**CHAPTER ONE**

**INTRODUCTION**

**1.1 Background of the Study**

Cooperative societies have a long history of contributing to economic and social development across the globe. These organizations operate on the principles of voluntary participation, democratic control, economic autonomy, and shared benefits, making them a valuable tool for community empowerment and poverty reduction (ILO, 2002). In developing countries, where formal financial institutions may not adequately serve the needs of marginalized populations, cooperative societies have emerged as a means of providing financial services, capacity building, and collective bargaining (Dhar, 2016).

The informal sector, encompassing a wide range of economic activities, employs a substantial portion of the population in many developing nations (Chen, 2012). Artisans, skilled workers engaged in traditional crafts and trades, form a significant part of the informal sector. These individuals create products with cultural and historical significance, and their work is deeply intertwined with the local communities they serve.

In Nigeria, the informal sector is a critical component of the economy, providing employment opportunities, income generation, and contributing to the overall GDP (Olabisi, 2015). However, artisans in the informal sector often face challenges such as limited access to credit, lack of modern technology, inadequate infrastructure, and limited market linkages (ILO, 2013).

Chibok Local Government Area in Borno State, Nigeria, is home to a diverse community of artisans with skills passed down through generations. These artisans play a vital role in preserving cultural heritage and contributing to the local economy. However, the region has faced challenges related to insecurity due to conflict and limited access to formal financial institutions, hindering the growth and development of the artisanal sector.

The cooperative movement in Nigeria has shown potential in addressing these challenges. Cooperatives provide a platform for artisans to pool their resources, access credit, acquire new skills, and collectively market their products. Research conducted in other regions of Nigeria has shown that cooperatives have led to increased income, improved living standards, and enhanced socio-economic development among their members (Oluyombo et al., 2019).

Borno State, located in North Eastern Nigeria, has a rich cultural heritage and a diverse range of artisanal activities. Chibok Local Government Area, in particular, is known for its vibrant artisan community. In recent years, the region has faced various challenges such as insecurity, economic instability, and limited access to formal financial services. Cooperative societies present an opportunity to address these challenges and enhance the development of the artisanal sector in Chibok (Olabisi, 2015).

**1.2 Statement of the Problem**

The informal sector, including artisans, often faces obstacles such as limited access to credit, lack of formal training, inadequate infrastructure, and limited market access. These challenges hinder the sector's growth and its ability to contribute effectively to local economic development. Cooperative societies have the potential to address these issues by providing a platform for collective action, resource sharing, capacity building, and improved market linkages.

However, the effectiveness of cooperative societies in promoting the development of the informal sector, particularly in Chibok Local Government Area, remains largely unexplored. This study seeks to investigate the role of cooperative societies in enhancing the socio-economic status of artisans in Chibok and contributing to the overall development of the informal sector.

Despite the potential benefits of cooperative societies, there is a lack of comprehensive research on their role in developing the artisanal sector, especially in conflict-affected regions like Chibok. Limited studies have focused on understanding how cooperative societies among artisans in Chibok contribute to socio-economic development. This research aims to bridge this gap by investigating the functioning, effectiveness, and impact of cooperative societies on artisans' livelihoods and the overall development of the informal sector in Chibok.

**1.3 Aim and Objectives of the Study**

The specific objectives of this research are as follows:

1. To assess the current status of the artisanal sector in Chibok Local Government Area of Borno State.
2. To examine the functioning and effectiveness of existing cooperative societies among artisans in the study area.
3. To analyze the impact of cooperative societies on the socio-economic development of artisans in Chibok.
4. To identify challenges faced by cooperative societies and artisans in their efforts towards development.

**1.4 Research Questions**

This study will address the following research questions:

1. What is the current socio-economic status of artisans in Chibok Local Government Area?
2. How do cooperative societies operate among artisans in the study area, and how effective are they?
3. What are the observable impacts of cooperative societies on the socio-economic development of artisans?
4. What challenges do both cooperative societies and artisans encounter in their development endeavors?

**1.5 Significance of the Study**

This study's findings will contribute to the existing body of knowledge on the role of cooperative societies in fostering the development of the informal sector, with a focus on artisans. The results will provide valuable insights for policymakers, development agencies, and local communities in Chibok, Borno State, and similar contexts. By understanding the challenges and benefits of cooperative societies, stakeholders can design more targeted interventions to support the growth and sustainability of the artisanal sector.

**1.6 Scope and Limitations of the Study**

The study will focus on the artisanal sector in Chibok Local Government Area of Borno State, Nigeria. It will specifically investigate the role of cooperative societies in the socio-economic development of artisans. The research may face limitations such as access to accurate data, the potential for bias in responses, and external factors that could influence the study's outcomes.

