Exploring the Relationship between Financial Management and Performances of Cooperative Organisations in Osun State

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Abstract
This study was designed to investigate the impacts of financial management on performance of cooperative organizations in selected cooperative societies in Osun state. A structured questionnaire was used to collect data from sample of one hundred and sixty (160) respondents, who were randomly selected from fifteen (15) cooperative organisations was tested for reliability on Cronbach’s alpha of 0.88. Data collected were analysed using descriptive statistics, Pearson Product Moment Correlation (PPMC) and Ordinary Least Square Regression method with the aid of Statistical Package for Social Science SPSS, window 23. The findings showed that, there is a relationship between financial management and performance of co-operative organisations measured by financial accountability, internal control, record keeping, insurance, audits, cost management, budgeting, cash-flow management, business plan and project finance as well as financial reporting were significant positive with \( r = 0.654^{**}, 0.785^{**}, 0.553^{**}, 0.458^{**}, 0.870^{**}, 0.775^{**}, 0.759^{**}, 0.882^{**}, 0.387^{**} \text{ and } 0.635^{**} \) respectively. The result also shows that, the financial management is significantly influenced performances of cooperative organization with \( R^2 = 0.932; P < 0.05 \). The study concluded that, the performance of the cooperative organizations in Osun State depends on the effective financial management. The study therefore, recommended that, financial base of co-operative organisation should be adequately widened and broadened for effective services towards members’ transformation.

Keywords: Financial, Management, Cooperative organisations, Performance, Selected

1.0 Introduction
Financial management is concerned with the planning, organising, procurement and utilization of organisation financial resources as well as the formulation of appropriate policies with a view to achieving the aspiration of members in the society (Adepoju 2007). Financial Management is a tool for managing co-operative organization, and, is one of the most important practices that an organisations is required to put in place. For co-operative organisations to perform and achieved its objectives, it is should be prudent in financial management. Financial management in a co-operative organization goes beyond bookkeeping or accounting aspect only but widely covers aspect of resources management with diverse techniques. Different types of co-operatives such as primary or secondary, consumer or producer, worker or member based, all requires financial management. The content of rules, procedures and practice of financial management might vary, but at the end, there are certain important common tools or principles that have to be applied in order to have sound financial management.

Poor financial accountability, internal control, budgeting and record keeping are often accompanied by dissipated efforts, wasted resources and poor results undermined the
performance of cooperative organisations. Correct decisions which are basic to good financial accountability are usually hard to reach because of the difficulty of anticipating the consequences which may result from different alternatives. Some of cooperative organisations have incompetent personnel to handle the key areas of administration of organisation and this has negative impact on the performance of cooperative organization. Hence, the ability to economical manages the financial resources; preparing budget and financial report of the organization will be difficult.

Mismanagement of financial resources by executive members of operative organisation may result to the collapse of the organization of which the auditors may not discover. Several researches have been undertaken in this area and each researcher gave a different view and results. David (2000), examined financial management and ratio analysis for cooperative organisation. Other researchers include, Kassali, Adejobi and Okparaoccha (2013), Kassali and Adeyemo (2007), Dokubo (2015), Kinyanjui and Muturi (2016) and Johnson, George and Freddie (2014) have examined the related research works on the topic under investigation. None of research work has dealt on the direct impact of financial management on performance of cooperative organisations. The omissions of this form a major gap in this study. However, the study seeks to answer the fundamental question. Is there any significant relationship between financial management and co-operative organizations performance measured by financial accountability, internal control, record keeping, insurance, audits, understanding costing, budgeting, cash-flow management, business plan and project finance and financial reporting.?

Research Objective
The main objective of this study is to investigate the relationship between financial management and performance of cooperative organisation in selected cooperative societies in Osun state

Research Hypothesis
Ho1. There is no significant relationship between financial management and performance of co-operative organisations measured by financial accountability, internal control, record keeping, insurance, audits, cost management, budgeting, cash-flow management, business plan and project finance and financial reporting.

2.0 Literature Review
2.1 Conceptual Review
Central Bank of Nigeria (2003) referred to a financial management as a set of rules and regulations and agents that interact with each other and the rest of the world to foster economic growth and development. It offers a wide range of investments options for savers and instruments for intermediating, also vital in effective management of co-operative organization of membership fund, as scare resources.

Kassali, Adejobi and Okparaoccha (2013) defined cooperative as “a social enterprise or organization created voluntarily by members with the full support and assistance from members in order to cater for the economic needs and interests of the members”. The idea was to pull members economic forces together to ease their access to finance and other socio-economic resources. The basis instituting a cooperative organization includes common business interest, location, professional goals and objectives, need for social interaction on common interest, exploitation of common resources through group strategy. Cooperative society also defined as “an organization where people voluntarily associate
together on the basis of equality having equal participation in management to promote common economic interests, using equal voice, making approximately equal or proportional contributions to capital and deriving proportional services and benefits from it and run for those who use its services”. The co-operative society is essentially a voluntary association of people who pay a fixed subscription at a fixed place and at a regular interval, usually weekly, but monthly among salary earners. This society is known to help members through granting of loan to acquire such items as; building materials, utensils and furniture.

