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Original Research Article

Impact of Cooperative Financing on Survivability and Sustainability of Small and Medium Enterprises (SMEs) in the Federal Capital Territory (FCT), Nigeria

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Abstract

As evidenced in many advanced economies, Small and Medium-sized Enterprises (SMEs) inspire innovation, generate employment, propel economic expansion and contribute significantly to the Gross Domestic Product. In developing economy like Nigeria however, a persistent dearth of sufficient financial resources typically constrains their capabilities. In certain instances, conventional banks do decline to extend financing to SMEs or where they eventually choose to, they impose exorbitant interest rates on account of their perceived excessive risk. For a relatively long period of time now, Nigeria governments (especially at Federal level) had initiated series of interventions, which many a times do not get to the targeted SMEs and/or do not reach the SMEs to the extent of the interventions required. Unfortunately, also, many of these interventions that come by way of loans are not repaid as and when due. These altogether not only made financing of the SMEs difficult but also are hindering the benefits derivable from SMEs as theorized in literature. It has been argued however that one of the means of sustainable financing of SMEs is through cooperative societies. Using the survey research approach, this study collected relevant sets of data from two hundred and eighty two (282) SME owners out of one thousand four hundred and sixteen (1416) SMEs and cooperative managers through questionnaires and interviews. The sampled SMEs were the ones who are members of one existing cooperative society or the other in FCT, Abuja. These were analysed using descriptive, analytical, and inferential statistics tools. These statistical analyses conclusions were corroborated with the aid of Kolmogorov-Smirnov test. The results of the study indicate that cooperative financing is a highly effective method for addressing the financial needs of SMEs in the Federal Capital Territory and by extension solving the challenge of loan defaulting by them (the SMEs). A considerable proportion of the participants in the survey attested to the sustainability of the cooperative finance methods in question, with a considerable number perceiving them as either highly sustainable or sustainable. It was recommended that conscious promotion of public-cooperative partnership, just as is found in Bangladesh, will surely change the narratives in the Nigeria SME financing space and the economy will be better off for it in many ways.

Keywords: Cooperative financing; Employment generation; Government intervention; Loan default; SMEs financing.

Background of the Study

Small and Medium Enterprises (SMEs) are regarded as the engine growth of any nation (Eze & Okpala, 2015) and undoubtedly the major drivers of any economy. They enjoy a wider geographical presence than big companies; contribute to better income distribution; are the largest proportion of businesses all over the world; and play tremendous roles in employment generation. They are widely involved in the provision of goods and services; improvement of the standard of living, as well as obvious contributions to the Gross Domestic Product (GDP) of many countries (OECD, 2002). Not only do they contribute to the GDP but also, they do a lot in driving the economy and reduction in the rate of unemployment hence reduction in the rate of insecurities in the nation.

SMEs, are well recognised as vital drivers of employment, innovation, and economic growth. In Nigeria, SMEs account for over 48% of GDP, 96% of businesses, and 84% of employment (PWC, 2020). In line with this data set of PWC (2020) and in recognition of the importance of SMEs to the economy, successive Nigerian governments have spent immense amounts of money obtained from internal and external funding institutions for small business development programs. For instance, programmes such as Mandatory minimum credit allocation by banks to small-scale enterprises; the World Bank SME I and SME II loan programs, the Agricultural Credit Guarantee Scheme Fund (ACGSF), the Small and Medium Industries Equity Investment Scheme (SMIEIS), TradersMoni, MarketMoni, among other interventions through the Central Bank of Nigeria (CBN) and latterly the fifty thousand naira (₦50,000) Presidential Conditional Grant Scheme, popularly known as the Trade Grants Scheme, to Nano businesses across Nigeria, among other interventions.

Despite all these interventions and programmes however, the conclusion of researchers such as Muritala, Awolaja, and Bako (2012) that sustainable financing is major, out of the challenges that are making the impact of SMEs not felt as much as required, is still here with the country hence the threats to survivability and sustainability of the SMEs yet makes it look like the nation is not benefiting as much as was theorized. Though their economic advantages are significant, small and medium-sized firms (SMEs) still struggle to get finance, which is a key barrier to their growth and long-term survival. Traditionally financial institutions have been reluctant to satisfy the particular needs of SMEs because they are perceived to have high risks and low profits (Bakhtiari et al., 2020). This brings up the need for alternative financing systems such as the cooperative societies.

Cooperatives in the Federal Capital Territory (FCT) are well-known as other finance options that provide potentially profitable SME expansion plans. Based on the concepts of mutual help and collective bargaining, these cooperatives are supposed to enable SMEs to get more tailored and accessible financial services (McKillop et al., 2020). Studying how successfully these cooperative finance models meet the particular needs of SMEs and guarantee their survival in the dynamic FCT economy is still lacking, nevertheless.

Statement of the Problem

The Federal Capital Territory (FCT), a microcosm of the country Nigeria, is heavily reliant on SMEs, which inspire innovation, generate employment, and propel economic expansion. However, a persistent dearth of sufficient financial resources typically constrains their capabilities. In certain instances, conventional banks may decline to extend financing to such enterprises or impose exorbitant interest rates on account of their perceived excessive risk. Cooperatives are positioned as alternative financing options in the current financial climate, as per Business Insights (2024), due to their community-oriented culture and philosophy of mutual assistance, which are deemed to be more suitable for small and medium-sized enterprises (SMEs). Although the potential of cooperative finance to provide financial services that are more readily available is widely acknowledged, there are still substantial uncertainties surrounding its long-term viability and efficacy.

