



Role of cooperative societies on market linkages and networking opportunities towards business success of entrepreneurs in Bauchi metropolis: A respondents' perception

Hashim Sabo Bello

Department of Business Administration & Management, School of Management Studies, Abubakar Tatari Ali Polytechnic, Bauchi, Bauchi, Nigeria

Abstract

This study analyses the extent to which facilitation of market linkages and network opportunities through entrepreneurial knowledge and skills by the cooperative societies might significantly impact the business success of entrepreneurs in Bauchi metropolis. To achieve this, government should endeavor to provide adequate infrastructural facilities and support for entrepreneurial training as well as formulating fiscal, monetary and regulatory policies conducive to the growth and development of the economy. A sample of 71 respondents was drawn from a population of 500 members of the three (3) randomly selected cooperative societies in the Bauchi metropolis. The data collected was analysed using descriptive statistics and regression with the help of Statistical Package for Social Science (SPSS). This paper believed that the linkage and networking is very important to the entrepreneurs both new and established and can positively impact on their performance, the linkage and networking would also help increase an entrepreneur's legitimacy, which in turn positively influences the firm's access to external financing. Therefore, the paper recommended that the cooperative societies in Bauchi metropolis should be positioned to provide value to their entrepreneur members to tap resources from their external environment successfully to navigate market linkages and networking opportunities.

Keywords: Bauchi metropolis, business success, entrepreneur, market linkage, networking opportunities

Introduction

Background to the study

Cooperatives are values-driven and principles-based enterprises, and therefore sustainable development is part of their nature. These principles and values, such as equity, solidarity, democratic management and commitment to the environment, constitute a series of guidelines that value human beings over capital and are aligned with the Sustainable Development Goals (SDG) of the UN 2030 Agenda which represent basic principles related to the environmental, political and economic challenges facing our society, among others, with SDG 8 promoting continuous, inclusive and sustainable economic growth, full and productive employment and decent work for all; and with SDG 10 helping to reduce inequalities. The main role played by cooperatives in fulfilling the SDGs has recently been recognised, in the institutional context, by the United Nations Task Force on Social and Solidarity Economy and the International Co-operative Alliance's Cooperatives Europe. In addition, it has also been demonstrated in the economic literature that cooperatives are particularly aligned with the SDGs (Taiwo, *et al.*, 2017) ^[9].

Cooperative firms are configured as an optimal business alternative to meet these challenges. They are business organisations whose management is designed to benefit all stakeholders. In recent years, various studies have highlighted the value of these companies as a vehicle for improving the business sector in local areas, boosting economic development in these areas. It has also been found that the very nature of cooperative firms implies socially responsible behaviour (Filion, 2008) ^[4]. Cooperative societies play a vital role in fostering entrepreneurship and economic development, particularly in regions like Bauchi. However, despite their potential impact, there are several challenges and issues that hinder the optimal contribution of

cooperative societies to entrepreneurship development not only in Bauchi metropolis but in Bauchi state as whole. Many individuals in Bauchi state may not be fully aware of the benefits and opportunities offered by cooperative societies in the context of entrepreneurship.

In spite of the fact that entrepreneurship development has been regarded as the bulwark for employment generation and technological development in Nigeria, the sector nevertheless has had its own fair share of neglect with concomitant unpleasant impacts on the economy. Against this backdrop, entrepreneurship when and if gallantly developed in Nigeria will take its pride of place in quelling unemployment and thus generating employment among Nigerian youths especially the graduates and once again, place the economy on a proper footing (Nkechi, 2012) ^[6]. Moreover, Ogundele and Abiola (2006) ^[7] revealed that the wide-spread level of unemployment in the country could have been minimized if Nigerians of varying age groups and backgrounds were exposed to entrepreneurial education, training and development across levels. The quest for producing great and dynamic economy, in the 21st century, if Nigeria is not to be left behind the rest of the world in the march towards propensity demands that all hands must be utilized to produce entrepreneurial education, training and development for the general populace. The economic benefits of youth participation in the development process are varied and have a multiplier effects on the national economy. Since youths constitute about 70% of Nigeria's population, the nation cannot achieve development when there are mostly idle and unproductive.

