

Credit Mobilization And The Development Of Cooperative Businesses In Imo State, Nigeria

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Abstract

This study examined the influence of credit mobilization on the development of cooperative businesses in Imo State, Nigeria. Three objectives guided the study: to assess the influence of credit mobilization on financial sustainability, examine the effect of member savings mobilization on capital base expansion, and investigate the influence of loan repayment ratio on investment capacity. The study was anchored on Resource Mobilization Theory and adopted a descriptive survey design. The study drew on information from 15 purposively selected agricultural cooperative societies across the three senatorial zones of Imo State. A sample of 377 respondents was determined, and 368 completed questionnaires were returned, representing a response rate of 97.6%. Data were collected with a structured questionnaire reported to have a Cronbach's alpha of 0.89. Descriptive statistics and simple ordinary least squares regression were used for analysis. The reported ANOVA results indicated statistically significant relationships between credit mobilization and financial sustainability ($F = 6,134.021, p < .001$), member savings mobilization and capital base expansion ($F = 6,828.277, p < .001$), and loan repayment ratio and investment capacity ($F = 34,306.981, p < .001$). The findings suggest that access to mobilized credit, regular member savings, and timely loan repayment are important financial processes associated with cooperative development. The study recommends transparent credit procedures, consistent savings programmes, and stronger loan appraisal and recovery systems. The statistical tables in the source document contain inconsistencies in some reported model-summary values; these should be checked against the original SPSS output before journal submission.

Keywords: credit mobilization, member savings, loan repayment, financial sustainability, cooperative businesses, Imo State

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1. Introduction

Cooperative businesses provide a collective means through which members pool resources, access financial services, and support productive activities. Their capacity to serve members depends partly on whether they can mobilize adequate funds and manage those funds responsibly. Credit

mobilization involves gathering financial resources from members' savings and contributions as well as suitable external sources, then directing the resources towards lending and other productive purposes. When mobilization is weak, cooperatives may struggle to provide loans, maintain liquidity, expand their capital base, or invest in

productive assets (Agu-Aguiyi et al., 2018; Olatubosun, 2022).

In Nigeria, cooperative societies are particularly relevant to small-scale farmers, traders, and other members who may face barriers in accessing formal financial services. Through member savings and collective lending, cooperatives can provide an alternative channel for financing economic activity. Evidence from rural Nigeria suggests that cooperative savings schemes help members build a savings habit and feel like part-owners of the scheme, although restricted withdrawals before leaving the cooperative were identified as a drawback (Onafowokan, 2013). However, the benefits depend on reliable savings contributions, fair and transparent credit allocation, and the timely recovery of loans. Poor loan recovery reduces the funds available for subsequent lending and can weaken members' confidence in the cooperative (Adeyonu, 2016).

The study identifies financial sustainability, capital base expansion, and investment capacity as key outcomes through which credit-related practices may support cooperative development in Imo State. Financial sustainability reflects a cooperative's ability to meet operating expenses, maintain liquidity, and continue delivering services. Capital base expansion reflects the accumulation of savings, share capital, reserves, and retained surpluses. Investment capacity refers to the ability to direct available funds towards productive activities and longer-term development.

Previous Nigerian studies connect savings mobilisation, loan management, and cooperative governance with cooperative performance. Agbasi et al. (2024) examined savings mobilised and loans granted among members of investment and credit cooperatives in Kaduna State. Olatubosun (2022) found that share capital relative to assets, growth in savings, and loan management jointly shaped the financial development of Islamic cooperatives in South Western Nigeria. Otache et al. (2023) reported that management committee effectiveness, member economic participation, innovation, and internal control systems were positively and significantly linked to the performance of employee-based savings and credit cooperatives. These studies cover other states and cooperative types. Few of the studies identified in this review examine the three relationships tested here among agricultural cooperatives in Imo State. The current study therefore examines three related dimensions of credit mobilisation and cooperative development: credit mobilisation and financial

sustainability; member savings mobilisation and capital base expansion; and loan repayment ratio and investment capacity.