The efficacy of cooperative financing for small and medium-sized enterprises in the Federal Capital Territory is intricate and multifaceted. The mutual benefit principle that cooperatives are intended to uphold should qualify them to manage the unique financial needs of SMEs (Feyen et al., 2021). However, the true ramifications of this form of financing remain undisclosed or undocumented. An obvious dearth of empirical research exists regarding the extent to which cooperatives fulfill the specific financial needs of small and medium-sized enterprises (SMEs), including timely and sufficient lending, investment in expansion opportunities, and financial products tailored to the volatile market demands that are characteristic of the SME sector (Emuwa, 2015).

Additionally, one of the challenges facing government interventions in SMEs is the repayment of loans as and when due (Udi, 2024). This challenge is a killer to further initiatives towards SMEs survivability in the aspect of funding especially at lower digit (single digit for instance). Notably therefore, the overall viability of SMEs financing through government interventions is a significant concern.

This research endeavours to address knowledge deficiencies by conducting a comprehensive evaluation of the extent to which cooperatives fulfill the financial requirements of small and medium-sized enterprises (SMEs) and the potential sustainability of these cooperatives in light of the prevailing economic and regulatory climate in the Federal Capital Territory. The research is ultimately focused on a thorough evaluation of the two claims that cooperative financing can satisfy the specific requirements of SMEs in the Federal Capital Territory effectively cum sustainably over the long term and also enhance the repayment of intervention loans with lesser stress. This study aims to contribute fundamental knowledge that could inform the development of more comprehensive frameworks to facilitate cooperative financing as a driver of growth for small and medium-sized enterprises (SMEs) in Nigeria's ever-changing economy.

Research Objectives

This study considered the extent to which cooperatives are impacting on SMEs, especially in the aspects of sustainable financing which is a 'sine qua non' to survivability of the SMEs. It investigated the effectiveness of cooperatives in meeting the financing needs of SMEs under the current economic and regulatory conditions in the FCT. Specifically, however, the study is set out to:

1. determine the extent to which the financing needs of SMEs are served by the existing cooperatives in FCT.
2. verify the sustainability of the existing financing options of cooperatives (if any) to the SMEs in FCT.

Literature Review: Conceptual Framework

Cooperative Financing

Due to its distinctive approach to fostering economic advancement, cooperative finance places significant emphasis on collective assistance and ownership. In contrast to this system, conventional banking places profit as its primary objective and fails to adequately address the requirements of disadvantaged communities, including small and medium-sized enterprises (SMEs) and low-income neighbourhoods (Périlleux & Nyssens, 2017). It is generally accepted that cooperative finance can democratise financial access and empower communities (Adefiranye, 2021). However, to ensure its effective execution, several obstacles must be meticulously considered (Allioui & Mourdi, 2021).

Cooperative finance is fundamentally distinguished by cooperative organisations wherein the principal beneficiaries and proprietors are the cooperative members. Credit, insurance, loans, and savings accounts are among the financial services provided by these companies. The International Cooperative Alliance defined cooperative finance in 1995. These include economic participation of members, cooperative mutual assistance, autonomy, education, democratic member control, and community concern. Participation in the cooperative must be open and conducted in public. Oczkowski et al. (2012).

Despite encountering numerous challenges related to governance, scalability, regulation, and sustainability, cooperative financing exhibits considerable potential to enhance financial inclusion and empower communities. To embrace cooperative finance as a paradigm for sustainable economic development, policymakers, practitioners, and communities must possess a comprehensive understanding of its merits and demerits. To enhance the advantages of cooperative finance while mitigating its disadvantages, it is imperative to develop novel regulatory approaches and conduct further research.

Sustainability of Financing Models

Sustainability in financing models is becoming more and more important in finance-related academic and practical debates. This is especially pertinent as responsible and more interconnected behaviours take the front stage in the global economic dynamics. In this regard, sustainability is defined by Geissdoerfer et al. (2018) as the capacity of financial models to promote social responsibility, environmental care, and long-term economic success. With this all-encompassing strategy, conventional finance institutions are pushed to go beyond short-term financial gains to guarantee that financial operations positively impact more general societal and environmental results.

Long-term sustainability of finance plans requires the resolution of several intricate issues. Financial firms have always put immediate financial gains ahead of long-term social and environmental effects. The propensity to put short-term objectives first might lead to unsustainable behaviours, including investing in sectors of the economy that worsen environmental conditions or depending too much on borrowed money (Caldecott et al., 202).

Another aspect of financial sustainability is the ability of financial models to withstand changes in the economy. Models that depend too much on certain economic conditions might not be able to survive a change in the market dynamics. Moreover, companies who strictly follow conventional financial frameworks could find it difficult to include sustainability concepts in their core financial processes because this frequently calls for major changes to the organisational culture and important performance measures (Metz et al., 2020).

Notwithstanding these obstacles, there are various benefits to implementing sustainable financial solutions. These models can, above all, help to reduce hazards brought on by social and environmental variables. Taking into account issues of governance, social, and environmental (ESG) can assist avoid funding projects or organisations that could be vulnerable to future regulatory changes, reputational harm, or other hazards associated with unsustainable practices (Lim, 2024).