There is a need to investigate the level of awareness and understanding among the population regarding the role that cooperatives can play in supporting entrepreneurial initiatives (Filion, 2008) ^[4]. Entrepreneurs benefit significantly from market linkages and networking

opportunities. Cooperative societies can serve as platforms for creating such connections. However, it is essential to examine the extent to which cooperative societies in Bauchi facilitate market linkages for entrepreneurs and provide networking support (Taiwo, *et al.*, 2017) ^[9].

1. Review of conceptual and theoretical framework

The process of gathering information on various aspects of the business environment is called environmental scanning. Business managers evaluate data collected in environmental scanning with an eye to their own businesses, be aware of how the various trends could help them both now and in the future. By so doing, they create management strategies adapted to cope with the environmental dynamic. Besides, environmental analysis is the interpretation of all information gathered on various aspects of the business environment. Professional managers evaluate data collected from environmental scanning, so that they can respond to the business environment in two ways. Osetimehin (2006) posited that the first way is through reactive management, in which the environmental forces are viewed as being uncontrollable, and one simply try to adjust to them. The second method is via proactive management, whereby steps are adequately taken to change the business environment and this make it more conducive to one's activities.

In this research work, we examine cooperative societies involved in stimulating the like of entrepreneurial ventures. Entrepreneurship, a much debated topic, has been defined in the for-profit literature as "the catalytic agent in society which sets into motion new enterprises, new combinations of production and exchange" (Collins and Moore, 1970). Although the concept of entrepreneurship is closely linked with the for-profit sector and may seem strange in the cooperative society world, it is not. The same entrepreneurial spirit is a key to initiating projects and mobilizing resources, whether it is for promoting a social cause in the nonprofit sector or promoting a profit-making enterprise. Both kinds of enterprises are the result of the entrepreneur's innovation, leadership, imagination, efforts, and ability. Thus, using the definition from the for-profit literature, we define a *nonprofit entrepreneur* as a self-directed, innovative leader who starts a nonprofit enterprise (Handy and Kassam, 2001).

There is no comprehensive theory with respect alliances and networks for small firms according to Street and Cameron (2007). The resource-based view (RBV) of the firm has been used to support why co-operative membership occurs (Barney, 2001), and can also be a motivator explaining why SMEs form networks (Street & Cameron, 2007). When resources are collectively owned and controlled, SMEs can better manage market uncertainty (Katz & Boland, 2002). Social theory can also be regarded in the context of co-operatives and networks. This is because co-operatives strengthen the social relations within a local community through connecting people and resources leading to development (Woolcock & Narayan, 2000).

Research into network behaviour of firms within formal business networks and the strength and quality of relationships is an area of research that requires further investigation (Schoonjans *et al.*, 2013). To examine SME members of co-operatives as both case studies and quantitative methods has been a suggested area of research by Mazarrol, Limnios, and Reboud (2013), however since then, there is very little research exploring the networking

phenomena of SME co-operative members. A recent study of large co-operatives in Australia by Ghauri, Mazarrol, and Soutar (2021) identified economic benefits, information, business support, knowledge, and networking to be the main reasons why SMEs joined co-operatives, however, did not provide in depth analysis of networking benefits.

2. Conceptual framework of cooperative and entrepreneurship

This conceptual framework aids our understanding of the complex dynamics between cooperative societies and entrepreneurship development in Bauchi, Nigeria. Find below; Conceptualizing the Interplay of Cooperative Societies and Entrepreneurship.

2.1. Concept of cooperative

The main role played by cooperatives in fulfilling the SDGs has recently been recognized, in the institutional context, by the United Nations Task Force on Social and Solidarity Economy and the International Co-operative Alliance's Cooperatives Europe. In addition, it has also been demonstrated in the economic literature that cooperatives are particularly aligned with the SDGs. Cooperative firms are configured as an optimal business alternative to meet these challenges. They are business organizations whose management is designed to benefit all stakeholders. In recent years, various studies have highlighted the value of these companies as a vehicle for improving the business sector in local areas, boosting economic development in these areas. It has also been found that the very nature of cooperative firms implies socially responsible behavior (Filion, 2011) ^[5].

Both their objectives (meeting the needs of their partners) and their democratic governance (one partner one vote) and ownership and control (mostly belonging to the partners-workers-users) result in cooperative firms being a model of sustainable economic development. They have a people-centred approach that differs from conventional capitalist firms that try to maximize value, being owned and controlled by capitalist investors and without democratic governance. These differences between the two legal structures lead to the conclusion that the economic performance of cooperative firms is more focused on the search for value for all their stakeholders, and not only shareholder value (Singh, *et al.*, 1999) ^[8].