Objectives of the Study

The study was guided by the following three objectives:

1. To assess the influence of credit mobilization on the financial sustainability of cooperative businesses in Imo State.
2. To examine the effect of member savings mobilization on the capital base expansion of cooperative businesses in Imo State.
3. To investigate the influence of loan repayment ratio on the investment capacity of cooperative businesses in Imo State.

Research Hypotheses

- H01: Credit mobilization has no significant influence on the financial sustainability of cooperative businesses in Imo State.
- H02: Member savings mobilization has no significant effect on the capital base expansion of cooperative businesses in Imo State.
- H03: Loan repayment ratio has no significant influence on the investment capacity of cooperative businesses in Imo State.

Literature Review and Theoretical Framework

Credit Mobilization and Cooperative Financial Sustainability

Credit mobilization is the process through which a cooperative assembles financial resources and makes them available for lending and productive use. It may include regular member savings, share contributions, retained surpluses, and external funding where available. Effective mobilization helps a cooperative maintain liquidity, respond to members' credit needs, and plan its activities. Financial sustainability, in turn, depends on the cooperative's ability to cover costs, recover loans, maintain sufficient funds, and continue providing services over time.

Adebayo and Olayemi (2020) reported a significant association between savings mobilization and loan accessibility among Nigerian thrift cooperatives. Recent work also points to the role of management and member involvement. Adegoke et al. (2026) found a positive and

significant relationship between cooperative management practices and members' financial sustainability in Ekiti State, and recommended encouraging savings, expanding credit availability, and providing easy repayment platforms to prevent default. Otache et al. (2023) similarly found that member economic participation and internal control systems were positively linked to cooperative performance. Taken together, these arguments suggest that the relationship between credit mobilization and sustainability is practical as well as financial: mobilized funds support lending, while effective lending and recovery help preserve the pool of resources.

Member Savings Mobilization and Capital Base Expansion

Member savings are a central source of internally generated funds for cooperative societies. Regular contributions and deposits can increase the amount available for loans and reduce excessive dependence on outside financing. Savings participation may also strengthen members' sense of ownership and commitment, particularly where financial records are transparent and members trust the management (Onafowokan, 2013).

Capital base expansion refers to growth in the cooperative's financial resources, including share capital, reserves, accumulated savings, and retained surpluses. A stronger capital base can support larger lending operations, absorb financial shocks, and finance improvements in services or infrastructure. Agbasi et al. (2024) examine the role of savings mobilisation in strengthening internal credit availability in investment and credit cooperatives. Agu-Aguiyi et al. (2018) likewise treat capital formation through member fund mobilisation as central to cooperative thrift and credit societies and link savings to loan volumes. Olatubosun (2022) assessed members' share capital relative to total assets alongside growth in savings. This provides a basis for examining whether member savings mobilisation is associated with capital growth among the selected cooperatives.

Loan Repayment Ratio and Investment Capacity

The loan repayment ratio reflects the proportion of loans repaid within the agreed period. Loan repayment is important because recovered funds can be lent again or allocated to other cooperative activities. High repayment performance may reduce losses and improve confidence in the cooperative's lending system. Low repayment, by

contrast, can restrict liquidity and reduce the funds available for new loans and investments.

Investment capacity is the ability to allocate financial resources to productive ventures, business expansion, equipment, infrastructure, and other activities expected to create future benefits. Repayment behaviour is influenced by borrower characteristics. In Remo Division, Ogun State, Adeyonu (2016) found that age, education, farming experience, net farm income, and loan size affected the likelihood of repayment, while a larger number of dependants reduced it, and only about 56% of respondents repaid promptly. Governance also matters. Oyeleye and Umebali (2023) reported that committee members' socio-economic characteristics and their application of cooperative principles significantly affected cooperative performance. The relationship is therefore not determined by repayment policy alone; it may also depend on loan appraisal, monitoring, members' economic circumstances, and the suitability of loan terms.

Theoretical Framework: Resource Mobilization Theory

The study is anchored on Resource Mobilization Theory, associated with McCarthy and Zald (1977) and later developed by Jenkins (1983). The theory explains that collective organisations depend not only on shared goals but also on their capacity to acquire, organise, and deploy resources. Resources may include money, skills, leadership, networks, and organisational structures. Applied to cooperative businesses, the theory suggests that development depends on how effectively members and managers gather financial resources and convert them into services and productive activity.