Sustained funding may also bring the appearance of new investment prospects. Green bonds and loans connected to sustainability, for instance, may be developed in response to the growing demand for environmentally friendly technologies and sustainable infrastructure projects (Agrawal et al., 2023). In the end, sustainable finance solutions follow international legislative developments and the growing demand for sustainability among customers. Effectively adapting institutions get benefits in terms of reduced regulatory risks and improved competitive position (Ahlström & Monciardini, 2021).

Sustainability in the Cooperative Financing Context

Sustainability is given novel dimensions by cooperative finance. By definition, cooperatives are governed by democratic principles, member welfare, and a focus on the community—all of which promote sustainable practices. However, it is crucial to moderate these concepts with prudent financial management to ensure the financial sustainability and enduring viability of these models in meeting the demands of members (Shayan et al., 2022).

The sustainability of cooperative finance is contingent upon the cooperatives' ability to uphold their social and environmental obligations in addition to their financial obligations. This study aims to assess whether the financial services provided by cooperatives contribute to the sustained progress of their members and communities, thereby facilitating the establishment of a more equitable and stable economic framework (Lafont et al., 2023).

The incorporation of social, ethical, and environmental factors into financial decision-making signifies the growing recognition that the sustainability of financing models is a critical yet intricate subject in contemporary financial discourse. This entails the formulation of financing solutions that are not only economically feasible but also socially and environmentally sustainable, through the utilisation of cooperatives' distinctive organisational attributes. The increasing transformation of the global financial landscape is expected to stimulate a greater need for sustainable finance techniques, motivated by both ethical obligations and prudent economic factors. Sustainable finance model development is an area that needs further investigation, novel policy approaches, and pragmatic application to address the multifaceted demands of the modern global economy.

Enhancing Sustainability through Engagement

Stakeholder participation ensures the sustainability of cooperative financing by ensuring that the services provided consistently address the changing requirements of the members. It fosters a mindset of continuous development and flexibility, both of which are essential in the dynamic economic environments in which small and medium-sized enterprises (SMEs) operate. According to Pek (2023), cooperatives that successfully involve their constituents are more adept at managing economic challenges and fluctuations due to their ability to leverage a diverse array of skills and knowledge to navigate through difficult circumstances.

Effective stakeholder engagement is critical to the efficacy and sustainability of cooperative funding. Cooperatives can improve their governance processes and guarantee that their services are valued and pertinent for their members, specifically small and medium-sized enterprises (SMEs), by advocating for transparency and inclusivity (Suriyankietkaew et al., 202). Through active participation, the cooperative can more effectively bolster its financial stability as well as the economic stability of the regions it caters to. A sustained emphasis on enhancing stakeholder participation processes is imperative for the continued robustness and efficacy of cooperative finance models in the coming years.

Theoretical Framework

1. Cooperative Financial Theory and Its Application in SME Financing

Grice (1975) introduced the concept of cooperation. It is predicated on the idea that for collaboration to promote effective communication, discussion participants should endeavour to be truthful, enlightening, relevant, and comprehensible (Hadi, 2013). Cooperative financial theory shifts its focus from the conventional objective of standard banking institutions to the fulfillment of the unique requirements of its members (McKillop et al., 2020). This transition in the financing of small and medium-sized enterprises (SMEs) is especially critical, as cooperatives that provide specialised financial assistance may be of great assistance in fostering economic development and stability.
According to cooperative finance theory, cooperatives are not solely profit-oriented; rather, their purpose is to serve the interests and requirements of their members. An approach that prioritises the needs and desires of small and medium-

sized enterprises (SMEs) is referred to as "member-centric." This is in contrast to conventional banks, which frequently overlook SMEs on account of perceived hazards and profitability considerations (Kenton, 2020). This notion underscores the cooperative's dedication to providing more advantageous and convenient loan alternatives, such as reduced interest rates, extended repayment flexibility, and customised financial guidance that takes into account the distinct obstacles encountered by small and medium-sized enterprises (SMEs).

Financing small and medium-sized enterprises (SMEs) necessitates the meticulous arrangement of financial solutions to accommodate the unique requirements of SMEs. Cooperatives possess the inherent capability to provide more personalised services and can readily modify their offerings to correspond with evolving market demands, in contrast to their larger, bureaucratic counterparts. Small and medium-sized enterprises (SMEs) can benefit from their adaptability in various aspects, such as financing capital improvements, investing in technology, and resolving cash flow concerns (Naughton, 2016).

Cooperatives effectively leverage their strong member connections and comprehensive local knowledge to foster a sound financial climate, as evidenced by a close examination of their financing alternatives. According to Tremblay et al. (2019), research indicates that cooperatives often possess greater awareness of local market conditions and can therefore make more informed investment decisions regarding local businesses. Enhanced societal economic stability is an additional benefit of this individualised strategy, which also fosters the expansion of small and medium-sized enterprises (SMEs).

By providing an eloquent foundation, cooperative financial theory facilitates the comprehension and enhancement of SME financing via cooperatives. Cooperatives can potentially exert a substantial influence on corporate performance and economic stability by tailoring financial solutions to the specific needs of their SME members. However, this effect will be determined by their capacity to maintain financial stability and adapt to shifting market demands without compromising their member-centric approach. Consequently, to optimize cooperative finance models and guarantee that they accomplish the dual goals of member service and financial sustainability, continuous research and critical analysis are indispensable.

