

Cooperative Entrepreneurship Disruption: Challenges and Opportunities

Dada, Samuel Obafemi^{1*}

Department of Finance, Faculty of Management Sciences,
Ekiti State University (EKSU),
Ado-Ekiti, Nigeria.

Ajayi, Ibidolapo Ezekiel²

Department of Finance, Faculty of Management Sciences,
Ekiti State University (EKSU),
Ado-Ekiti, Nigeria.

Obisesan, Oluwaseun Grace³

Department of Finance, Faculty of Management
Sciences, Ekiti State University (EKSU),
Ado-Ekiti, Nigeria.

Abstract:- The paper examined cooperative entrepreneurship positives and downsides. This research examined how cooperative prospects affect cooperative entrepreneurship growth and how economic difficulties affect it. The research population includes 4,238 persons from five Ekiti central senatorial district local governments. A systematic sample of 353 was employed in the study. Percentages and frequency tables are descriptive statistics, whereas, multiple regression analysis is inferential. The study found that cooperative entrepreneurship is both disrupted ($p=0.000 < 0.05$) and challenged ($p=0.000 < 0.05$). According to studies, low-income people should join cooperatives. Disruptive innovation was recommended for cooperative entrepreneurs seeking performance improvement. Research shows that cooperative entrepreneurship disruption is crucial to entrepreneurial success. Entrepreneurial disruption has not helped cooperative societies, the research found.

Keywords:- Cooperative, Entrepreneurship, disruption, Challenges, Opportunities.

I. INTRODUCTION

In a country with over 200 million people, where many are struggling to make ends meet due to a lack of good-paying public and private sector jobs, the government has recognised the need to support cooperative societies through grants and other financial aid while promoting entrepreneurship. Entrepreneurship and cooperatives have increased employment and living standards (Abeh & Echukwu, 2018). Cooperative organisations operating within a restricted zone have helped individuals regulate their living circumstances by improving economic performance in a competitive society with few resources. Winifred and Nwankwo (2023) said the cooperative encourages self-reliance and helps members establish or develop their businesses to improve their socioeconomic condition. A major reason cooperative societies were founded was to offer individuals a say in their lives. This has led to the creation of several cooperatives in agriculture,

manufacturing, retail, and advertising. Cooperative societies are based on cooperative identity, which maintains that individuals work better together (Kowo, Akinbola, & Akinrinola, 2018). Cooperative societies are strong due to democratic administration and member ownership. This distinguishes it from shareholder-owned investment enterprises and philanthropic organisations that benefit people (Roy, Lufuno, & Kola, 2018). The main reason for a cooperative is member service. The cooperative's organisational structure makes each member an owner, key stakeholder, and resource user.

In the cooperative economy, entrepreneurs find and exploit untapped possibilities, operate cooperative firms effectively, take calculated risks, and offer new ideas to cooperatives. Katekhaye and Magda (2017) say entrepreneurship empowers people and is becoming the third largest employer. Since entrepreneurship has generated possibilities for all walks of life in urban and rural locations, its reach is infinite. As more Nigerians recognise business may lead to riches, the entrepreneurial population grows. Niazi (2017) defines entrepreneurship as the capacity to predict new marketplaces where individuals may generate money. According to Agarwal and Selma (2022), entrepreneurship is crucial to a nation's economy since it saves jobs and generates revenue. Thus, a strong entrepreneurial sector may provide many stable jobs to individuals of diverse backgrounds. The government may also use money to fund other development initiatives.

Reiterating the cooperative movement's values helps cooperative organisations boost member participation and performance. Cooperative rules promote open participation under these principles. Entrepreneurship began with the cooperative movement, which joins individuals in enterprises that prioritise local welfare and sustainability to improve society. According to Rohanaraj (2021), cooperative businesses prioritise people and follow the seven cooperation principles above profit. Historical records show that the founding fathers' cooperative ideas were founded on this concept. Cooperative entrepreneurship arises when groups of people with similar aspirations

encounter challenges that the government and existing enterprises have not addressed. Cooperative enterprises benefit the economy, not only their employees in cooperative communities. Marinés (2017) states that cooperative enterprises rely on their communities in several ways:

- A dedication to creating and maintaining local jobs.
- Reduce production's environmental effect and promote local leadership and development.
- Distributing income more evenly by sponsorship and effort.
- They help residents find jobs, strengthening community.