The theory is relevant to the three objectives in this article. Credit mobilization represents the gathering and deployment of funds needed to sustain operations. Member savings mobilisation contributes to the cooperative's internally generated capital. Loan repayment supports the recycling of credit resources and can preserve funds for subsequent investment. The framework therefore provides a basis for examining the financial practices through which cooperatives seek to achieve sustainability and growth.

Methodology

The methodology section reports a target sample of 377 respondents drawn from a population of 17,800, which is consistent with the sample-size tables of Krejcie and Morgan (1970). A structured questionnaire was used to

collect primary data, using a five-point Likert response format. The instrument was reviewed by experts, and a pilot test involving 20 cooperative members was reported. Cronbach's alpha was reported as 0.89, which exceeds the conventional 0.70 threshold and indicates good internal consistency (Cronbach, 1951).

Test of Hypothesis 1 (last paragraph, revised)

The result supports the view that cooperatives' ability to mobilize credit is associated with their capacity to maintain financial operations. Mobilized funds can help societies meet members' credit needs, sustain lending activities, and plan their finances. The finding is consistent with Adebayo and Olayemi (2020), who link savings mobilisation with improved loan accessibility in thrift cooperatives, and with Adegoke et al. (2026) and Olatubosun (2022), who report

positive links between cooperative management or resource mobilization and financial outcomes. Nevertheless, the cross-sectional survey design does not establish that credit mobilization alone causes financial sustainability.

The study adopted a descriptive survey research design. The research was conducted among selected agricultural cooperative societies across the three senatorial zones of Imo State, Nigeria. The source document reports that 15 cooperative societies were selected purposively, with five societies from each zone. The methodology section reports a target sample of 377 respondents and a population figure of 17,800 for proportional allocation across the senatorial zones; the abstract elsewhere reports a population of 6,534. This difference in population figures should be reconciled by the author before submission.

Results

Response Rate

Questionnaire status	Frequency	Percentage
Returned and usable	368	97.6%
Not returned/nullified	9	2.4%
Total distributed	377	100.0%

The high questionnaire return rate provided 368 responses for analysis. The rate indicates strong participation among the selected respondents, although it does not by itself establish that the sample is representative of all cooperatives in Imo State.

Objective One: Credit Mobilization and Financial Sustainability

Analysis of Objective 1: To assess the extent to which credit mobilization influences the financial sustainability of cooperative businesses in Imo State.

Regression

Table 4.7: Descriptive Statistics

	Mean	Std. Deviation	N
Financial Sustainability of Cooperative Businesses	14.6576	4.84890	368
Credit Mobilization	13.9538	5.23461	368

Table 4.7 shows that financial sustainability of cooperative businesses had a mean score of 14.66 (SD = 4.85), while credit mobilization recorded a mean of 13.95 (SD = 5.23), based on 368 respondents. This indicates that financial sustainability had a slightly higher mean score than credit mobilization, while credit mobilization showed greater variation in respondents' responses.

Table 4.7.1: Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				Sig. F Change	Durbin-Watson
					R Square Change	F Change	df1	df2		

1	.871 ^a	.844	.844	1.15218	.844	6134.021	1	366	.000	.159
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a. Predictors: (Constant), Credit Mobilization

b. Dependent Variable: Financial Sustainability of Cooperative Businesses

Table 4.7.1 shows a strong positive relationship between credit mobilization and the financial sustainability of cooperative businesses ($R = 0.871$). The R^2 value of 0.844 indicates that credit mobilization explains 84.4% of the variation in financial sustainability. The model is statistically significant ($F = 6134.021$, $p < 0.001$), suggesting that credit mobilization significantly predicts the financial sustainability of cooperative businesses.

Table 4.7.2: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8142.989	1	8142.989	6134.021	.000 ^b
	Residual	485.870	366	1.328		
	Total	8628.859	367			

a. Dependent Variable: Financial Sustainability of Cooperative Businesses

b. Predictors: (Constant), Credit Mobilization

Test of Hypothesis 1

The ANOVA results indicate that the regression model is statistically significant ($F(1,366) = 6134.021$, $p < 0.001$). This demonstrates that credit mobilization is a statistically significant predictor of the financial sustainability of cooperative businesses, providing sufficient evidence to reject the null hypothesis and accept the alternative hypothesis.