2. Resource-Based View (RBV) in Cooperative Financing

The organization's Resource-Based View (RBV) is a valuable framework for analysing cooperative finance, particularly regarding assisting Small and Medium-Sized Enterprises (SMEs) (Estensoro et al., 2021). Based on this perspective, an organization's strategic potential and competitive advantage are determined by its ability to effectively utilise and administer its unique resources. Cooperatives possess not only tangible and financial assets, but also intangible assets such as devoted members, specialised knowledge at the local level, and extensive networks.

The fundamental principle of the RBV posits that for an entity to attain a competitive advantage, it must effectively employ its internal resources (Barney, 1991). As per this concept, the competitive advantage of an organisation is derived from its ability to integrate its resources creatively into its day-to-day activities. It is not the result of possessing plenty of resources. Within the realm of cooperative finance, this entails leveraging the collective expertise and resources of its members to generate services with added value that are beyond the capabilities of traditional financial institutions.

When examining how cooperatives utilise their distinct resources to assist small and medium-sized enterprises (SMEs) with their financial needs, the RBV can be applied. Critical areas requiring attention include:

1. Community Knowledge: Cooperatives often possess profound insights into regional markets, consumer behaviour, and economic trends due to their robust connections to the community. By leveraging this data, they are capable of developing financial solutions that are highly pertinent and attuned to the specific needs of small and medium-sized enterprises (SMEs) in the region (Peláez et al., 2023). The ability to utilise this localised knowledge can provide a significant economic advantage over larger, less localised institutions by facilitating more precise risk assessments and adaptable financial services.

2. Patronage: Cooperatives cultivate substantial levels of trust and loyalty due to the mutualistic structure that entails members assuming the dual role of proprietors and users. This loyalty may result in increased customer retention, decreased transaction costs, and improved financial health for the cooperative (Gijselinckx et al., 2014). Furthermore, member loyalty enhances the cooperative's capacity to procure funds and resources for the development of new or expanded services. This directly advantages SME members, as it leads to more favourable credit terms and increased accessibility to credit.

3. Local Networks: Cooperatives can establish connections with a wide range of stakeholders, including but not limited to larger businesses, local government agencies, and financial institutions, by leveraging their extensive local networks

(Tortia & Sacchetti, 2023). By aiding these networks in the formation of synergistic alliances, the cooperative's capacity to assist SMEs can be enhanced. As an illustration, cooperatives could expand their portfolio of financial products and consulting services through strategic partnerships established with other financial institutions or regional development organizations.

4. Despite these benefits, cooperatives face several obstacles when attempting to utilise their resources proficiently. On certain occasions, the informal or community-oriented nature of numerous cooperatives may lead to irregularities in both strategic planning and professional management (Castaner & Oliveira, 2020). Moreover, member loyalty and local networks that are not effectively managed to foster innovation and development may inadvertently restrict the scope and accessibility of cooperative finance.

The Resource-Based View provides a robust framework for understanding how cooperatives can optimise the utilisation of their unique resources to advance SME financing. By focusing on the strategic management of member loyalty, local networks, and community knowledge, cooperatives can elevate their competitive standing and significantly benefit the economies of the communities they serve. Cooperatives must surmount challenges about strategic scalability, resource management, and professional governance to realise their potential. Sustaining their competitive advantage through the utilisation of their unique resources will require ongoing advancements in these domains.

Empirical Review

This segment delves into the body of research concerning the effectiveness and feasibility of cooperative financing as it pertains to small and medium-sized enterprises (SMEs) operating within the Federal Capital Territory (FCT) of Nigeria. This segment assesses the impacts of various financial models on the growth and sustainability of small and medium-sized enterprises (SMEs), examines patterns in cooperative finance, and underscores significant discoveries through an examination of diverse research. In addition, it provides a comprehensive understanding of the research field by filling in knowledge deficiencies in the area.

Scholarly investigations into financial cooperatives and cooperative banks indicate that these institutions often offer more favourable conditions for financing small and medium-sized enterprises (SMEs) when compared to commercial banks. Okeke (2016) examined the impact of small and medium-sized enterprises (SMEs) switching from traditional banks to cooperatives and found that the former had significantly higher rates of loan acceptance.

Moreover, cooperatives frequently offer SMEs more personalised services and reduced financing costs, thereby substantially enhancing their financial accessibility (Amadasun & Mutezo, 2022).

A study conducted in Nigeria by Kato et al. (2020) found that small and medium-sized enterprises (SMEs) that were affiliated with cooperatives experienced higher rates of employment and income growth. In addition to their financial assistance, cooperatives provide non-financial services such as training and market linkage programs, which have contributed to this growth. Mollik (2022) via a context analysis, showcased the importance of cooperatives to employment generation, poverty alleviation and economic growth in Bangladesh. In this narrative, the research submitted that credit unions provide financial services to poor and low-income households (a similar scenario to the owners of the Nano firms in Nigeria) on a mass scale and this is having direct impact on improvements in their financial performances.

Furthermore, an assessment of the enduring sustainability of cooperative financing in Nigeria was conducted by Enwa et al. in 2024. The researchers found that while cooperatives are indispensable in providing initial capital and support to small and medium-sized enterprises (SMEs), challenges such as inadequate capitalization, insufficient financial expertise, and regulatory obligations often jeopardise their long-term feasibility.

