

CHALLENGES OF NIGERIAN BUSINESS ENVIRONMENT ON CREDIT AND INVESTMENT COOPERATIVES: AN EVALUATION OF THE ECONOMIC GROWTH AND ICT DEVELOPMENT IN NIGERIA (APPLICATION OF TOTAL QUALITY MANAGEMENT TQM).

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Abstract

Business environment is full of challenges that threatens the survival of business organizations like Credit and Investment Cooperatives. Business therefore need to develop techniques to cope with such challenges. One of such techniques is Total Quality Management (TQM). This study is designed to identify the peculiar business environmental factors that affect the operations of Credit and Investment Cooperatives and the extent to which Total Quality Management is applied in coping with those challenges in such businesses. It is a survey of 105 respondents from 11 purposively selected Credit and Investment Cooperatives in Kaduna and Niger States. Data collected were analyzed through the use means, standard deviation and t-test techniques. Findings reveal that some identified factors in the business environment affect the operations of Credit and Investment Cooperatives and there is low application of TQM in such businesses. Recommendations were made particularly on the need for continuous training of management team in order to keep them up to date with contemporary issues in business management.

Keywords: *Business Environment, Challenges, Credit, Quality, Investment.*

Background to the Study

Globally, business environment in which business organizations operate is never static, and cannot be easily predicted. The environment is the major means of survival for businesses as they get inputs from it and sends their output to it. It remains a source of both opportunities and threat to the existence and survival of businesses (Simon, 2005).

The challenges are so enormous especially in a developing country like Nigeria where the indices of doing business is low. Since the business environment (internal and external) is so unpredictable but has great influence on the performance of businesses in general and Credit and Investment Cooperatives in particular, there is need for businesses to analyze carefully the business environment and devise strategies of coping with the challenges it poses (Okikiti and Awodun, 2003). One of such strategies that is used by business organizations is Total Quality Management (TQM). This is a comprehensive approach to improving competitiveness, effectiveness and flexibility through planning, organizing, understanding each activity and involving each individual at each level (Oakland, 2002). It is a system which provides a set of principles that institutionalize a never-ending process of improvement in quality of products or services.

Credit and investment cooperatives as member-owned organizations are expected to render quality and prompt services to the customers. Similar organizations in the same environment can equally render such services to their customers and if such business render better services, the customers' loyalty will shift to those businesses. Credit and Investment Cooperatives therefore need to apply good management technique as TQM to survive in the competitive business environment and contribute to national development.

The Problem

Business environment provides a lot of threats and opportunities to business organization which must be well managed if the business must survive. Businesses have realized that quality is synonymous to survival of their enterprises. Customers prefer business organizations that satisfy them with quality goods and services. It has been a major problem for businesses to meet up with the varied and specific demand of customers. Many businesses have not performed well due to their inability to cope with the management dynamics of the business environment but many have overcome these environmental threats by applying a management philosophy called Total Quality Management. It is not yet certain whether this concept is applied in the management of Credit and Investment Cooperatives as many of such cooperatives businesses have not recorded high performances. The study therefore focused on the challenges Credit and Investment Cooperatives face in the business environment and whether Total Quality Management is applied in coping with those challenges.

Objectives of the Study

The study has these objectives

1. To examine the specific business environment challenges that affect the operations of Credit and Investment Cooperatives.
2. To assess the extent of application of Total Quality Management (TQM) in the operations of Credit and Investment Cooperatives.

Hypothesis

There is no significant difference in the respondents' opinions on the extent of application of TQM in Credit and Investment Cooperatives based on their management status.

Theoretical Issues

Business Environment

Business environment is the aggregation of all the external and internal conditions that influence or bear on the existence, growth and development of a business enterprise (Obiwiru, Oluwalaiye and Okwu, 2011). It is a mutual relationship where the business produces goods and services, provides employment, and contributes to social development; the environment provides inputs, demands for the business' goods/services and provides other opportunities for the enterprise (Olawale, 2011).

Business environment is also viewed as all factors that are within and outside the control of the enterprise which pose as threats to the business or provides opportunities to them. In business, activities are organized and carried out to satisfy the needs of dynamic

customers in a dynamic environment. It poses a great challenge for business to be aware of specific threats so as to develop strategies for sustainability and survival in the business world. Some specific dynamic challenges that cooperative businesses encounter in Nigeria from both the micro and macro environment are; pattern of distribution of power, control and authority, degree of financial empowerment, leadership style and system of communication, internal conflict, employee behaviour and attitude, attitude of customers (members), quality of management personnel, organization's culture to change, competition from related organizations and government policies on cooperatives. (Kurimoto, 2002; Adebajo, 2005; Chesnick, 2006).