Cooperative businesses succeed when groups aid each other, ensuring constant revenue and dependability. The International Cooperative Alliance (ICA) description of core economic, social, and cultural needs isn't adequate for cooperative company. It emphasises the necessity for a community effort to pool resources to preserve the interests of others (Ojiagu & Ezemba, 2021).

➤ *Statement of Problem*

Nigerians' quality of living drops daily. Ajayi and Chilokwu's (2021) research shows that Nigerian workers are unsatisfied with their jobs, which lowers their quality of life. However, they work hard every day to satisfy economic needs and enhance their families' quality of life. This is supported by Ojiagu and Ezemba (2021), who found that inhabitants' lifestyle is poor. They engage in self-entrepreneurship for survival rather than profit due to financial challenges, high living costs, and insecurity. The cooperative movement originally sought to empower middle- and low-income people, foster economic unity and transparency, and empower themselves via a cooperative business model. Individuals should pool their resources and participate in social justice efforts to safeguard vulnerable individuals (Marinés, 2017).

Technology and constant development have led to innovations that considerably improve cooperative entrepreneurs' efficiency and production, making cooperative societies and entrepreneurship crucial to society. Cooperative entrepreneurship emphasises member self-sufficiency and social issues via business operations. In contrast, cooperative entrepreneurial disruption shows how co-ops adopt new technology or methods to enhance operations. It entails using technology or business techniques to convert conventional difficulties into opportunities.

The cooperative economics discipline that studies entrepreneurial disruption has received less attention, which is unfortunate since it might boost economies. Little research has focused on cooperative entrepreneurship. Few studies have examined how disruptive innovation affects entrepreneurial performance (Oyo-Ita, Chris-Ossai, Oputa, Sodeinde, Ogunnaike, Worlu, Ogbari, and Ukenna, 2020). Agarwal and Selma (2022) examine disruptive thinking's influence on social entrepreneurship, including its challenges and triumphs, while Ojiagu and Ezemba (2021)

examine cooperative entrepreneurship and social empowerment. This research examines a subset of Ekiti State's cooperative societies to determine cooperative entrepreneurship's potential and risks.

➤ *Objective of the Study*

In an attempt to address the challenges and prospect attributed to cooperative entrepreneurship, the study pursues the following objectives;

- To what extent does economic challenges affect the performance of cooperative entrepreneurship
- To what level does cooperative prospect impact the growth of cooperative entrepreneurship

II. LITERATURE REVIEW

➤ *Cooperative and Cooperative Entrepreneurship*

Every cooperative society needs cooperative entrepreneurship. Cooperative societies prioritise helping low-income and disadvantaged people. The cooperative's impact has expanded beyond rural regions as city inhabitants use it to satisfy their financial commitments. Cooperatives are democratic, self-governing social groupings. Cooperative members have equal voice in corporate decisions and operations (Sanchez-Robles, Saura & Ribeiro-Soriano, 2023).

The International Cooperative Alliance defines cooperative societies as organisations that value common ethical and philosophical values. Economic growth, community empowerment, collaboration, access to products and services, ethical consumption, education and training, small business assistance, marginalised group empowerment, democracy, and social capital development are all part of this.

According to Simkhada (2013), cooperatives exist to supply members with products and services, both financial and otherwise. Cooperatives provide insurance, savings accounts, and loans with varied payback conditions. Cooperative societies provide non-financial services such income-generation training, healthcare (preventative and curative), community development, literacy and awareness initiatives, and more. Participation in organisational, public, and private decision-making depends on educational stability, job creation, and role flexibility. Age, marriage, and quality of life affect involvement. Muzamil (2013) says cooperative entrepreneurship is common in society and business. Cooperative businesses and the global cooperative movement uphold environmental and ethical sustainability in business. Entrepreneurship benefits cooperative members financially, socially, and personally (Geeta, 2018). Promotion of economic obligations, financial help, saving habits, and work prospects stimulate cooperative membership.