Methodology

This research, which is regarded as an experimental endeavour concerning the financing of sustainable small and medium-sized enterprises (SMEs) via cooperatives, centers on the six Area Councils of the Federal Capital Territory (FCT), Abuja. The Federal Capital Territory is composed of the following six Area Councils: Kwali, Abaji, Abuja Municipal, Bwari, and Gwagwalada. Nearly three million individuals reside in the Federal Capital Territory (FCT), the majority of whom are employed by parastatals, ministries, and the government, in addition to farmers and small business proprietors operating cottage industries. Each of these local councils contains a substantial proportion of small and medium-sized enterprises (SMEs) engaged in various profitable endeavours, including petty trading. Cooperative societies exist, each established for a unique purpose.

Survey method was considered more appropriate for collection of data required for this investigation. Consultations were held with the management committees of each cooperative and the key executives of the FCT Directorate of Cooperative Societies. Also, questionnaires were distributed to SME proprietors to elicit relevant data. Additionally, secondary sources of information, such as the financial statements of cooperatives (cooperative membership and loan structure) and SMEs (equity and other financing alternatives utilised), were consulted as corroborative evidence.

Utilising descriptive, analytical, and inferential statistics were considered essential for data analysis. Furthermore, to evaluate the viability and long-term viability of small and medium-sized enterprises (SMEs) regarding potential financial assistance from cooperatives, the statistical analyses conclusions were corroborated with the aid of Kolmogorov-Smirnov test. Analyses were conducted on the observed patterns of data distribution in light of our prior discussions regarding cooperative finance theory and the resource-based view (RBV).

Data Analysis and Interpretation

This part focuses on the presentation of the results and their discussion. This part seeks to answer the objectives of the study.

Table 1: Determine the extent to which the financing needs of SMEs are served by the existing cooperatives in FCT.

Table 1: Objective 1	Frequency table: Var2 (Spreadsheet1) K-S d=.33995, p<.01						
Response		Count	Cumulative - Count	Percent - of Valid	Cumul % - of Valid	% of all - Cases	Cumulative % - of All
Very Low	.5000000<x<=1.000000	9	9	3.19149	3.1915	3.19149	3.1915
	1.000000<x<=1.500000	0	9	0.00000	3.1915	0.00000	3.1915
Low	1.500000<x<=2.000000	39	48	13.82979	17.0213	13.82979	17.0213
	2.000000<x<=2.500000	0	48	0.00000	17.0213	0.00000	17.0213
Undecided	2.500000<x<=3.000000	23	71	8.15603	25.1773	8.15603	25.1773
	3.000000<x<=3.500000	0	71	0.00000	25.1773	0.00000	25.1773
High	3.500000<x<=4.000000	151	222	53.54610	78.7234	53.54610	78.7234
	4.000000<x<=4.500000	0	222	0.00000	78.7234	0.00000	78.7234
Very High	4.500000<x<=5.000000	60	282	21.27660	100.0000	21.27660	100.0000
	Missing	0	282	0.00000		0.00000	100.0000

