

## **Empirical Assessment of Success Rate of Co-operative Societies’ Housing Provision in Lagos State, Nigeria**

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### **Abstract**

*This study empirically assessed the success of co-operative societies’ housing provision for their members in Lagos State, Nigeria. The study was based on questionnaire survey conducted on institution-based co-operative societies that engage in housing procurement for members using different methods such as land acquisition, housing development, grant of loan, purchase of building materials or purchase of complete housing. Data were collected from members and principal officers of 97 institution-based co-operative societies in Ikeja, Lagos State. Data were analyzed with basic descriptive statistical tools, 5-Point Likert scale and presented with tables and percentages. The overall success rate was found by finding the average of the success rate of each method. This is compared with the impression of the stakeholders with the achievement of co-operative societies in providing housing for their members over the years. It was found contrary to popular believe that co-operative societies had performed well, the success rate had not been impressive and this is evidenced by the aggregate 38.3% of success rate of the different approaches put together. The analysis also showed that grant of loan and private project development were considered to be more successful amongst other strategies adopted by the co-operative societies. The study therefore concluded that the overall success of co-operative societies in housing provision can be improved by evolving a collaborative model that synergize co-operative institution with government institutions, parent institutions and the financial institutions.*

**Keywords:** Co-operative, housing, success, institution, parent, loan, land

### **1.0 Introduction**

The provision of decent, affordable and qualitative housing units for the teeming population had been a cardinal objective of governments across the world. Despite this, housing problem in its quantitative and qualitative dimensions remains almost intractable particularly in developing countries, Latin America, east and central Europe as well as in many parts of Asia. Addressing the growing concern over increasing housing shortage and deteriorating conditions of existing stock had also been a recurring theme at various national and international fora and conferences. In Nigeria, the shortfall in housing supply occasioned by the ever increasing population, deteriorating condition of the existing housing stock and other associated inadequacies have remained a recurring challenge confronting the nation. Different studies had shown the housing equilibrium in Nigeria before and after independence (Onibokun, 1985). Recent studies however revealed that the shortfall in housing supply in the country is currently estimated at 16 to 17 million units (Uroko and Akintola, 2008; Uroko, 2009). This figure has been corroborated by Federal Ministry of Lands, Housing and Urban Development (FMLHUD) which succinctly puts the shortfall at 17 million (FMLHUD, 2012). This figure must have shot up astronomically going by UNIDO’s (1980) assertion that the level of production of housing in a developing country like Nigeria is only between 2 to 3 dwelling units per a thousand people compared with the required rate of 8-10 dwelling units per a thousand of the population as recommended by the United Nations. Simply put, the level of demand had not been able to match the level of supply of housing units in the country.

One of the solutions being explored by the low and middle income groups is the co-operative housing, through the Co-operative Societies. Co-operative housing according to Co-operative Housing Federation (CHF)-International (2004) is an alternative housing approach that combines the system of co-operative practices and methods with the principles and processes of housing development to provide housing for members. It is a medium supported by government at all levels and commended by the United Nations. In a report by the UN-Habitat (2002), the United Nations' Secretary-General summarized the significance of the Co-operative sector to the economy generally as follows: "*Co-operative Societies support social cohesion and stability and give life to the concepts of corporate responsibility and citizenship. They provide essential services, ranging from housing to health care that strengthen community development*". Ironically, the idea of housing delivery through co-operative societies is not new (Wahab, 1998), what is new however, is that the model has been repackaged and re-invigorated in recent times in many countries by incorporating various methods and techniques to improve access to housing and thus serve the common interest of realising different objectives of the low and middle income groups; who may not necessarily belong to the same community, ethnic group, religion or linguistic background. This vehicle of housing delivery according to Danmole (2004), Daramola (2006) and Gezzard (2007) has been applied in different countries such as Italy, United Kingdom, Zambia, Sweden, Philippines, Denmark, Norway, Canada and South Africa with significant success.