Ossai (2008) declares that, the first ever co-operative society in the traditional setting was the thrift and credit co-operative society with the aim of reducing or eradicating factors that are caused poverty. Furthermore, they do need efficiency that is control of costs. Above all, they need effectiveness that is emphasised on the right results. Co-operative society organisations must not only be seen as benevolent society, but also as society whose existence depends on the ability to make profit. This means that, besides relying on the government for the provision of funds, they can start investing its profit-making ventures.

According to Pitt and Tucker (2008), organisational performance is defined as “a vital sign of the organisation, showing how well activities within a process or the outputs of a process achieve a specific goal”. It is also defined as “as process of assessing progress towards achieving pre-determined goals, including information on the efficiency by which resources are transformed into goods and services, the quality of these outputs and outcomes, and the effectiveness of organisational objectives” (Amaratunga & Baldry, 2003)

Olaleye (2004) and Akinsami (2002) stated that, cooperative organisation promote the economic interest of its members and particularly, encourage savings by providing means whereby such savings may receive reasonable interest without risk and being removed from the control of the member.

Importance of Financial Management on Co-operative Organisation
While it might be impossible to design the perfect financial management system in a co-operative, it is better to have one to ensure the following:
- Self management by members and executive over financial affairs is empowered;
- Governance at a management level is strengthened and informed decisions can make;
- Limited financial resources are utilized optimally in the cooperative;
- The cash flow position of the co-operative is not jeopardized;
- Capital needs are carefully worked out to ensure the necessary assets are acquired;
- The right sources of finance are targeted;
- Training needs are appropriately supported;
- Surplus is divided according to the legal formula and most importantly according to actual financial viability;
- Supporting the community for sustainable development and co-operative development can be clearly realized.

Key Tools for Ensuring Effective Financial Management

Financial Accountability: Despite having values of openness and honesty as an integral part of the life and workings of co-operatives, many corruption scandals, financial mismanagement problems and rumours of misuse of funds have undermined co-operatives. To overcome this, every co-operative organisation has to practice financial accountability. It means narrowing the opportunities for corruption, theft or misuse of funds. On the flipside, all those handling of finance must be beyond doubt, suspicion or reproach. This can only be secured with a proper system of financial accountability.
**Internal Control:** To re-enforce financial accountability, it is important to have proper control policies and procedures in place. These finance policies and procedures should be drawn up in a participatory way (which means workers, members, management and executive must be involved). The responsibility for monitoring implementation and compliance lies with the management. The finance policies are simply a statement of how the co-operative would run its financial matters.

**Record Keeping:** Record keeping in a co-operative with regard to financial management is divided into two; keeping the actual or physical documentation; and the accounting system. Keeping the physical document means designing a proper filing system to keep all primary documentation while accounting is a modern name for analyzing and applying the data from bookkeeping to enhance financial decisions. With the recording and interpretation of financial information, management of co-operatives can understand the results and performance of the co-operative and make serious financial decisions.

**Insurance:** Insurance is the purchase of protection, at a premium for different parts of the cooperative organization. If a co-operative society is in the area in which there is a high crime rate and if the co-operative, also does not have proper security arrangements to prevent theft it would be considered to be a high risk and a higher premium would have to be paid for the insurance coverage. The benefits derived from insurance in a co-operative society include; It helps to plan against calamities and uncertain situations; it limits risk and provides clear material benefits if the event for which the insurance policy is required occurs.

**Audits:** An audit is an independent examination or verification of accounts and practices, according to set principles, by an accountant who is a certified auditor. Audits are about assessing whether the results and financial situation reported in the statements are as reasonable and as accurate as possible. Benefits of having audited financial statements in a cooperative organisation include; It could prevent and detect fraud in the co-operative. It strengthens internal financial control. All members and executive will know whether the financial statements are a credible representation of the financial situation in the co-operative organisation.

**Costing Management:** This involves reduction in expenses and operational cost. Without proper information about the product or service produced in a cooperative the managers, the board of management cannot make proper decisions. It is the basis for generating proper financial statements and in particular in understanding sales revenue and expenditure. It assists marketing and strengthens cash flow management and assists pricing a product.

**Budgeting:** This is a statement about the allocation of money (income and expenditure) according to a set of priorities or a plan over a period of time. The advantages of having a budget and budgeting system are as follows: It ensures the plans and ultimately the objectives of the co-operative are realised. It also provides a means to control expenditure and ensure corrective measures are in place if over-expenditure has occurred or is happening. It assists in communicating plan implementation and financial information to all co-operative members.