Source: Field study, 2024

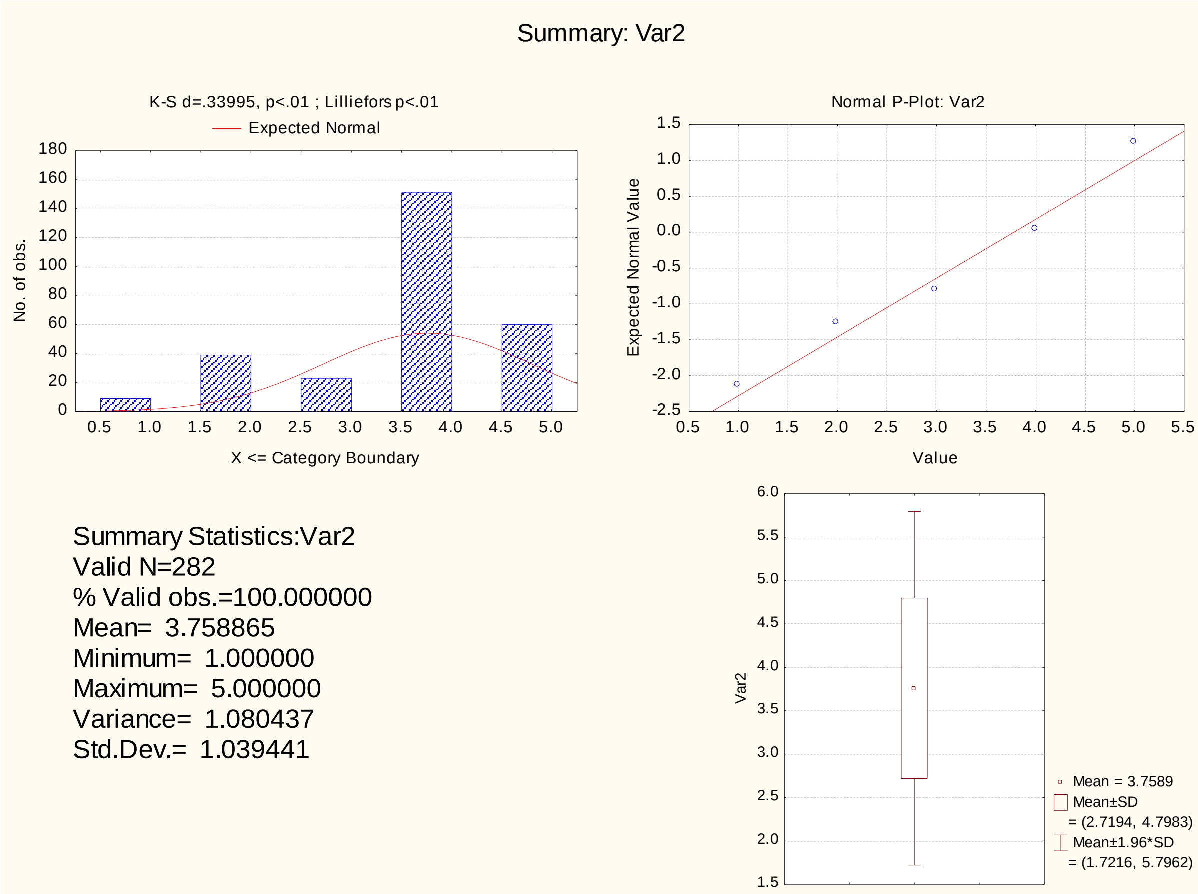

Fig 1: Graphical Analysis of Objective 1

Interpretation

There appears to be a predilection in the frequency table for higher levels of contentment with cooperative funding. The responses dispersed across various intervals of the variable Var1, which encompasses a spectrum of values from "Very Low" to "Very High," provide clear evidence of this. Insufficient Engagement at Reduced Intervals: The "Very Low" category exhibits minimal engagement, as evidenced by the mere 3.19% of responses that fall within the range of 0.5–1.0. The absence of responses within the range of 1.0 to 1.5 may suggest that a minority of participants did not perceive certain aspects of cooperative funding as pertinent or satisfactory. This suggests that while a small proportion of small and medium-sized enterprises (SMEs) may consider cooperative financing to be less beneficial, this viewpoint does not reflect the majority view.

Moderate Response at Mid-Intervals: The "Low" and "Undecided" classifications, which symbolise the intermediate position, indicate a prudent or unbiased perspective regarding the effectiveness of cooperative funding. Significantly, certain sub-intervals, namely 2.0 to 2.5 and 3.0 to 3.5, lack responses, indicating the existence of distinct thresholds or cutoff points in respondent preferences. This indicates the need for further research to identify specific areas for improvement in cooperative finance strategies.

Extensive Levels of Satisfaction: The categories labeled "High" and "Very High," which contain the highest concentration of responses ranging from 3.5 to 5.0, exhibit the most pronounced degree of consensus among the participants. This observation demonstrates a notable inclination towards and recognition of the advantages associated with cooperative financing. This aligns with the RBV, which posits that small and medium-sized enterprises (SMEs) highly regard the unique assets and community-oriented strategies employed by cooperatives.

The Kolmogorov-Smirnov test results provide support for the observed non-normal distribution with significant deviations, suggesting that the cooperative financing model might have an impact on small and medium-sized enterprises (SMEs) in manners that are not typically captured by traditional financial models. This divergence may be attributable to the cooperative's distinctive characteristics, which include member-centric policies, integration of local knowledge, and customised financial products that are tailored to the needs of SMEs. Consistent with cooperative finance theory, which places member demands ahead of profit maximisation, the survey results support this view. The applicability of the theory is supported by the fact that a significant proportion of responses (74.8%) fell into the "High" and "Very High" categories, indicating that cooperatives effectively align their financing alternatives with the practical requirements of small and medium-sized enterprises (SMEs), thereby fostering their growth and sustainability. This is further supported by the reported mean score of 3.76, which signifies a wide-ranging degree of contentment with cooperative finance.

According to the survey results, small and medium-sized enterprises (SMEs) have a strong preference for cooperative financing; this has significant policy and practical implications. In light of these results, cooperatives should continue to enhance their financial offerings through the application of their distinctive assets and member-centric approaches. Managers of cooperatives can increase member satisfaction and effectiveness among SME organisations by concentrating on the deficiencies in lower satisfaction ranges.

The significant positive response also encourages further research into how these collaborative models can be improved and expanded to support greater economic stability and growth in the small and medium-sized enterprise (SME) sector of the FCT. Such insights are crucial for policymakers and cooperative administrators seeking to optimise financing methods to support the growth of small and medium-sized enterprises (SMEs).

Analysis for Objective 2

Table 2: Verify the sustainability of the existing financing options of cooperatives (if any) to the SMEs in FCT.

Table 2: Objective 2	Frequency table: Var3 (Spreadsheet1) K-S d=.22994, p<.01						
Response		Count	Cumulative - Count	Percent - of Valid	Cumul % - of Valid	% of all - Cases	Cumulative % - of All
Not Sustainable	.5000000<x<=1.000000	25	25	8.86525	8.8652	8.86525	8.8652
	1.000000<x<=1.500000	0	25	0.00000	8.8652	0.00000	8.8652
Fairly Sustainable	1.500000<x<=2.000000	32	57	11.34752	20.2128	11.34752	20.2128
	2.000000<x<=2.500000	0	57	0.00000	20.2128	0.00000	20.2128
Undecided	2.500000<x<=3.000000	76	133	26.95035	47.1631	26.95035	47.1631
	3.000000<x<=3.500000	0	133	0.00000	47.1631	0.00000	47.1631
Sustainable	3.500000<x<=4.000000	105	238	37.23404	84.3972	37.23404	84.3972
	4.000000<x<=4.500000	0	238	0.00000	84.3972	0.00000	84.3972
Extremely Sustainable	4.500000<x<=5.000000	44	282	15.60284	100.0000	15.60284	100.0000
	Missing	0	282	0.00000		0.00000	100.0000

