is unquantifiable. The interest of the investors is further reinforced in Co-operative as an investment avenue. In the light of this, the main objective of this paper is to justifiably examine the year in year out derivatives that accrued to members. The paper attempts to determine the relationship between investing in Co-operative and other investment avenues which may not be of high benefits, therefore giving the reader a clear direction.

LITERATURE REVIEW

Advantages of Co-operative and Multipurpose Society

Before delving into the advantages of cooperative, let us know from where the advantages flow from. Owojuyigbe (2007) defined the Cooperative Society as 'an association of persons, usually of limited means, who have voluntarily joined together to achieve a common economic end, through the formation of a democratically controlled business organization, making equitable contribution in the capital required and accepting a fair share of risks and benefits of the undertaking'. Therefore, it is not sufficient to search on the Meta Artificial Intelligence (Meta AI) AI for the advantages of Co-operatives in this case, FENACOMS as the case study, only, as members' economic empowerment, improved purchasing power, enhanced social welfare, democratic decision-making, community development, increased access to services as well as Job creation. But it is justifiable through this research to see members share the benefits of their undertaking by collecting various loans to satisfy their needs. FENACOMS employed workers as part of job creation. It was as well gathered that over the years, the Annual General Meeting (AGM). Raffle draw enriched some members with blocks for building, refrigerators, motor cycle, just to mention a few. Gifts of different types like televisions, fans, fridges etc., were given to different categories of people, even non-members. At most of the AGMs, different souvenirs were distributed to members. Osiele Community is known always to be at the peak of business boom before, during and immediately after AGM, as result of dividends and cash pay out. This researcher believes that FENACOMS members were really empowered to build houses, buy cars, solar-powered lights, and gadgets.

THE ROLE OF FENACOMS EXECUTIVES

The executives of FENACOMS headed by the President carry out the day-to-day oversight functions and management of the Society. As a Cooperative Society, known for its democratic government, executives are voted into the offices for a term of two years and a maximum of two terms. The executives has the power to employ and fire erring staff, and; carefully design membership and loan forms. The executives disburse loans to members as the need arises after examining the viability of member's repayment status. Congress meetings are called as necessary, apart from annual general meeting where stewardship account is presented for approval. Dividends are paid to members and souvenirs, gifts, donations, as well as raffle draws and lots of airtime are given by the executives.

PROTECTION OF INVESTORS/COOPERATORS

Aside the voidance of Managers and Executive window dressing, which may arise from illicit related-party transactions and in order to protect investors, the World bank(2013) notes that they can also be abused for personal gain. In July 2012, authorities in Korea imposed a \$30 million fine on S K Group, the Country's third-largest conglomerate for illicit related-party transactions.” “...strength of minority Shareholders protection against director's misuse of corporate assets for personal gain.” Protection of Cooperators is visible via the roles of the College management, Ogun State Director of Co-operative, as well as Congress scrutiny of every item of the executive transactions. This research observed that the College Management intervene to reclaim some difficult debts and FENACOMS was allowed to clear the indebtedness of a staff wanting to disengage from the College. There is a fear of the College Management of disciplining any erring executive or all executive together, since the FENACOMS executives are all staff of the College. Ogun State Director of Cooperative also supervise through thorough auditing the records of accounts kept by the executives. The Director also enforces and compels the compliance with the Cooperative laws in reserving some defined funds and; calls for Education fund for seminars to educate the members. Also, at every pre-AGM and AGM when the FENACOMS financial report is presented, Congress members ask questions and critically scrutinize the transactions, especially the expenses. This solid conceptual protection of FENACOMS as a Cooperative Society is another observable role that strengthens this article in agreeing that cooperative society is indeed the best investment avenue.

LIMITATIONS OF FENACOMS AS A COOPERATIVE AND MULTIPURPOSE SOCIETY

The findings in FENACOMS on some challenges limiting the operations include: the delay in the release of members savings and repaid loans by the employer, which is the Federal Government of Nigeria. It was also observed that some members relocated from the Country, under the Japa system, and were yet to completely settle their debts. Strict regulations from the State Director of Cooperative also limited the Society's declaration of dividend as some reserves were made compulsory from the surpluses. In addition, it was equally noted that there were other competitors in the FENACOMS community doing the same cooperative activities. It was also observed that there was not much fund to fully utilize for the multipurpose activities of the Society, according to the registered name. The FENACOMS building, which was divided into hall, offices and shops, was constructed on the Land of Federal College of Education, Abeokuta.

RESEARCH METHODOLOGY

THE SAMPLE

This research has FENACOMS FCE Osiele, Odeda, Abeokuta as the case study. FENACOMS is one of the most prominent cooperative Societies in FCE Aeokuta, declaring dividend above others. Build a big hall for their meetings and renting it to for business. The sample collected covers the dividends declared and paid to the members for ten years; precisely from 2001 to 2010. Information was collected through request made to the FENACOMS Secretariat at the Dr.

John Olu Akinmoyewa Complex, FCE Abeokuta.

Table I: DIVIDENDS DISCLOSURE INDEX

SN	YEAR	SURPLUSES (₦)	DIVIIDENDS (KOBO)
1	2001	574,245.25	5
2	2002	1,692,717.82	6
3	2003	1,997,147.00	5
4	2004	3,002,001.92	5
5	2005	3,103,023.37	4
6	2006	5,060,839.33	5
7	2007	6,383,649.39	6
8	2008	10,484,827.70	9
9	2009	11,047,487.22	9
10	2010	16,399,127.68	11

SOURCE: FENACOMS AGM PROGRAMME BOOKLETS From 2001 -2010

However, for the purpose of analyzing the dividends are declared on the profits called surpluses. Also to show the benefit of savings and the likely share of yearlsy dividend declared. Names and figures are now to be assumed to represent shareholders yearly contributions and the expected dividends which is a return on investments.