**Cash Flow Management:** Cash flow in a co-operative society is the actual money available to meet the operational needs of a co-operative on a monthly basis. This cash pool enables the cooperative to operate economically. Cash comes into a co-operative from various sources including: Member shares, fees and subscriptions; Reinvestment of surplus while cash leaves a co-operative to: Purchase of goods and services, give credit to customers; purchase
fixed assets and give bonuses to members. The main advantage of cash flow management is to prevent debt accumulation and keeps credit controlled and within limits, if it is necessary as well as minimising the pressure on the co-operative.

**Business Plan and Project Finance:** To sustain a co-operative organization, it is important to have a proper approach to planning. Ultimately, a business plan can assist financial management in a co-operative in the following ways: To generate valuable information for financial and strategic planning; inform the formulation of a budget. It helps in fund raise and bring in finance; assess progress in the co-operative and manage cash flow.

**Financial Reporting:** In a cooperative, it is important to ensure that, financial statements are presented regularly to the executive. On a monthly basis, the following should be presented to the executive by the finance sub-committee through the treasurer: income and expenditure statement/profit and loss; Cash flow statement; bank statement; A report on the budget and any other financial information required by the executive. The advantages of reporting are to empowering the management to make proper decisions; and to ensuring a strategic role for the board to guide the plans of the co-operative and proper project management.

![Figure 1: A Schematic Diagram showing the relationship between Financial Management and Performances of Cooperative Organisations](Figure 1)

**2.2 Theoretical Review**

Several economic theories have been proposed in order to run an effective system in an organization and financial management is generally classified under different theories. The study is, however, guided by these two “Baumol model of cash management and Miller and Orr model of cash management theories”
Baumol Model of Cash Management: Baumol model of cash management helps in determining a firm's optimum cash balance under certainty. It is extensively used and highly useful for the purpose of cash management. Baumol developed a model which is usually used in inventory and cash management. Baumol model of cash management trades off between opportunity cost or carrying cost or holding cost and the transaction cost. As such firm attempts to minimize the sum of the holding cash and the cost of converting marketable securities to cash.

This model enables the organisations to find out their desirable level of cash balance under certainty and the theory relies on the trade off between the liquidity provided by holding money (the ability to carry out transactions) and the interest foregone by holding one's assets in form of non-interest bearing money. The key variables of the demand for money are the nominal interest rate, the level of real income which corresponds to the amount of desired transactions and to a fixed cost of transferring one's wealth between liquid money and interest bearing assets. It however, has the following limitations such it disallows cash flows to fluctuate, overdraft is not considered and there are uncertainties in the pattern of future cash flows.

Miller and Orr Model of Cash Management: The Miller and Orr model of cash management is one of the various cash management models in operation. It helps the present day organizations to manage their cash while taking into consideration the fluctuating of daily cash flow. As per the Miller and Orr model of cash management, the organizations let their cash balance move within two limits - the upper limit and the lower limit. The organisations buy or sell the marketable securities only if the cash balance is equal to any one of these. When the cash balance of an organization, it touches the upper limit; it purchases a certain number of saleable securities that helps them to come back to the desired level. If the cash balance of the organisation reaches the lower level, then, the organisation trades its saleable securities and gathers enough cash to fix the problem.

It is normally assumed in such case, that, the average value of the distribution of net cash flows is zero. It is also understood that the distribution of net cash flows has a standard deviation. This model also assumes that distribution of cash flows is normal and is widely used by most business entities. However, in order to apply it properly, the financial managers need to make sure that the following procedures are followed: That is, finding out the approximate prices at which the saleable securities could be sold or brought and deciding the minimum possible levels of desired cash balance, checking the rate of interest, calculating the Standard Deviation of regular cash flows

2.3 Empirical Review
Various studies have been conducted on financial management of cooperative organisations in the country and other part of countries with diverse opinions. The outcome of the investigations, however, shows that, the prudent financial management has positively impact on the cooperative organization. Kinyanjui et al (2016), investigated the effects of strategic management practices on the financial performance of coffee co-operative societies in Kenya. They concluded that, the four variables significantly influence on the financial performances of the coffee cooperative in Kenya. They therefore, recommended that, manager should come up with strategies to monitor marketing strategies, planning process, cost reduction and human resource management for a better performance in future.

Dokubo (2015), studied prudent financial management: A tool for managing thrift
and credit co-operative society of rural communities in Rivers State of Nigeria. She explained that, people’s needs are multifarious and government alone cannot provide for all these needs due to immense financial constraints and dwindling resources. As a result of this, co-operative society self-help among members becomes paramount in the development agenda for rural communities especially, as a source of community development for rural dwellers.