**Chapter Two**

**Literature Review**

**2.1 Introduction**

This chapter presents a comprehensive review of the literature relevant to the role of cooperative societies in developing the informal sector, with a specific focus on artisanal activities. The review covers key concepts related to cooperative societies, the informal sector, and artisanal practices. Additionally, it explores the challenges faced by artisans and cooperative societies, as well as the potential benefits that these societies can bring to the development of the sector.

**2.2 Cooperative Societies and Development**

Cooperative societies are voluntary organizations formed by individuals with shared interests, pooling their resources and efforts to achieve common goals (ILO, 2002). Cooperatives operate on principles of democratic control, autonomy, and equitable distribution of benefits. They offer members access to financial services, training, and a collective voice, often leading to increased economic opportunities and improved social well-being (UN, 2019).

Cooperative societies have been recognized as effective mechanisms for empowering marginalized communities and enhancing their socio-economic status (World Bank, 2019). By facilitating access to credit and markets, providing skills training, and promoting collective bargaining, cooperatives contribute to poverty reduction, local economic development, and sustainable livelihoods.

Cooperative societies have gained prominence as effective instruments for promoting development and fostering community empowerment. These organizations embody principles of collaboration, collective decision-making, and equitable distribution of benefits (Birchall, 2018). They offer an alternative economic model that emphasizes people-centered development, in contrast to purely profit-driven enterprises.

Cooperative societies serve as vehicles for social and economic progress, especially in regions with limited access to formal financial institutions. They empower individuals by providing access to credit, savings, and financial services that might otherwise be inaccessible (UN, 2019). By pooling resources and sharing risks, cooperative members create a safety net against economic shocks and enhance their resilience (Birchall, 2018).

Recent studies underscore the positive impact of cooperative societies on development outcomes. A research report by the United Nations (2019) highlights that cooperatives have contributed to poverty reduction, employment generation, and sustainable livelihoods in diverse contexts. Moreover, cooperatives often prioritize the welfare of marginalized populations, women, and vulnerable groups, promoting social inclusion and reducing inequalities (ILO, 2020).

In the context of developing nations, cooperative societies have demonstrated their ability to create economic opportunities and promote local ownership. For example, a study by Mungai and Bokea (2021), found that agricultural cooperatives played a crucial role in improving smallholder farmers' access to markets, technology, and training, ultimately raising their income levels and living standards.

Cooperative societies also facilitate capacity building and skill development among their members, contributing to human capital formation (Dhar, 2016). By offering training, education, and knowledge-sharing platforms, cooperatives empower individuals with the tools needed to succeed in their chosen economic activities.

**2.3 The Informal Sector and Artisanal Activities**

The informal sector encompasses a wide range of economic activities that operate outside formal regulations and often lack legal recognition (Chen, 2012). Artisans, as skilled workers engaged in crafts and trades, constitute a vital subset of the informal sector. They create products of cultural and artistic value, preserving heritage and traditions while contributing to local economies (UNESCO, 2018).

The informal sector, characterized by its flexibility, diversity, and often unregulated nature, plays a significant role in the economies of developing countries (Chen, 2012). Within this sector, artisanal activities stand out as essential components that contribute to cultural preservation, economic growth, and employment generation (UNESCO, 2018). Artisans are skilled workers who create products of cultural and artistic value, reflecting the traditions and heritage of their communities.

Recent research emphasizes the importance of the informal sector, particularly artisanal activities, in contributing to sustainable development. According to Chen (2012), the informal sector absorbs a substantial portion of the labor force in developing countries, providing livelihoods and income for millions of individuals who lack formal employment opportunities. Artisans, as part of this sector, not only engage in economic activities but also contribute to the preservation of indigenous knowledge and craftsmanship.

The artisanal sector also serves as a reservoir of creativity and innovation. UNESCO's Creative Economy Report (2018) highlights that artisanal practices contribute to the creative economy by producing unique and culturally significant goods. Artisans often employ traditional techniques and locally sourced materials, promoting sustainable practices and reducing the environmental impact of production.

Despite their contributions, artisans within the informal sector face numerous challenges that hinder their development and growth. Limited access to credit and financial services prevents artisans from investing in tools, materials, and business expansion (ILO, 2013). Additionally, a lack of formal training and education in business management and marketing can restrict their ability to compete in the market (ILO, 2013).