Source: Field study, 2024

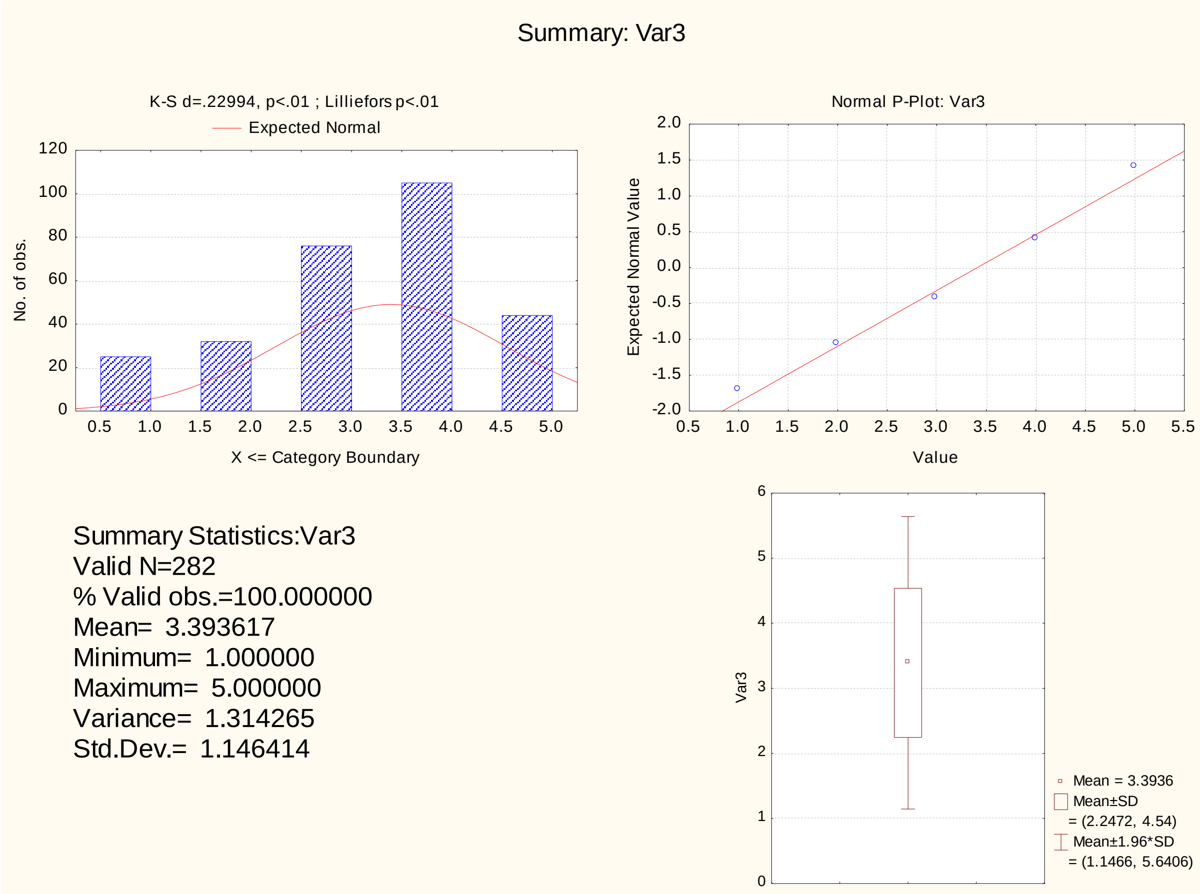

Fig 2: Graphical Analysis of Objective 2.

Interpretation

The principal objective of the study is to ascertain the sustainability of existing financing alternatives provided by cooperatives to small and medium-sized enterprises (SMEs) within the Federal Capital Territory (FCT). The objective at hand is in direct correlation with the results of a survey that categorised responses to questions concerning perceptions of sustainability as "Extremely Sustainable" to "Not Sustainable." This information is crucial for addressing the goals of strategic planning and policy formulation, as it reveals how respondents assess the effectiveness and sustainability of cooperative funding arrangements over the long term.

A mere 8.87% of participants expressed the view that the cooperative funding options are "Not Sustainable," with the majority of these participants lying within the interval between the minimum and maximum values (0.5 and 1.0) as indicated by the poll results. The conspicuous absence of responses within the higher sub-interval (1.0 to 1.5) indicates a distinct boundary in attitudes, underscoring that while concerns regarding sustainability do exist, they are relatively infrequent. This does not imply a complete rejection of the cooperative paradigm; instead, it indicates a foundation of acceptance or potential for further development.

Anxiety levels marginally rise as one enters the "Fairly Sustainable" category, with 11.35% of responses falling within the range of 1.5 to 2.0. Once more, the subsequent periods of silence serve to underscore a perceptual obstacle, signifying a prudent sense of optimism. Although some respondents acknowledge the sustainability of cooperative funding in specific respects, they remain unconvinced regarding its broader applicability and long-term viability. Cooperatives are progressing favourably, according to this nuanced viewpoint; however, they must confront certain fundamental issues if they wish to enhance their sense of sustainability.