The descriptive results reported in the source document show a mean score of 13.95 ($SD = 5.23$) for credit mobilization and 14.66 ($SD = 4.85$) for financial sustainability, based on 368 responses. The ANOVA table reports $F(1, 366) = 6,134.021$, $p < .001$. This result indicates that the regression model relating credit mobilization to financial sustainability was statistically significant in the reported analysis. The source document's sums of squares imply that approximately 94.4% of the outcome variation is

accounted for by the model; however, the model-summary table gives a conflicting R-squared value. The percentage should therefore be treated as provisional until the original SPSS output is verified.

The result supports the view that cooperatives' ability to mobilize credit is associated with their capacity to maintain financial operations. Mobilized funds can help societies meet members' credit needs, sustain lending activities, and plan their finances. The finding is consistent with the source document's discussion of Adebayo and Olayemi (2020), which links savings mobilisation with improved loan accessibility in thrift cooperatives. Nevertheless, the cross-sectional survey design does not establish that credit mobilization alone causes financial sustainability.

4.3 Objective Two: Member Savings Mobilization and Capital Base Expansion

study area.

Regression

Table 4.8: Descriptive Statistics

	Mean	Std. Deviation	N
CapitalBaseExpansionofCooperativeBusinesses	14.8886	4.92628	368
MemberSavingsMobilization	14.3424	5.17615	368

Based on responses from 368 participants ($N=368$), Capital Base Expansion of Cooperative Businesses recorded a mean score of 14.89 ($SD=4.93$), while Member Savings Mobilization recorded a mean score of 14.34 ($SD=5.18$).

Both variables exhibit comparable levels of central tendency and dispersion among the respondents.

The reported descriptive statistics give a mean of 14.34 ($SD = 5.18$) for member savings mobilisation and 14.89 ($SD =$

4.93) for capital base expansion. The ANOVA results report $F(1, 366) = 6,828.277$, $p < .001$, indicating a statistically significant model for the relationship between member savings mobilisation and capital base expansion. The sums of squares in the ANOVA table imply an R-squared of approximately 0.949, while one model-summary narrative gives a different value. This discrepancy requires verification against the original output.

The finding suggests that regular member savings are an important source of funds for cooperative capital growth.

When members contribute consistently, cooperatives may have more resources available for lending and other activities, while reducing their dependence on external funding. This interpretation is in line with the source document's discussion of Agbasi, Aminu and Akonu (2024), which identifies savings mobilisation as a contributor to internal credit availability. Cooperatives should therefore make savings arrangements clear, convenient, and transparent to members.

4.4 Objective Three: Loan Repayment Ratio and Investment Capacity

Table 4.8.1: Model Summary^b

Table 4.3.1. Model Summary										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change	Durbin-Watson
1						F Change	df1	df2		
1	.774 ^a	.749	.749	1.11265	.749	6828.277	1	366	.000	.073

a. Predictors: (Constant), MemberSavingsMobilization

b. Dependent Variable: CapitalBaseExpansionofCooperativeBusinesses

The model summary reveals a strong positive correlation ($R=0.774$) between member savings mobilization and the capital base expansion of cooperative businesses. Furthermore, the coefficient of determination ($R^2=0.749$) indicates that member savings mobilization accounts for approximately 74.9% of the total variance in capital base expansion ($F_{left(1,366)}=6828.277, p<0.001$).

Table 4.8.2: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8453.328	1	8453.328	6828.277	.000 ^b
	Residual	453.104	366	1.238		
	Total	8906.432	367			

a. Dependent Variable: CapitalBaseExpansionofCooperativeBusinesses

b. Predictors: (Constant), MemberSavingsMobilization

The ANOVA results indicate that the regression model is statistically significant ($F_{left(1,366)}=6828.277, p<0.001$).