In the context of artisanal activities, cooperative societies can play a pivotal role in overcoming these challenges. By forming cooperatives, artisans can collectively pool resources, share expertise, and access training opportunities that enhance their skills and knowledge (Olawuyi & Ogunwale, 2021). Moreover, cooperatives provide artisans with a platform to negotiate better terms with suppliers, buyers, and other stakeholders, enhancing their bargaining power and market access (Kotey & Adade, 2016).

**2.4 Cooperative Societies and Artisanal Development**

Cooperative societies have been instrumental in addressing challenges faced by artisans in the informal sector. Studies from various regions highlight the positive impact of cooperatives on artisans' livelihoods and socio-economic development. Cooperatives provide artisans with access to credit, enabling investment in tools, materials, and infrastructure (Olawuyi & Ogunwale, 2021). They also offer platforms for skill development, knowledge sharing, and increased market access, which can lead to improved product quality and expanded customer bases (Kotey & Adade, 2016).

Research conducted in Nigeria has shown that cooperatives enhance artisans' income, provide a safety net during financial emergencies, and improve their bargaining power in negotiations (Ademilua & Adediran, 2019). Moreover, cooperatives foster social cohesion and collective action among artisans, leading to improved working conditions and better access to public services (Suleiman, 2015).

The role of cooperative societies in promoting artisanal development within the informal sector has gained increased attention as a means to address the challenges faced by artisans and enhance their socio-economic status. Cooperative societies offer a structured framework for collective action, resource sharing, skill development, and improved market access, thus contributing significantly to the growth of artisanal activities.

Cooperative societies enable artisans to overcome individual limitations and capitalize on shared resources. A recent study by Olawuyi and Ogunwale (2021) examined the impact of cooperative societies on artisans in Lagos State, Nigeria. The study revealed that cooperative membership provided artisans with access to pooled funds, which they used to acquire better tools, upgrade their equipment, and expand their operations. This access to capital helped improve product quality, increase production capacity, and attract larger markets.

Skill development is another crucial aspect of artisanal development that cooperative societies facilitate. Cooperatives often organize training programs, workshops, and skill-sharing sessions, enabling artisans to learn new techniques, adapt to changing market demands, and enhance their product innovation (Kotey & Adade, 2016). Such capacity-building initiatives not only improve artisanal products but also increase artisans' competitiveness and adaptability in the market.

Furthermore, cooperative societies enhance artisans' market access and negotiation power. In a case study conducted by Ademilua and Adediran (2019) in Nigeria, it was found that cooperative societies helped artisans collectively market their products, negotiate better prices, and secure larger orders. The increased bargaining power derived from collective action allowed artisans to compete more effectively in the market and achieve better profitability.

Cooperative societies also contribute to the social and emotional well-being of artisans. Suleiman (2015) highlighted that cooperatives create a sense of belonging and camaraderie among artisans, fostering mutual support and camaraderie. This social cohesion leads to improved working conditions, shared learning, and the ability to address common challenges collectively.

However, it's important to note that the effectiveness of cooperative societies in artisanal development is influenced by various factors. These factors include the structure of the cooperative, leadership quality, the level of participation, external support, and the socio-economic context in which they operate (Kotey & Adade, 2016).

**2.5 Challenges of Cooperative Societies and Artisans**

While cooperative societies offer valuable opportunities for artisanal development, they also face a range of challenges that can hinder their effectiveness. Artisans engaged in cooperative ventures also encounter obstacles that affect their ability to fully harness the benefits of such organizations. Understanding these challenges is crucial for designing interventions that address the unique needs of cooperative societies and artisans in the informal sector. These challenges include issues related to management, governance, access to resources, and sustainability (Dhar, 2016). Artisans within cooperatives may experience conflicts over decision-making, uneven contributions, and varying levels of commitment (Suleiman, 2015).

Artisans and cooperatives operating in conflict-affected regions, such as Chibok, often encounter security threats, disruptions to production, and difficulties in accessing markets (Olawuyi & Ogunwale, 2021). Additionally, gender disparities in access to resources and decision-making can affect the effectiveness of cooperative interventions (ILO, 2017).

**Governance and Management:** Effective leadership, transparent decision-making, and proper governance are crucial for the success of cooperative societies. However, conflicts of interest, lack of managerial skills, and power struggles within cooperative leadership can lead to inefficiencies and reduced impact (Dhar, 2016).

**Access to Resources:** Limited access to capital, technology, and infrastructure can hamper cooperative societies' growth and sustainability. Many cooperatives struggle to secure initial funding for their activities or fail to access credit due to their informal status (Dhar, 2016).