They are different, therefore, from conventional capitalist firms that aim to maximize their value for shareholders—although, in keeping with the growing interest in corporate social responsibility and business ethics, many do so without neglecting other stakeholders. The objective of this study is to test whether cooperative firms generate value for both their shareholders and the rest of their stakeholders. With this aim, a sample of worker and service cooperative firms (Coops) has been compared with a sample of Limited Liability Companies (LLCs). In this way, unconventional capitalist companies, from the social economy or third sector, represented by cooperatives (Coops), are compared with conventional Capitalist Firms (CFs) represented by LLCs. In this study, these firm structures were defined in accordance with Spanish legislation (Capital Societies Act for Limited Liability Companies and the Co-operative Act for cooperative firms).

2.2. Concept of Entrepreneurship

The concept of an entrepreneur can also be considered from the business, management and personal perspectives. To an Economist, an entrepreneur is the person that combines human materials, information, financial and physical resources to produce goods and services, and also the one who introduces changes, innovations, and a new order whilst to a Psychologist, an entrepreneur is typically driven by certain forces especially the need to obtain/attain something, to experiment, to accomplish, or perhaps to escape the authority of others (Odeigah, 2012). To a businessman, the same entrepreneur may be a source of supply, a customer, or someone who creates wealth for others, as well as funds better ways to utilize resources, reduce waste and produce jobs others are glad to get (Odeigah, 2012).

Entrepreneurs in both sectors face similar challenges: identifying opportunities, promoting innovative ideas, implementing ideas into viable enterprises, mobilizing resources, and undertaking risks inherent in starting a new project. This suggests that entrepreneurship in the for-profit or nonprofit sector are related, although the primary motivations in the two sectors differ—making profits versus promoting a social cause. Furthermore, entrepreneurs in both sectors are equally vulnerable to the personal, structural, and cultural environments in which they live.

Entrepreneurs that are successful will have many qualities in common with one another. They are confident and optimistic, disciplined self-starters. They are receptive to any new ideas that cross their path. Entrepreneurs are not thwarted by their defeats. Ori and Theuri (2016) observe that entrepreneurs see defeat as an opportunity for success, and are determined to make their endeavors succeed and do not agree that something cannot be done. The entrepreneur has strong communication skills to sell the product and motivate employees, make critical contributions to a nation's economic development and bring technology intensive, often risky, innovations to the commercial market thereby helping to develop whole new industries (Ori and Theuri, 2016).

An entrepreneur needs to constantly come up with new ideas, and make good decisions about opportunities and potential projects. An entrepreneur exhibits the following features: optimism, vision, initiative, drive, persistence, tolerant and above all, resilient. Optimism is the trait that keeps him confident and motivated in the pursuit of the desired goal. Vision, on the other hand, enables an entrepreneur to consider areas for improvement easily. Therefore, he can create a compelling vision of the future, as well as condition other people to engage with that vision. Additionally, an entrepreneur has initiative and can instinctively start problem-solving or business improvement projects. Drive and persistence help an entrepreneur to stay self-motivated and energetic, hence, prepared to work hard for a very long time to realize his goal. Risk tolerance also enhances his ability to take risks and make decisions when facts are uncertain while resilience helps him to learn and grow from his mistakes and failures. He can pick up himself when things don't go as planned (www.mindtools.com).

3. Theoretical framework

Theory is the basis for scientific construction. Facts are gathered through empirical investigations, integrated, organized and classified to provide isolated findings. These

findings are identified to explain significant relationship to provide some assumptions or propositions which could be referred to as theory. Theories summarize and order existing knowledge into a particular area. Theories are established facts, which are indispensable truth about knowledge in a subject area. Ezeji (2001) ^[3] describe theory to consist of a set of statements or propositions which are made in order to explain natural phenomena. Ary, Jacobs and Razavieh (2002) ^[1], describe theory as a set of interrelated constructs (concepts), definitions and propositions that present a systematic view of phenomena. Theories knit together the results of observations, enabling researchers to make general statements about variables and the relationship among variable.

Previous researches established that the biggest asset to human development is knowledge that brings self-employment; however, typical lack of business knowledge therefore, could not make the would-be-entrepreneurs effectively manage their businesses. The majority of these businesses have poor growth rates (Johnson and Ferej, 1997). Thus, this study was supported by Transformational Theory and the Bandura's Social Learning Theory.