Test of Hypothesis 2

This demonstrates that member savings mobilization is a statistically significant predictor of the capital base expansion of cooperative businesses, providing sufficient evidence to reject the null hypothesis and accept the alternative hypothesis.

The source document reports a mean score of 14.73 ($SD = 4.73$) for loan repayment ratio and 14.95 ($SD = 4.60$) for the investment/capacity outcome, based on 368 responses. The ANOVA table reports $F(1, 366) = 34,306.981$, $p < .001$, indicating a statistically significant regression model. The ANOVA sums of squares imply that approximately 98.9% of the variation in the dependent variable is accounted for

by the model, but the model-summary table contains a conflicting R-squared value.

Discussion of Findings

The study achieved strong respondent engagement, with 368 of 377 questionnaires returned (97.6%), indicating that the data were adequate and reliable for analysis. Female respondents (57.3%) outnumbered males (42.7%), suggesting that women are more active in cooperative activities in the study area. Most respondents were aged 26–35 years (26.6%) and 36–45 years (25.0%), showing that membership is dominated by adults in their economically productive years. Respondents were also fairly literate, with secondary education (26.4%) and HND/Bachelor's degrees (21.5%) most common, implying that members can

understand cooperative processes. Most had moderate cooperative experience (1–6 years) and belonged mainly to agricultural (35.6%) and multi-purpose (29.6%) cooperatives, reflecting the economic orientation of the area.

For Objective 1, credit mobilization had a very strong positive relationship with financial sustainability ($R = 0.8971$, $R^2 = 0.944$), and the model was highly significant ($F = 6134.021$, $p < 0.05$). Credit mobilization therefore explained 94.4% of the variation in financial sustainability. This suggests that cooperative credit strengthens financial stability by improving access to funds, reducing reliance on informal lenders, and supporting financial planning. The result agrees with Adebayo and Olayemi (2020) and Ebu and Mbata (2023), who found that credit mobilization significantly improves loan access, utilization, and cooperative financial performance.

For Objective 2, member savings mobilization had a strong positive effect on capital base expansion ($R = 0.774$, $R^2 = 0.949$; $F = 6828.277$, $p < 0.05$), accounting for 94.9% of its variation. Active participation in savings schemes therefore appears to support capital growth. Descriptive results also showed high engagement in regular savings and investment, which contributes to cooperative sustainability and project expansion. These findings are consistent with Alufohai and Ahmadu (2023) and Agbasi, Aminu and Akonu (2024), who showed that effective savings mobilization promotes capital formation and loan accessibility in cooperative societies.

For Objective 3, loan repayment ratio had an exceptionally strong positive relationship with investment capacity ($R = 0.895$, $R^2 = 0.989$; $F = 34306.981$, $p < 0.05$), explaining 98.9% of its variation. Timely repayment is thus a major determinant of cooperatives' ability to make profitable investments, remain operationally stable, and increase members' returns. This agrees with Achoja and Ugbomeh (2007) and Aguiyi et al. (2024), who reported that good repayment behaviour improves creditworthiness, capital formation, and investment potential in cooperative societies.

Conclusion

The study examined three dimensions of credit mobilisation and cooperative business development in Imo State. Based on the reported analysis, credit mobilisation was significantly related to financial sustainability, member savings mobilisation was significantly related to capital base expansion, and loan repayment ratio was significantly

related to investment capacity. Together, the findings point to the importance of a sound internal financial base, reliable access to credit, and effective loan recovery for cooperative development.

The study concludes that cooperative societies should treat credit mobilisation as a coordinated process involving savings, responsible lending, repayment monitoring, and careful financial planning. Because the source document contains inconsistencies in population figures and statistical model summaries, the numerical effect sizes should be confirmed before publication. The study's survey design also supports statements about statistical relationships more strongly than claims of direct causation.

Recommendations

Cooperative leaders should establish transparent credit-mobilisation plans that identify members' savings, share contributions, available external funding, and expected credit needs.

Cooperatives should encourage regular member savings through clear contribution rules, accessible payment arrangements, accurate records, and periodic reporting on how mobilised funds are used.

Loan appraisal should consider members' repayment capacity and the likely cash flow of their farming, trading, or other business activities. Repayment schedules should be realistic and clearly communicated.

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