➤ *Entrepreneurship Disruption*

SMEs operated by entrepreneurs are common in Nigeria's economy, including cooperatives. Small and medium-sized company ownership may occur in hairdressing and barbering, agriculture, beverage production, raw food item manufacturing, and restaurant ownership, according to Winifred and Nwankwo (2023). An entrepreneur's major priorities are generating money or fulfilling a delivery date, regardless of company size. To achieve goals and generate money, entrepreneurs participate in business. Entrepreneurship requires creativity to identify and address social demands (Katekhaye & Magda, 2017). Anyone with a business concept is an entrepreneur. Entrepreneurship is an individual's efforts inside a company, whereas enterprise is the firm. A company owner who risks money to make a livelihood and help society is an entrepreneur.

Clayton Christensen's theory distinguishes between sustainable innovations that help entrepreneurs grow their businesses and disruptive innovations that cause major issues for companies that ignore them (Abimbola, Ademola, & Adebola, 2019). Disruptive innovation describes how a new product might replace older ones and gain market share. The internet's emergence and replacement of conventional trade are examples of disruptive innovation. Entrepreneurs' tenacity drives innovation and success in competitive environments (Oyo-Ita, et al., 2020). Even when they provide new features, higher performance, and a different pricing than previous products, innovations are often omitted from the market due to uncertainty. Ayodele, Aruleba, Oko, and Babarinde (2019) say entrepreneurs seeking product and service improvement must embrace disruptive innovation. It uses novel approaches that offer great potential for producing new or upgrading existing items.

Cooperative entrepreneurship disruption uses disruptive forces to bring about good change and the advantages of working together. This method challenges the existing quo and outdated processes to improve efficiency, competitiveness, and sustainability.

III. RESEARCH METHODS

➤ *Research Design*

The study employed descriptive survey research. We did this to ensure we had enough excellent participant data. Ekiti State, Nigeria, hosted the study. Ekiti State is known for its entrepreneurial spirit, with more businesspeople than public servants. In the Ekiti Central Senatorial District, which includes Ado, Efon, Ekiti West, Irepodun/Ifelodun, and Ijero Local Government, only cooperative society members will be studied. The chosen local government has 4,238 residents, according to the Ministry of Local Government (2023). The research included 353 people and used the following sample methods for each municipality:

$$n = \frac{N_i n_i}{N}$$

Where:

n = Number of respondents from each academic staff of Universities in Ekiti State

ni = total sample size

Ni = number in each group

N = population size of the study

Ado	$\frac{(1016)(353)}{4238} = 84$
Efon	$\frac{(534)(353)}{4238} = 45$
Ekiti West	$\frac{(993)(353)}{4238} = 83$
Ijero	$\frac{(736)(353)}{4238} = 61$
Irepodun/Ifelodun	$\frac{(959)(353)}{4238} = 80$

Data was processed using questionnaires, and participants were selected systematically. Content validity validated the study instrument, while Cronbach Alpha assessed questionnaire accuracy.:

IV. RESULT AND DISCUSSION

➤ *Descriptive Analysis of Variables*

100 respondents were female and 154 were male, 60.6% of the total. Respondent age distribution: 5.9% were 21–30, 6.3% 31–40, 45.3% 41–50, and 42.5% above 51.

Respondents are 38.2% single, 52.8% married, and 9.1% divorced. The poll found that 7.5% had wages between N50,000 and N100,000, 16.9% between N100,000 and N200,000, 22.4% between N210,000 and N400,000, and 53.1% did not.

64.2% are merchants, 1.6% are farmers, and 34.3% are government workers. Membership rates were 2.4% for less than three years, 37.4% for four to six years, and 60.2% for seven years or more. The following family sizes were reported: 42.9% have less than three children, 56.3% have three to five, and 0.8% have more.

Table 1 Demographic Distribution of Respondents

	Frequency	Percent
Sex Distribution		
Male	154	60.6
Female	100	39.4
Total	254	100.0
Age Distribution		
21-30Years	15	5.9
31-40Years	16	6.3
41-50Years	115	45.3
Above 51Years	108	42.5
Total	254	100.0
Marital Status		
Single	97	38.2
Married	134	52.8
Divorced	23	9.1
Total	254	100.0
Salary Distribution		
N50,000 to N100,000	19	7.5
N100,000 to N200,000	43	16.9
N210,000 to N400,000	57	22.4
Above N400,000	135	53.1
Total	254	100.0
Occupation		
Farmer	4	1.6
Civil Servant	87	34.3
Trader	163	64.2
Total	354	100.0
Cooperative Society		
Below 3Years	6	2.4
4-6Years	95	37.4
7Years and above	153	60.2
Total	254	100.0
Household		
Below 3	109	42.9
3 to 5	143	56.3
5 and Above	2	.8
Total	254	100.0