3.1. Transformational theory

This theory by Brinkerhoff and Montesino (1995) explores two management interventions, pre-training expectations and an after-training follow-up on the transfer of skills from training programs to the work situation in Michigan, USA. The tenet of the theory is that knowledge is gained when there is a transfer of skills from training programmes to work situation or environment. The theory was further modified by Montesino (2002) and holds that training is necessitated by the desire for knowledge and skill acquisition and such desire is aimed at achieving a particular goal/objective. It holds also that proper training results in satisfaction and performance; that well-trained worker helps to increase productivity and profitability. The theory states further that investing in employee training improves worker retention rates, customer satisfaction and creativity for new product ideas. It equally states that effective training saves labor by reducing time spent on problem-solving and saves money in the long run by producing a better workforce. A company's financial standing can be improved by training. Poor performance often results when employees do not know exactly what they are supposed to do, how to do their jobs or why they need to work a certain way.

The application of this theory to this study is predicated upon the fact that improved performance in SME organizations come from knowledge and skill transfer from a master craft person to an apprentice in the workshop. From the foregoing, therefore, it is important to note that training apprentices to acquire skills influence SMEs performance through records of the apprentices' output and this has a transformational effect on the apprentices, hence the choice of transformational theory.

Bandura's Social Learning Theory: Bandura (1977) propounded his social learning theory in Alberta, Canada. The theory affirms that people learn from one another, via observation, imitation, and modeling. The theory has been described as a bridge between behaviorist and cognitive learning theories as it encompasses attention, memory, and motivation (Bergh and Theron, 2006). This social learning theory applies to this study in that learners of craft acquire

knowledge and skills by keenly observing and imitating their masters. People who learn by doing are more likely to produce products and services faster and can actually boost SMEs' performance.

The application of Bandura's theory of observation can be seen at workplaces when a beginner imitates a skillful worker in a given profession. Thus, a beginner should first see how others work before he starts operating. The master, at the same time, may not be expected to apply the modern didactic principles of teaching the skills.

Materials and method

Bauchi metropolis is indeed the area of study located in Bauchi state as its capital in the North Eastern region of Nigeria which occupies a total land area of 49,119 km² and it lies between the coordinates of Latitude 10°30'N 10°00'E and 10.5; 1010.5; 10 (Wikipedia, 2010) ^[10]. According to Census (2006), the Bauchi state has population of 4,676 465 people (BASG, 2010) ^[2]. The research has been an empirical study using structured questionnaire and the sampling method adopted for this study was stratified random sampling technique. The data collected was analyzed using descriptive statistics and regression with the help of Statistical Package for Social Science (SPSS).

Results and discussion

The table below just discloses the result of the respondents' perceptions on the cooperative societies as catalyst for market linkages and networking opportunities toward business success of entrepreneurs in Bauchi metropolis. To measure the linkage and networking essential for long-term growth and success in the business sector the Pearson correlation was computed using the items on the research questionnaire and the below table results are given following the usage of SPSS statistical package.

Table 1: There is the role performed by the Cooperative Societies (FNCS) towards facilitation of market linkages and network opportunities to achieving Business Success of entrepreneurs (BSE) in Bauchi metropolis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	-.140	.811	.721	.33121

The table above discloses the role of cooperative societies in facilitating market linkages and providing network opportunities for entrepreneurs has no significant influence on their business success in Bauchi metropolis. Results in the table provided that facilitation of market linkages and network opportunities by cooperative societies has no significant impact on the success of entrepreneurs ($\beta = -.140$ $p > .005$). This means that if facilitation of market linkages and network opportunities by cooperative societies goes up by 1% business success of entrepreneurs will go down by 14.0% at a probability of 005, therefore the null hypothesis is supported. This means that there is no significant impact of facilitation of market linkages and network opportunities by cooperative societies on business success of entrepreneurs in the Bauchi metropolis.