The activities of co-operative societies towards economic and financial empowerment of members have been a subject of investigation by scholars. In the area of housing delivery however, studies on co-operative societies' intervention in housing provision have been grossly limited especially in Nigeria while statements about their success have either been journalistic, superfluous and empirically unsubstantiated. For instance, Diacon (1994), Daramola (2006), Gbadeyan (2011) and Adedeji and Olotuah (2012) among others averred that the involvement of co-operative societies in housing provision has been successful. Gbadeyan (2011) explained that Co-operative Societies have been playing significant role in the delivery and provision of housing services in urban centres in Nigeria. On the other hand, Ndubueze (2009) expressed contrary opinion and stated that Co-operative Societies are yet to make any significant impact on the Nigeria housing sector development. Neither of these contradicting opinion provided empirical evidences to buttress their claims and it becomes important to undertake decisive investigation to determine the success of the option among the users.

## **2.0 Literature Review**

### **2.1 Housing Needs**

UN-Habitat (2010; 2012) estimated total housing needs in Africa at around 4 million units per year with over 60 per cent of the demand required to accommodate urban residents and that the figure may likely increase to 5 million per year in the cities. This translates into nearly 15,000 dwellings per day in order to accommodate the expected urban population growth. UN-Habitat (2010) also observed that rapid urbanization is generating extraordinary demographic pressure and demand for housing, land and infrastructure especially in African cities. It noted that in Africa, urbanization often takes place in the absence of housing policies since housing has not been placed high in the political agenda, neither does it have a dedicated and well-funded Ministry or government agency in charge of such an important social/economic sector. Tesfaye (2007) opined that urbanization and demand for houses are positively correlated and as cities expand so do the need for more housing. In the opinion of Lim (1987) and Chirisa (2008), these needs have largely been unmet in most developing countries. Lim (1987), Renaud (1987) and UNFPA (2007) concluded that housing shortage in developing countries has escalated to unprecedented rates making the percentage of slum dwellers extremely high.

### **2.2 Co-operative Approach to Housing**

According to Dogarawa (2005), Co-operative Societies emerged as an option explored by the majority which are mostly low income group and are somewhat alienated by the privileged minority that control the resources of an economy. The Societies have become a strong, vibrant and viable economic alternative in a period when many people feel helpless, powerless or disenfranchised to change their living conditions. Co-operative Societies are formed principally to meet peoples' mutual needs based on the idea that together, a group of people can achieve goals that none of them could achieve alone. The formation and goal of Co-operative Societies is not to meet unessential collective or individual needs. Rather, it is aimed at providing basic needs which otherwise might take a long time to realize or completely unaffordable without assistance.

The UN-Habitat (2002) identified co-operatives as an important way of achieving the two goals of Habitat Agenda which are “Adequate Shelter for all” and “Sustainable Human Settlement Development”. Also, the Global Strategy for Shelter to the year 2000 states that implementation of a shelter strategy will involve the redistribution of responsibilities to a variety of actors and stakeholders, including individual households, co-operative groups, informal and formal private producers, governmental agencies and ministries (UN-Habitat, 1989).

### 2.3 Success Rate of Co-operative Societies Housing Provision

A review of literature shows that little had been achieved via the use of co-operative societies in providing houses for the masses. Marunga and Mberengwa (2014) studied the effectiveness of the housing co-operative approach in the provision of urban housing in Bindura, Zimbabwe. Findings indicate that the housing co-operative approach yielded little progress in alleviating the housing problem. The study shows that the housing co-operatives were able to purchase land, develop site plans and service stands but were not able to complete a single housing unit. It was observed that the housing co-operative approach faced challenges which included high cost of on-site and off-site infrastructure, high cost of land and mismanagement of funds by co-operative executive officials. The study therefore concludes that the housing co-operative approach has yielded little in alleviating the housing problem as no houses have been completed and occupied during the 10 years of their existence.