Credit and Investment Cooperatives

Credit and Investment Cooperatives operating in this highly dynamic business environment are not spared from the challenges of survival. Being a unique type of business with several limitations, the influence of the challenges is high. Credit and Investment Cooperatives are member-based organizations with the ultimate aim of encouraging thrift among members and meeting their credit needs (Henson and Bamidele, 2007).

These businesses mobilize local savings and advance credit to members for investment and entrepreneurial activities. Idle funds in different parts of communities, institutions, local government areas and states are mobilized and advanced to those who need the fund for productive purposes at some reasonable interest rates (Obodoechi, 2002). This increases the activities of entrepreneurs and small-scale business owners which is the bedrock of sustainable development in any nation.

The operations of such businesses are guided by a set of highly valued and internationally recognized principles. In this era of second generation cooperatives, these principles should be applied in a way that they are adapted to the trend in the business environment if the businesses would survive and really make impact in the national economy. One of the strategic trends that will enhance the survival and sustainability of Credit and Investment Cooperative is the application of Total Quality Management.

Total Quality Management

Total Quality Management can be summarized as a management approach central on quality, based on participation of all and aimed at long-term success through customer satisfaction. It has its foundation on commitment to quality, communication of quality message and recognition of the need to change the culture of the organization to create total quality (Ayuba, 2001). For a successful application of Total Quality Management in businesses in general and Credit and Investment Cooperatives in particular, the organization must recognize and abide by these principles of TQM: Ethics, Integrity, Trust, Training, Teamwork, Leadership, Communication and Recognition (Dale and Bunney, 2000; Ayuba, 2001).

Total Quality Management proves to be a great strategy for businesses to cope with the challenges of business environment because of its sustained commitment to quality, focus on customer requirements and expectations, prevention rather than detection of problems, recognition of responsibility, quality measurement, continuous improvement approach to doing business, root cause corrective actions, employee involvement and empowerment, synergies of teamwork, progressive improvement and training of management team.

This technique is futuristic and ensures increased profitability, and survival in the face of competitive challenges in the business world. It provides a strategy that ensures that people and businesses process are managed to achieve complete customer satisfaction at every stage, internally and externally (Ayuba, 2001). Cooperative businesses need to apply this technique if they are to survive the harsh business environment of the country.

Methodology

Data for the survey research were gathered through a 4-point likert type questionnaire. Seven (7) registered Credit and Investment Cooperatives were randomly selected in Kaduna. Fifteen persons were equally selected from each of the seven cooperatives which gave a total sample size of 105. This comprise of 10 officers of the management committee, 1 staff and 5 ordinary members from each cooperative society. The respondents are more of members of the management team (officers and staff) because the responsibility of planning and implementing policies and strategies lies with them. The 28 ordinary members are useful as customers of the organizations not involved in management. Data were analyzed through the use of means and standard deviation. T-test was specifically used to test the hypothesis.

Results

The data collected were analyzed and presented in table 1-3. The two research questions were answered and the research hypothesis tested at 0.05 level of significance.

Table 1: Mean scores of business environmental challenges that affect the operations of Credit and Investment Cooperatives by management and non-management respondents.

Variables/Items	Management Team N ₁	Non-Management Team N ₂
1. Pattern of distribution of power control and authority	3.234	3.071
2. Degree of financial empowerment	3.273	3.079
3. Attitude of members (customers)	2.922	2.893
4. Organization's culture to change	3.247	2.929
5. Leadership style and system of communication	3.078	2.821
6. Internal conflict	3.130	2.964
7. Employee behaviour and attitude	3.039	3.036
8. Quality of management personnel	3.338	2.929
9. Competition from related organizations	3.104	3.000
10. Government policies on cooperatives	3.195	2.964

Source: Researcher's Field Survey, 2014

N = 105,

Management Team (N₁) = 77, group mean \bar{x} = 2.837

Non-management Team (N₂) = 28, group mean \bar{x} = 2.979

In table I, all the ten variables were accepted as environmental challenges by the respondents as each has a mean above 2.5. With a group mean of 2.837 for management team, each groups confirms the acceptance.

Table 2: Mean scores on extent of Application of TQM in Credit and Investment Cooperatives.