The R. Square of -.140 indicate that as FNCS increases the performance score also increases and this is a positive correlation $r = -.140$ based on the Pearson correlation which is statistically significant. The adjusted R² of .721 adjust for bias in the R² of .721, R² is sensitive to the FNCS the

standard error of the estimate of .33121 measures the variability in the relationship between facilitation of market linkages and network opportunities by cooperative societies (FNCS) and business success of entrepreneurs (BSE). The findings related that the facilitation of market linkages and network opportunities by cooperative societies has no significant impact on the business success of entrepreneurs in the Bauchi metropolis. This may be due to partly inability of indigenous cooperatives to tap from the experience, skills, and support of their peers with organized market linkages and network opportunities in the cooperative sector or the lack of guidelines on good practice and case studies to developed successful initiatives tailored to promote business success multiplier effect on both the cooperatives and entrepreneurs. This is in tandem with the perspective opined by Caruana, Chircop, & Konietzny (2021) establishing the perspectives of both parties in cooperation are keys to engagement. Business firms have used various approaches to improve the effectiveness of their relationships for many years (Caruana *et al.*, 2020).

Cooperatives are unique in that they are owned and governed by their members. Members have a say in how the business is run and share in the profits. This ownership structure encourages members to work together for the common good rather than compete against each other for individual gain. As a member of a cooperative, there is opportunity to market linkages and network opportunities, which not only gives financial stake in the success of the entrepreneurs but also a voice in decision-making process in community engagements which in the long run create business goodwill. Hence, the believe of the study is in congruent with the fact that, relational resources enhance the performance outcomes for small businesses (Kim & Hu, 2021), consequently this study provides further need of such a study seeking other viewpoints through these actors from the executives, managers and other corporate members,

Conclusion

To sum up all therefore, it's noteworthy that linkage and networking are now essential for long-term growth and success in the business sector. Networking and working together with others can help increase entrepreneurial performance, develop brand, and accomplish objectives, whether a small business owner, an entrepreneur, or a member of a cooperative. It's obvious that, networking and linkage enable businesses to capitalize on the skills and resources of others. Businesses can share expertise and skills, access new markets, and acquire insightful knowledge about market trends and best practices by establishing connections with like-minded people and organizations. In this study, our findings demonstrated that entrepreneurs benefit from being members of co-operatives where networks and relationships go hand in hand to achieve business and personal growth. Co-operatives are positioned to provide value to their entrepreneur members by creating a social/community platform to engage with another. This paper believed that the linkage and networking is very important to the entrepreneurs both new and established and can positively impact on their performance, the linkage and networking would also help increase an entrepreneur's legitimacy, which in turn positively influences the firm's access to external financing.

Recommendation

Therefore, the paper recommended that the cooperative societies in Bauchi metropolis should be positioned to provide value to their entrepreneur members to tap resources from their external environment successfully to navigate market linkages and networking opportunities.

References

1. Ary D, Jacobs LC, Razavich A. Introduction to Research in Education. (6th ed.) USA: Wadsworth Group, 2002.
2. BASG. Bauchi State Government of Nigeria Diary Book, 2010, 1-8.
3. Ezeji SCOA. *Guidance and counselling in Education*. Nsukka: Chulbson International Press, 2001.
4. Filion LJ. Defining the Entrepreneur Complexity and Multi-Dimensional Systems Some Reflections. Working Paper # 2008-03 August 2008 ISSN: 0840-853Xm 54.
5. Filion LJ. Defining the Entrepreneur. In: Dana, L.-P. (Ed.) World Encyclopaedia of Entrepreneurship. Cheltenham, UK and Northampton, MA, USA, Edward Elgar, 2011, 4152.
6. Nkechi A, Ikechukwu E, Okechukwu UF. Entrepreneurship Development and Employment Generation in Nigeria: Problems and prospects. *Universal Journal of Education and General Studies*, 2012;1(4):88-102.
7. Ogundele OJK, Abiola JO. Entrepreneurship and National Development: A Proposal for Evangelistic Agenda. *European Scientific Journal*, 2006;8(6):40-70.
8. Singh R, Hills G, Hybels R, Lumpkin G. Opportunity recognition through social network characteristics of entrepreneurs. In P. Reynold, W. Bygrave, S. Manigart, C. Mason, G. Meyer, H. Sapienza, K. Shaver (Eds.), *Frontiers of Entrepreneurship Research*, 228--241. Babson College, Babson Park, MA, 1999.
9. Taiwo O Abdulahi, Lawal Kamaldeen AA, Okafor Ifeoma P. *Entrepreneurship: A Global Perspective*. Uzopietro Publishing Company, Owerri, Imo State, Nigeriam, 2017. ISBN: 978-27104-7-18.
10. Wikipedia. Bauchi State Government: The free encyclopedia, 2010. Retrieved from http://en.wikipedia.org/wiki/Bauchi_State 13th October, 2016.