Gbadayan (2011) studied private sector’s contribution to the development of the Nigerian housing market. The objective of the study, amongst others was to examine how private sector has helped to alleviate housing problems in Nigeria. The study which examines the activities of co-operative bodies conclude that co-operative societies are making impressive contributions to housing provision though the societies are facing challenge of high inflation rate. Loan grant was identified as an area where the co-operative societies made highest impact. The study shows that 92% of respondents make use of loan obtained from co-operative societies to finance their housing projects. However, it was observed that 73% indicated that the loan was not enough to complete the project. The paper conclude that despite the intermediation efforts of private developers and co-operative societies, access to finance among the low and middle income is still very low and therefore suggest improved access to housing finance by this categories of income earners to assist them realize their housing objectives. Although the paper indicate that the societies were involved in the finance of some housing projects, it further revealed that few of these are new projects while larger proportion involved renovation of old buildings.

Dakurah, Goddard and Osuteye (2005) conducted a survey of the attitudes towards and satisfaction with Co-operatives in Alberta. The purpose of the study was to assess the attitudes towards and satisfaction of residents of Alberta towards their co-operatives. Primary data was collected from 1,500 residents of Alberta via mailed questionnaires. Although, the study achieved only 16% response rate, results showed a population that has a general positive attitude towards and satisfied with their co-operatives as it is reflected in assessing the performance of their co-operatives as good. In the overall assessment about the success of their respective co-operatives, majority (93%) considered their co-operative successful. The study however noted few challenges such as the inability of management to include members in the decision making process as well as the issue of members training and education. The success measured here did not make specific reference to housing provision for the people, success criteria used however include marketing and business; management; customer service; member commitment; and public interest and involvement.

### 3.0 Research Methods

This research was carried out in Lagos State, being a State with the highest population and epicentre of housing crisis in Nigeria. According to the Lagos State Directory of Co-operative Societies (2011), the State has 1,415 co-operative societies in 15 Administrative Area offices in the State. Ikeja Administrative Area Office has the highest of 185 co-operative societies out of which 97 are institution-based. All the institution based co-operative societies in Ikeja Area Office were adopted for this study. The total population of members of the 97 societies was 21,337 as derived from the directory. Sample size of members for the study was calculated using a formula by Adedayo (2006).

$$n = \frac{N}{1 + \alpha^2 N}$$

Where n = sample size; N = population  $\alpha$  = level of significance, (which in this case is 0.05).

With the formula, a sample size for members was given as 391.

Three setof questionnaires were distributed to the principal officers and members of the co-operative societies and officers of the parent institution. The questionnaire was used to elicit data on purposes of the co-operative societies, methods of financing housing and the perspectives of success of the co-operatives societies in providing housing for the members. Data were analyzed with descriptive statistical tools such as frequency, weighted average, relative importance index and results were presented in tables, charts and graphs. Success rate were empirically assessed on a quantitative basis of the overall number of housing units procured and on the basis of balanced scorecard taking into account the perspective of principal officers and members about the success rate of the co-operative societies.

#### 4.0 Data Analysis

##### 4.1 Rate of Response

**Table 1: Questionnaire Administration and Rate of Response**

Respondent Group	Questionnaire Administered	Questionnaires Retrieved	Rate of Response
Member	391	201	51.4%
Principal officers	97	63	64.9%
Parent institution	97	60	61.9%
Total	585	319	54.5%

Questionnaires were administered to three different categories of respondents, members, principal officers and officers of the parent institutions of the co-operative societies. Members of the societies were actually accessed through the administrative officers since most of the societies do not meet frequently, but members come for one issue or the other. Response rate from the three groups are above average and the overall average rate of response indicates 54.5% and this rate considered sufficient for subsequent analysis.

##### 4.2 Methods of Housing provision and subscription rate

The various methods that members engage through their respective co-operative societies are presented in the Table 2. The Table also shows the percentage of members that subscribed to each method among the respondents.

**Table 2: Subscription rate to housing provision methods**

Housing Provision Methods	Subscribing Members	Percentage
Land Acquisition	123	61.2%
Housing development	21	10.4%
Bulk Material Procurement	67	33.3%
Loan for Housing development	201	100%
Housing Purchase	23	11.4%
Private Housing Project	78	38.8%

The Table is a multiple response in the sense that respondents were allowed to select more than one of the different methods of housing provision offered by their respective societies. The table revealed that loan is the only method used by all the co-operative members who subscribed to it for the purpose of providing or acquiring their own homes. Apart from this, it further shows that 61.2% of co-operators subscribe to land acquisition through the co-operative societies while 38.8% actually finance their private housing development using finance or materials procured through the society. It is however important to note that 11.4% members applied to their society to procure or purchase house of their choice for them.