TABLE II: LIST OF ASSUMED SHAREHOLDERS' YEARLY CONTRIBUTIONS

	YEAR	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Names	* MS	N— 000	N— 000	N— 000	N— 000	N— 000	N— 000	N— 000	N— 000	N— 000	N— 000
Abeyi	1,000	12	24	36	48	60	72	84	96	108	120
Chujum	2,000	24	48	72	96	120	144	168	192	216	240
Oliga	3,000	36	72	108	144	180	216	252	288	324	360
Egene	4,000	48	96	144	192	240	288	336	384	432	480
Enje	5,000	60	120	180	240	300	360	420	480	540	600

*Note: MS is monthly Savings.

Example: Mr Enje saves N5,000 monthly, N60,000 per year, which is N600,000 for ten years.

In this study, the use of shares, savings and contributions are used as members stake holding in the Society and not any other meaning.

TABLE III. LIST OF MEMBERS YEARLY DIVIDENDS AS DECLARED

YEAR	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Names	N	N—	N	N—	N—	N—	N—	N—	N—	N
Abeyi	600	1,440	1,800	2,400	2,400	3,600	5,040	8,640	9,720	13,200
Chujum	1,200	2,880	3,600	4,800	4,800	7,200	10,080	17,280	19,440	26,400
Oliga	1,800	4,320	5,400	7,200	7,200	10,800	15,120	25,920	29,160	39,600
Egene	2,400	5,760	7,200	9,600	9,600	14,400	20,160	34,560	38,880	52,800
Enje	3,000	7,200	9,000	12,000	12,000	18,000	25,200	43,200	48,600	66,000
Div.(K)	5	6	5	5	4	5	6	9	9	11

RESULTS.

Analyzing Tables I, II and III.

Table I shows that the yearly dividends are declared in kobo. It could be observed that the dividends increased steadily over the years and jump from year 2007. This creates shareholders wealth being the best avenue for investment.

Analyzing Tables II and III.

To calculate the dividend, place the kobo declared on 100, and then multiply by the total shares or contribution as at December 31st of the year ended in which the dividend is ascertained. Example: to calculate Abeyi dividend for the year 2010. Abeyi Contributions stand at N120,000, dividend is 11kobo, therefore $11/100 \times N120,000$ equals to N13,200. The more a member saves, the more dividends he or she would get.

USES OF SHARE IN FENACOMS

The findings revealed that loans from the Society was given based on shares. It could be times two, three of the savings. Also as analyzed, dividend was calculated based on the shares. Each member had only one voting right irrespective of the number of shares one had.

THE DIVIDEND SUPREMACY THEORY FOUND IN FENACOMS.

It was found out that FENACOMS from the year one of operation practice the payment of dividends. The proponents of theory, Professor James E. Walter and M. J. Gordon (1959) argue that dividends were all that mattered in the determination of share prices.' However. This is directly against 'The Dividends Irrelevancy Theory' as suggested by Modigliani and Miller (M-M). "In 1961 Franco Modigliani and Melton H. Miller (M-M) argued against the claim that an active dividend policy should be pursued as a means of maximizing shareholders wealth. They argue that in a tax-free world, shareholders are indifferent between dividends and capital gains, and the value of a company is determined solely by the earnings power of its assets and investments.' The M-M theory believes that, stock dividends/scrip dividends, scrip issue/bonuses/ capitalization issue increase shareholders wealth and that the fund is within the business to expand the business operation. While cash paid out in form of dividend decreases the fund availability in the business, which may hinder some business pursuit. This is evident in FENACOMS, that during planning and preparation for AGM so much fund is requested to be accumulated for the AGM costs and dividends, which often leads to the stoppage of some activities like giving out loans and other business operations.

CLOSENESS OF SHAREHOLDERS TO EXECUTIVE MANAGERS

It was observed that there is a close relationship between the Executive Managers of FCE FENACOMS and the members. Members happily voted in the Executives to manage the affairs of the cooperatives for the period of two- year term and for a maximum of two terms.

One of the benefit of the closeness is that, no member with questionable character would be voted for. This solved the problem of diminishing of investors' confidence as observed by Atu O. O. K, Gbenga E, and Atu E. R (2011). 'The investing public customarily assumes that once financial statements have been externally audited, they provide information that can be relied upon and are thus useful in evaluating the firm's current and future financial prospects, this assumption, along with investors' confidence in general, has been steadily diminishing in recent times'... 'especially after a high-profile accounting scandal involving once well-respected companies, such as Enron and World Com'

Members can go to the Cooperative Office to lodge their complaints or requests and be instantly attended to without delay.

CONCLUSION

The aim of this paper is to examine the possible safety investment opportunity that is available in the Co-operative Society. The motivation for this study is derived from the need to create awareness of the benefits embedded in community-based Cooperative Society. Also to divert people attention from the fake and unrealistic investment avenues seen on the social media, promising high interest yields; which at times tend to deceive people. The analysis in this paper suggests that the Cooperative Society is indeed worth investing in. Saving while working is very important to be able to cater for the old age, and this savings should be in a secured place like Cooperative Societies as enumerated in this study.

RECOMMENDATIONS

Based on the findings of this study, the following recommendations are hereby made:

I. It is advisable for everyone to join cooperative societies in their Community or form Cooperative Society in the Community and to enjoy the benefits there in.

The Cooperative Society Law should be reviewed frequently to meet the current realities. Also, the law should drawn up to meet diverse communities.

The employers should pay all the cooperative deductions along with net salary to enhance the Cooperative Society operate smoothly. Philanthropists, Government and all Humanitarians service providers should operate through Cooperative Society to reach the community and grassroots directly..

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