Source: Field Survey (2023)

➤ *Cooperative Entrepreneurship Disruption: Challenges and Opportunities*

Multiple regression analysis was used to test this hypothesis by computing and assessing respondent scores on two variables (cooperative entrepreneurship disruption and hurdles) and potential. Agriculture cooperative variables. Table 4 reveals that agricultural cooperatives and cooperative entrepreneurship have a strong positive association (R) of 0.917. The variance in the independent variables may explain a portion of the variation in the dependent variable, termed R². According to published data, agricultural cooperatives explain 84% of cooperative business opportunities with an R² value of 0.840. The model goodness-of-fit indicator adjusted R² of 0.839 supports this. After adjustments and revisions, the model can explain 83.9% of agricultural cooperative variance. The model error term accounts for 16.1%, as seen in Table 4.

The cooperative entrepreneurship disruption has an unstandardized beta coefficient of 0.597 with a t-value of 14.832 and a p-value of 0.000, below 0.05. Results showed

cooperative entrepreneurship disruption increased cooperative entrepreneurship chance. This arrangement indicates that cooperatives aid low-income people. Cooperative entrepreneurs that wish to improve must welcome disruptive innovation. A cooperative entrepreneurship disruption starts an entrepreneurial success story. In cooperative societies, entrepreneurial disruption is ineffective.

Challenges affect cooperative entrepreneurship with an unstandardized beta coefficient of 0.239, a t-value of 4.105, and a p-value of 0.000, all below 0.05.

The findings show that cooperative entrepreneurs' problems and opportunities are positively correlated. Government institutions encourage cooperative enterprise, although it confronts challenges. Lack of work ethic, management skills, and customer service hinders cooperative venture. National authorities also fail to promote cooperative entrepreneurship.

According to Table 4, the null hypothesis that agricultural cooperatives do not substantially impact cooperative entrepreneurship is not supported, with an F-Stat. of 659.601

and a p-value of $0.000 < .05$. Thus, the null hypothesis fails. We agree with the alternative premise that agricultural cooperatives increase cooperative entrepreneurship.

Table 2 Cooperative Entrepreneurship Disruption: Challenges and Opportunities

Variable	Co-eff.	Std. Error	t-value	Sig.
Constant	0.582	0.138	4.205	0.000
Social-Economic factor	0.597	0.040	14.832	0.000
Challenges cooperative entrepreneurship	0.239	0.058	4.105	0.000
R	0.917			
R Square	0.840			
Adj. R Square	0.839			
F Stat.	659.601(.000)			

Dependent Variable: Opportunity of Cooperative Entrepreneurship

V. CONCUSSION AND RECOMMENDATION

➤ Conclusion

Cooperative societies benefit financially suffering people, according to study. It also found that cooperative entrepreneurs seeking performance must emphasise disruptive innovation. Another key conclusion from the study is that cooperative entrepreneurship disruption helps entrepreneurs succeed. It also notes that entrepreneurial disruption has not helped cooperative organisations. Disruptive innovation and difficulties emphasise cooperative entrepreneurship's complexity. Strategic initiatives and government policies that promote cooperative development are needed. Government authorities do not help cooperative enterprises. Inattention to detail, poor management, and poor customer service limit cooperative company growth. To make matters worse, governments don't promote cooperative business via efficient policies.

➤ Recommendations

The research led to these recommendations:

- The government and other interested parties should finance cooperative entrepreneurship research and development to handle its specific problems and opportunities. We should also explore new methods, technology, and business models to enhance cooperative societies and grow consistently;
- Cooperative societies and other financial institutions should prioritise creating lasting financial tools to support cooperative companies. This may be achieved by providing financial incentives, grants, or financing for collaborative initiatives, particularly those that concentrate on innovation and problem-solving.
- Promotes cooperative-for-profit partnerships to share resources, skills, and markets. Thus, the public and private sectors may collaborate better, benefiting everyone. This would also aid long-term cooperative enterprise.