Variables/Items	Management Team N ₁	Non-Management Team N ₂
1. High commitment to quality in all aspects of the organisation's activities.	2.286	1.893
2. open communication and feedback system between management and members (customers)	2.805	3.143
3. There is teamwork between officers, non-officers and staff	2.351	2.179
4. Extensive training of management team and members is carried out	1.545	1.464
5. Management team provides inspiring vision to employees and customers through honesty, discipline, trust and integrity	2.195	2.857
6. Management has high interest in the continuous improvement of services rendered to customers	1.714	1.393
7. The organisational culture of the society demands that everyone does correct things first and correctly	2.325	1.821
8. The enterprise strives to satisfy customers through reliability, reduced cost and effective delivery.	1.714	2.393
9. The society focuses on creation of positive change rather than a reactionary response to environmental change and pressures	1.377	1.286

Source: Researcher's Field Survey, 2014

N = 105,

N₁ = 77, group mean \bar{x} = 2.03

N₂ = 28, group mean \bar{x} = 2.04

The result in table 2 shows that for management team, apart from item 2 with a mean score above 2.5 (age mean), all other items have mean scores less than 2.5. This indicates that the application of these variables are low except item 2.

For non-management team members, only items 2 and 5 are applied (\bar{x} =3.143 and \bar{x} =2.857 respectively). Other variables are in low application as their means are below 2.5. With a group mean of 2.03 for management team and 2.04 for non-management team (members) both group agree that the extent of application of TQM in Credit and Investment Cooperatives is low.

Table 3: A test of significance on the means of management team and non-management team on the extent of application of TQM.

Group	N	X	SD	SE	t-cal	df	t-crit	p	Decision
	77	3.030	0.467	0.088	-0.075	103	2.000	0.05	Accept
	28	4.040	0.654	0.097					

Source: Researcher's Field Survey and SPSS Analysis 2014

In table 3, the result shows that no significant difference ($t\text{-cal} = -0.075$; $t\text{-crit} = 2.000$; $df = 103$; $P = 0.05$) exist in the means of management team and non-management team. The hypothesis is accepted confirming that both groups agreed that the application of TQM is low in Credit and Investment Cooperatives.

Discussion of Results

The major results of the study indicate that Credit and Investment Cooperatives are faced with many business environmental challenges which affect their performances. This confirms the findings of Obiwuru, Oluwalaiye and Okwu (2011), that diverse business environment factors which are dynamic affect the existence, growth and development of business enterprises. Organizations should therefore be proactive to these changes and not reactive. In order to successfully operate in the business environment, the enterprise must understand the dynamics of business environment, be fully integrated into it, plan well and forecast their environment (Olawale, 2011). Unless and until Credit and Investment Cooperatives become aware of and prepared for these challenges, such will continue to record poor performance and could not contribute to the expected economic development in the country.

The second result is that there is low application of TQM in Credit and Investment Cooperatives (CICs). The only aspects of TQM that are applied in such cooperatives are open communication and feedback system; and leadership's provision of inspiring vision to staff. This is not unconnected to the principle of "Democratic member Control" which advocates open communication between management and members, democracy and visionary leadership. This confirms the report of Muenkuer (2006) that cooperatives are member controlled organizations where elected representatives keep an open communication with membership and are equally accountable to them.

The low application of greater aspects of TQM is equally confirmed in the report of Okolie in Eke (2004) and Ekpunobi (2005), that the application of TQM is low in Nigeria because the concept is relatively new in this part of the world and only proactive organizations are applying it. Also Eke (2004) confirms that before this time, only subsidiaries of multinationals apply TQM in Nigeria following directives from their head offices abroad. Nigeria as a third world country is slow in catching up with innovations in the business world.

Conclusion

Credit and Investment Cooperatives like other businesses are faced with a lot of challenges arising from the business environment which is highly unstable. Total Quality Management is a great management tool that can be used in coping with these challenges but the application is quite low because of the inability of Nigerian business community and management professionals to catch up with the latest management innovations in the business world and also due to unfriendly business policies existing in the country.

Policy Recommendations

The study recommends that;

Government should create a conducive business environment for cooperatives through favourable policies and regulations as the existing cooperatives policy and law is so discouraging and growth inhibiting. New policies and legislation such issues as increasing the number of persons that can form a cooperative, complete deofficiivisation of cooperative activities, creating a full-fledged ministry of cooperatives among others will transform Nigerian cooperatives from the traditional unviable business units to vibrant economic concerns. There is need for a total review of Nigerian Cooperative Act of 2004 (Decree 90, of 1993).

Credit and Investment Cooperatives should get committed to training and re-training of management team in order to keep them abreast with contemporary issues in business management especially in the principles and operations of Total Quality Management. Members of cooperatives and their management team should deviate from the old paradigm of operating as poor-level unproductive businesses to that of second generation strong, business-oriented cooperatives that will move the economy of Nigeria forward as is done in other developed countries. Government should understand the uniqueness of cooperatives from other types of business and the need to encourage increase cooperative

Activities in the country by keying into United Nations' 1995 guidelines for creating a Supportive Environment for the Development of Cooperatives.

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