The majority of respondents (26.95% of the sample) remain "Undecided," with the majority of their responses lying within the range of 2.5 to 3.0. The substantial percentage of neutrality indicates a division in opinions, which is likely attributable to varying degrees of expertise in collaborative funding or a scarcity of comprehensive data that would facilitate the adoption of a more definitive stance. Cooperatives must investigate this ambiguity because divergent viewpoints can be transformed into constructive ones through the identification and resolution of the underlying causes of this uncertainty.

Over 53% of participants classified as "Sustainable" or "Extremely Sustainable" hold a positive viewpoint regarding cooperative funding. The considerable level of confidence demonstrated is indicative of this substantial support for the cooperative model's sustainability, particularly considering that a considerable proportion of the value falls within the range of 3.5 to 4.0. This suggests that a considerable proportion of stakeholders recognize and value how cooperatives' adaptability and focus on members fulfill their needs while bolstering regional economic stability.

Statistical analysis of the Kolmogorov-Smirnov test reveals that these perceptions are significantly skewed towards more favourable ones as opposed to being distributed equitably; this deviates significantly from the expected normal distribution. This asymmetry indicates the presence of specific prejudices or firm convictions regarding the long-term viability of cooperative funding. These may stem from respondents' encounters with the advantages of cooperative funding or from the apparent alignment between the goals of the organisation and the needs of its members.

Evaluating the sustainability of cooperative funding, the second objective of the study is highly relevant to the findings of the survey concerning attitudes toward sustainability. The responses' skewed overall positivity suggests that cooperatives are generally regarded positively; however, a sizeable contingent of skeptics and cautious optimism underscores the necessity for cooperatives to strengthen their connections and improve their communication. Cooperatives have the potential to improve their operational frameworks and foster a greater sense of sustainability through proactive responses to the specific demands and concerns expressed by the respondents. By doing so, the cooperatives will ensure that their small and medium-sized enterprise (SME) members in the Federal Capital Territory are not only satisfied but also have their expectations exceeded. This research serves as a foundation for examining the sustainability of cooperative finance and facilitates the implementation of targeted enhancements and strategic improvements in cooperative operations.

Summary and Conclusion

This study assessed the impact of Cooperative Financing on Survivability and Sustainability of Small and Medium Enterprises (SMEs) in the Federal Capital Territory (FCT), Nigeria with a particular emphasis on determining how well the existing cooperative financing models meet the financial requirements of SMEs and evaluating their long-term viability. The study underscored the advantages and disadvantages of cooperative funding in the field through an exhaustive empirical evaluation and examination of the viewpoints of stakeholders.

1. The results of the study indicate that cooperative financing is a highly effective method for addressing the financial needs of small and medium-sized enterprises (SMEs) in the Federal Capital Territory. The overwhelming majority of participants conveyed exceptional contentment with the services provided by cooperatives, noting that these establishments offer more favourable conditions compared to conventional financial institutions. Significant contributors to the efficacy of cooperatives are their profound community integration, member-centric strategies, and financing solutions that are specifically designed to meet the unique needs of small and medium-sized enterprises (SMEs). The implications of this finding are that Nigerian government is encouraged to explore the opportunities of the existing cooperative arrangement to tackle the challenges of defaulting on loans repayments. Also, the challenge of government interventions not getting to the targeted beneficiaries can be effectively tackled via these cooperative initiatives.

2. Sustainability of finance methods: A considerable proportion of the participants in the survey attested to the sustainability of the cooperative finance methods in question, with a considerable number perceiving them as either highly sustainable or sustainable. The study did, however, uncover some alarming findings, such as the fact that the long-term viability of cooperatives is contingent on enhanced strategic planning and more proficient management. The policy implication of this is that effective management of other interventions to the SMEs can be ensured via the cooperative system. However, the cooperative Development Act can be further amended to give the required legal backing to this arrangement especially in the aspect of management of cooperative societies.

Conclusion and Recommendations

Cooperative finance, which in addition to fostering economic stability and community development, provides financial resources, was determined by the study to be a crucial instrument for assisting Small and Medium-sized Enterprises (SMEs) in the Federal Capital Territory. The outcomes underscore the criticality of further refining cooperative practices to surmount existing challenges and actualize their complete capabilities. These enhancements can potentially be achieved via enhanced governance, increased transparency, and strategic management.

To ensure the continued success and expansion of cooperative financing, it is recommended that cooperatives enhance their governance frameworks through the integration of more sophisticated management techniques. The Federal Department of Cooperatives (FDC); Cooperative Federation of Nigeria (CFN); National Cooperative Financing Agency of Nigeria (CFAN); and other relevant agencies and bodies are to be fully involved in this.

One strategy to enhance their impact and service portfolio is to aim for greater scope. Another is to increase stakeholder participation in the development and adaptation of financial products and services. Advocate for legislative frameworks that are more accommodating and supportive of the special cooperative finance model. Conscious promotion of public-cooperative partnership, just as is found in Bangladesh, will surely change the narratives in the Nigeria SME financing space and the economy will be better off for it in many ways.

This study not only provides policymakers, cooperative managers, and community leaders with a stronger framework to strengthen support networks for SMEs, but it also contributes to the collective understanding of the impact cooperative finance has on economic growth. Maintaining the significance of cooperatives in facilitating the financial empowerment of small and medium-sized enterprises (SMEs) and the overall economy requires capitalising on their strengths and addressing their weaknesses in the current models.

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