##### 4.3 Success Rate of the Housing Provision Methods

**Table 3: Success rate of subscription to the housing provision methods**

Respondents	Number/Percentage of subscription		
	Subscription	Delivered	Success rate
Land Acquisition	123	47	38.2%
Housing development	21	5	23.8%
Bulk material procurement	67	29	43.3%
Loan	201	119	59.2%
Housing Purchase	23	2	8.7%
Private Housing Project	78	44	56.4%

The success rate of the various methods of housing provision by the co-operative societies is shown in the table 3 above. The table showed amongst others that success is achieved only in the grant of loan for financing housing provision by the members as well as the construction of private housing development projects. The lots or number of members that indicate that their subscription had been delivered are below average for majority of the channels such as land acquisition (38.2%), housing development (23.8%) and bulk material procurement (43.3%). Though, 23 members indicated housing procurement by purchase through their co-operative societies, only 2 had been delivered implying 8.7% success rate. The overall success rate of the housing provision methods put together was determined by taking the average of the addition of individual method’s success rate. Hence,

$$\frac{38.2\% + 23.8\% + 43.3\% + 59.2\% + 8.7 + 56.4\%}{6} = \frac{229.6}{6} = 38.3\%$$

Thus, the overall success rate of the housing provision method yielded 38.3% which apparently falls below average. This implies that the co-operative societies housing provision methods performed below expectation of the members.

Table 4: Stakeholders’ impression of the achievement of the co-operative societies

Respondent Groups	VI	I	U	NI	F	Total
Members	36 17.9%	54 26.9%	26 12.9%	53 26.4%	32 15.9%	201
Principal Officers	11 (17.5%)	15 (23.8%)	17 (27.0%)	12 (19.1%)	8 (12.7%)	63
Officers of Parent Institutions	-	8 (13.3%)	21 (35.0%)	25 (41.7%)	6 (10.0%)	60

The impression of the stakeholders were measured on a 5-point Likert Scale of 5 - Very Impressive (VI); 4 - Impressive (I); 3 - Not Sure (NS); 2 - Not Impressive (NI); 1 - Failed (F). The analysis showed that on the average, majority of members (55.5%) are not impressed about the performance of the various methods of housing provision offered by these co-operative societies. Also, 58.8% of principal officers and 86.7% officers of the parent institutions are not impressed by the performance of these co-operative societies’ housing provision methods. Arising from the overall success rate of the various methods (38.3%) as indicated by the members who represent direct users of these housing provision methods, it is established that the co-operative societies had performed below average. Furthermore, the impression of the stakeholders which are members, principal officers of the co-operative societies and the key officers of the parent institutions only showed that the stakeholders are less impressed about the overall performance.

**5.0 Recommendation and Conclusion**

For now, success rate of Co-operative Societies in housing provision is less than 50% dispelling the belief that relying on Co-operative method for meeting housing shortfall is a sure way of arresting the problem. Findings revealed that only 23.8% of housing was delivered while the overall performance rate gave 38.3%, thereby rejecting the previous conclusions and opinions that co-operative societies had performed satisfactorily in providing housing for their members. There is a strong evidence to suggest that Co-operative Housing may be a sound method but definitely not Eldorado as people tend to believe. For now, co-operative societies are incapacitated in delving into massive housing scheme for lack of capital and their members, the likely beneficiaries are equally fund strapped to purchase if completed. For Co-operative Societies to be able to perform well in housing intervention there is the need to beef up their financial capacity and operating fund and promptly address the various challenges impinging on their success. In order to re-strategize on the involvement of Co-operative Societies in housing provision for better performance, there is need for paradigm shift from the generalist co-operative societies to housing specialist co-operative societies so that opportunities available for housing funding can be tapped into. In addition, there is need for collaboration between the co-operative societies, parent institutions, government and financial institutions so as to enhance housing delivery via the co-operative societies.

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