**Sustainability:** Maintaining the momentum of a cooperative over the long term requires consistent efforts in recruitment, engagement, and service delivery. Many cooperatives face challenges in retaining active members and ensuring continued participation (Olawuyi & Ogunwale, 2021).

**External Support:** The success of cooperative societies often depends on external support from governments, non-governmental organizations, and other stakeholders. Inadequate support or inconsistent policies can hinder cooperative growth and limit their impact on artisanal development (Birchall, 2018).

**Limited Access to Finance:** Artisans often lack access to formal financial services and credit facilities. This restricts their ability to invest in tools, materials, and business expansion, hindering their potential for growth (ILO, 2013).

**Lack of Training:** Many artisans have skills passed down through generations, but they may lack formal training in modern techniques, business management, and marketing. This can limit their ability to adapt to changing market demands (ILO, 2013).

**Inadequate Infrastructure:** Poor infrastructure, including lack of access to electricity, water, and transportation, can hinder artisans' productivity and their ability to reach wider markets (ILO, 2013).

**Market Access:** Artisans often struggle to access larger markets due to limitations in distribution networks, lack of branding, and inadequate exposure to market trends. This limits their potential for increased sales and profitability (UNESCO, 2018).

**Gender Disparities:** Female artisans may face additional challenges related to gender-based discrimination, unequal access to resources, and limited decision-making power within cooperative societies (ILO, 2017).

**2.7 Theoretical Framework**

**2.7.1 The Social Capital Theory**

The Social Capital Theory offers insights into the relationships, networks, and social interactions within cooperative societies and the wider artisanal community. Social capital, defined as the resources embedded in social networks, emphasizes the value of social ties in facilitating cooperation, trust, and information exchange (Putnam, 2000). Cooperative societies act as platforms for artisans to establish and strengthen relationships, enabling resource sharing, collective decision-making, and mutual support (Suleiman, 2015).

Cooperative societies, by fostering social cohesion and trust among members, enhance social capital. This social capital contributes to effective coordination, resource mobilization, and knowledge dissemination within the artisanal community. The theory helps explain how cooperative societies facilitate collaboration, reduce transaction costs, and create an environment conducive to artisanal development (Kotey & Adade, 2016).

**2.7.2 The Institutional Theory**

The Institutional Theory focuses on the formal and informal structures, norms, and rules that shape cooperative societies and artisanal practices (Scott, 1995). Formal institutions include legal frameworks, regulations, and government policies that influence the establishment and operation of cooperative societies. Informal institutions encompass cultural norms, traditions, and social expectations that shape cooperative behavior and practices within the artisanal sector (Dhar, 2016).

Artisans and cooperative societies operate within a complex web of institutional forces that shape their behavior and decision-making. Understanding the interactions between formal and informal institutions helps elucidate the challenges faced by cooperative societies, such as governance issues and limited access to resources. Additionally, the institutional perspective explains how cooperative societies adapt to external pressures, navigate regulatory environments, and create mechanisms for cooperation (Birchall, 2018).

**2.7.3 The Empowerment Theory**

The Empowerment Theory provides insights into the ways in which cooperative societies contribute to the empowerment of artisans in the informal sector. Empowerment involves enhancing individuals' capabilities, knowledge, and agency to make informed decisions and take actions that improve their socio-economic status (Alsop & Heinsohn, 2005). Cooperative societies empower artisans by providing them with access to resources, skills, and opportunities that enable them to overcome challenges and achieve their goals (Olawuyi & Ogunwale, 2021).

The theory helps explain how cooperative societies enhance artisans' bargaining power, increase their access to markets, and improve their income levels. By facilitating skill development and offering training programs, cooperative societies enhance artisans' self-confidence and ability to navigate the complexities of the market (Ademilua & Adediran, 2019). The Empowerment Theory elucidates the mechanisms through which cooperative societies contribute to artisanal development and socio-economic empowerment.

**2.8 Summary of Literature**

The literature reviewed underscores the potential of cooperative societies in driving the development of the artisanal sector within the informal economy. These organizations offer avenues for addressing challenges faced by artisans, improving access to credit and markets, and fostering socio-economic development. However, the effectiveness of cooperative societies is context-specific and influenced by various factors, including governance, management, and external support. The following chapter will outline the research methodology employed to investigate the role of cooperative societies in the development of the artisanal sector in Chibok Local Government Area of Borno State.

# CHAPTER THREE

# RESEARCH METHODOLOGY

In this chapter, the research presents the methods and procedures employed in carrying out the study. For more explanation of the methodology employed in this chapter, the researcher here presents the following: Research Design, Population of study, sample and sampling procedure, instrument for data collection as well as method of data presentation and analysis.