REFERENCES

- [1]. Abeh A. & Echukwu J. I. (2018). Entrepreneurial Factors and Development of Cooperative Organizations in Nigeria: A Review of Literature, *International Journal of Scientific and Research Publications*, 8(11), 102-109.
- [2]. Abimbola A. D., Ademola, A. & Adebola, F. T. (2019). The Effect of Entrepreneurship Development and Disruptive Innovation on Economic Growth: A Study of Small Scale Business Owners in Abeokuta. *International Journal of Advanced Studies in Economics and Public Sector Management*, 7(1), 102-113.
- [3]. Agarwal, A. W. & Selma, N. W. (2022). Disruptive thinking in social entrepreneurship: Challenges and effectiveness. *African Journal of Business Management*, 16(4), 82-89.
- [4]. Ajayi I. E & Chilokwu I. D. O. (2021). Influence of Cooperative Societies on the Wellbeing of Staff Among Universities in Ekiti State, Nigeria. *British Journal of Management and Marketing Studies*, 4(4), 21-33.
- [5]. Ayodele, M. O., Aruleba, T. J., Oko, D. O. & Babarinde, P. K. (2019). Improving The Performance of Family-Owned Small and Medium Scale Enterprise: The Role of Disruptive Innovation. *Global Scientific Journal* 7(8), 1226-1238.
- [6]. Geeta Y. (2018). A Study on the Impact of Cooperatives on Economical Development. *International Journal of Research – GRANTHAALAYAH*, 6(5), 238-243.
- [7]. Katekhaye D. and Magda, R. (2017). Impact of Rural Entrepreneurship on Poverty Alleviation- study of Rural India. *Albanian j. agric. sci.* 16(3) 101-107.
- [8]. Kowo, S. A., Akinbola, O. A. & Akinrinola, O. (2018). Effect of Growth Drivers on Cooperative Societies. *World Scientific News an international Scientific Journal*, 117- 130.
- [9]. Marinés A. (2017). Cooperative entrepreneurship in Puerto Rico. *Int. J. Entrepreneurship and Small Business*, 32(3), 386-401.
- [10]. Muzamil J. (2013). Impact of Cooperative Entrepreneurship on Women's Decision Making and Social Freedom. *SDMIMD Journal of Management*, 4(2), 37-47.

- [11]. Niazi, A. (2017). The Role of Entrepreneurship, Innovation and Marketing Capability in Small and Medium-Sized Enterprises (SMEs). *International Journal of Economic Perspectives*, 11(3), 1748-1759.
- [12]. Ojiagu N.C. & Ezemba N.E (2021). Cooperative Entrepreneurship and Social Empowerment of Rural Dwellers in Anambra State, Nigeria. *International Journal of Management & Entrepreneurship Research*, 3(7), 277-287.
- [13]. Oyo-Ita D., Chris-Ossai, E., Oputa, A., Sodeinde, A., Ogunnaike, O., Worlu, R., Ogbari, M., & Ukenna S. (2020). Disruptive Innovation: A Driver to Entrepreneurial Success. *Academy of Entrepreneurship Journal*, 26(4), 1-12.
- [14]. Rohanaraj T. T. A. (2021). Cooperative entrepreneurship and sustainable development – an omani perspective. *Global scientific journal*, 9(3), 325-331.
- [15]. Roy S. G., Lufuno, N. & Kola O. O. (2018). The Contribution of Co-operatives to Rural Economic Growth and Poverty Alleviation in South Africa: Lessons from Bangladesh. *Bangladesh e-Journal of Sociology*, 15(2), 105-119.
- [16]. Sanchez-Robles, M., Saura. J. R. & Ribeiro-Soriano, D. (2023). Overcoming the challenges of cooperative startups businesses: insights from a bibliometric network analysis. *Review of Managerial Science* <https://doi.org/10.1007/s11846-023-00670-9>
- [17]. Simkhada, N. R. (2013). Problems and prospects of the cooperative sector in Nepal for promoting financial inclusion. *Enterprise Development and Microfinance*, 24(2), 146-159.
- [18]. Winifred, E. N. & Nwankwo, O. F. (2023). Influence of Cooperative Societies on the Performance of Small and Medium Enterprises in Oyo State, Nigeria. *International journal of entrepreneurial and cooperative studies*, 6(1), 1-17.