## 3.1 Research Design

The research work adopted survey method for the study, this is so because the method provides room for an in-depth study of the organization which the research is carried out. The detailed examination of the one case is expected to give an insight that will help in understanding the phenomenon under investigation in general. Consequent upon the afore-mentioned, the researcher seen the study as the most appropriate for the study.

## 3.2 Population of the Study

The population of the study area which Two Hundred and Eighty-One Thousand and Four Hundred and Thirty-Six (281,436) residents of Chibok Local Government Area, Borno State.

## 3.3 Sampling Technique

The research is restricted to the simple random sampling procedure. According to Osuala (2008) random sampling procedure refers to as method of drawing a portion of population so that each member has equal chance of being selected.

## 3.4 Sample size

This defines the procedure of ascertaining the targeted sample size used for the study. The population was narrowed down to determine the sample size or reachable size of the population. The sample size which is equally the accessible population for the study was determined using Taro Yamane statistical tool for sample size determination.

Formular is stated thus:

n = N

1+N(e)2

Where,

n = sample size

N = population size

e = margin of error (5%)

1 = constant

Substituting;

n =

=

=

=

= 399.43

= 400

Therefore, the sample size of the study is Four Hundred (400) which will serve as the sample size for the study.

## 3.5 Method of data collection

Questionnaire was the principal instrument used for data collection. The questionnaire for this study had twelve close-ended (structured) questions which were divided into two sections (section A and B). section A, comprised of questions relating to the demographic data of respondents, while section B had questions relating to the objective of the study.

## 3.6 Validity and reliability of instrument

The instrument (questionnaire) used is valid because the researcher discussed the questions with her supervisor who certified it as meeting the requirements of this study, also because it is the most appropriate instrument for data collection in survey study because; it removes the influence of the researcher in gathering information for research.

The instrument (questionnaire) use this the most appropriate instrument for data collection in survey study, therefore its impersonal nature makes data realized from it reliable and most importantly, it makes both respondents and researcher trust the confidentiality of their communication. The instrument is also valid and reliable because it has helped other researcher who used it in their research work.

## 3.7 Method of Data Analysis

The method of data analysis that will be used will be simple percentage and frequency tabular presentation in which descriptive analysis will be used to infer meaning to the data in the table.

**REFERENCES**

International Labour Organization (ILO). (2002). Recommendation concerning promotion of cooperatives. Retrieved from <https://www.ilo.org/legislation/committees/c190/lang--en/index.htm>

Dhar, P. (2016). Role of Cooperatives in Developing Countries: A Critical Analysis. International Journal of Research in Humanities, Arts and Literature, 4(2), 8-15.

Chen, M. A. (2012). The Informal Economy: Definitions, Theories and Policies. WIEGO Working Paper, (1). Retrieved from <https://www.wiego.org/publications/informal-economy-definitions-theories-and-policies>

Olabisi, S. L. (2015). Contribution of the Informal Sector to Economic Development in Nigeria. International Journal of Economics, Commerce and Management, 3(8), 1-14.

International Labour Organization (ILO). (2013). Transitioning from the informal to the formal economy. Retrieved from <https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---ifp_seed/documents/publication/wcms_212688.pdf>

Oluyombo, O., Abioye, I., & Adegbola, O. (2019). The Role of Cooperatives in Economic Development: A Study of Selected Cooperative Societies in Ondo State, Nigeria. Journal of Public Administration and Governance, 9(3), 199-215.

Chen, M. A. (2012). The Informal Economy: Definitions, Theories and Policies. WIEGO Working Paper, (1). Retrieved from <https://www.wiego.org/publications/informal-economy-definitions-theories-and-policies>

International Labour Organization (ILO). (2013). Transitioning from the informal to the formal economy. Retrieved from <https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---ifp_seed/documents/publication/wcms_212688.pdf>

Kotey, N. A., & Adade, D. A. (2016). The Role of Co-operatives in Poverty Reduction: The Case of Artisanal Fishermen in Ghana. Annals of Public and Cooperative Economics, 87(4), 557-575.

Olawuyi, S. O., & Ogunwale, A. B. (2021). Cooperative Societies and Socioeconomic Empowerment of Artisans in Lagos State, Nigeria. Journal of Economics and Sustainable Development, 12(4), 27-40.

United Nations Educational, Scientific and Cultural Organization (UNESCO). (2018). Creative Economy Report 2018: Unlocking Opportunities for Developing Countries through Cultural and Creative Industries. Retrieved from <https://en.unesco.org/creativity/sites/creativity/files/pdfs/GC-CER-2018-ENG.pdf>