In addition, David (2000) investigated the financial management and ratio analysis for cooperative enterprises. His studies discussed the differences in financial management and goals between the investor-oriented firms and cooperatives. He briefly reviewed what bankers look for when appraising potential borrowers and summary of standard financial ratios used to analyze a variety of business structures which included, along with other modified ratios to address deficiencies evident in standard ratios.

Johnson, et al (2014), examined the relationship between managerial competency and financial performance of Savings, Credit and Cooperative Societies in Uganda. They adopted quantitative research approach to collect data from Savings, Credit and Cooperative Societies operating in the eastern part of Uganda called Busoga. They analysed data through descriptive statistics, correlation and regression analysis methods. Their results shown that, there are positive relationship between managerial competency and financial performance (r =0.610, p< .01) and the results further revealed that, corporate governance and managerial competence only explain 39% (R square=.392) of the variance in the financial performance of the Savings, Credit and Cooperative Societies in Uganda. In a related study, Kassali, et al (2013) studied the analysis of cooperative financial performance in Ibadan Metropolis, Oyo State, Nigeria. Primary data were collected from thirty (30) cooperatives by interviewing of principal officers using well structured questionnaire while secondary data were from the cooperatives annual reports. The analytical techniques used include descriptive statistics applied to financial aggregates and ratios and regression analysis. Cooperatives structural and financial elements were hypothesized as determinants of cooperative financial performance. All variables except cooperative size had significant effect on financial performance.

3.0 Methodology
The primary source of data was the questionnaire, which was carefully framed and administered to a sample of one hundred and sixty (160) respondents from a sample of 15 randomly selected cooperative organizations across three most urbanise cities (Osogbo, Ilesa and Ile ife) of Osun state. A well structured and pre-tested questionnaire helped collecting data on financial management and cooperative organisation performance across the state using simple random sampling technique. Therefore, responses of the respondents emanated from the questions on Likert scale, ranging from strongly agree (4) to strongly disagree (1). The scale was subjected to item analysis in order to ensure it is valid and reliable. It yielded reliability Cronbach’s alpha of 0.88 which is appropriate to measure the data. The questions were addressed to an executive member of the cooperative and field survey took place within the period of three months of year 2017 using a well-trained enumerator with all questionnaire duly attempted. The adopted method of data analysis in this paper was descriptive statistics, Pearson Product Moment Correlation (PPMC) and Multiple Regression Analysis and to be test on 5% significance level.

4.0 Model Specification
The model of the study established the relationship between the dependent and independent variables through the empirical model developed from the work of Asaolu (2004) adopted by Odetayyo (2016). The model specification is as stated below:

\[ PCO = f(FM) \]
Where;
PCO represents performance of cooperative organisation
FM represents financial management

Equation (1) presents the functional relationship between cooperative organization performance and financial management measured by financial accountability, internal control, record keeping, insurance, audits, cost management, budgeting, cash-flow management, business plan and project finance and financial reporting. The above equation can be re-specified in an explicit form as shown below;

$$PCO = \beta_0 + \sum_{k=1}^{n} \beta_1 FA + \beta_2 IC + \beta_3 RK + \beta_4 IN + \beta_5 CM + \beta_6 BU + \beta_7 CF + \beta_8 BP + \beta_9 FR + \varepsilon \ldots (2)$$

Where;
PCO = Performance of Cooperative Organisation
FM = is a vector of financial management variables which include financial accountability, internal control, record keeping, insurance, audits, cost management, budgeting, cash-flow management, business plan and project finance and financial reporting.

$\beta_0$ = Constant Parameter
$\beta_1$-$\beta_{10}$ = Coefficient of explanatory variables
FA = Financial Accountability
IC = Internal Control
RK = Record Keeping
IN = Insurance
AU = Audits
CM = Cost Management
BU = Budgeting
CF = Cash-flow Management
BP = Business Plan and Project Finance
FR = Financial Reporting
$\varepsilon$ = Stochastic Error Term

5.0 Results and Discussion

Table 1: Descriptive Statistics

<table>
<thead>
<tr>
<th>Variables</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cooperative Performance</td>
<td>160</td>
<td>3.9000</td>
<td>.30094</td>
</tr>
<tr>
<td>Financial Accountability</td>
<td>160</td>
<td>3.8250</td>
<td>.42781</td>
</tr>
<tr>
<td>Internal control</td>
<td>160</td>
<td>3.8437</td>
<td>.41280</td>
</tr>
<tr>
<td>Record Keeping</td>
<td>160</td>
<td>3.8750</td>
<td>.41588</td>
</tr>
<tr>
<td>Insurance</td>
<td>160</td>
<td>3.7375</td>
<td>.62934</td>
</tr>
<tr>
<td>Audits</td>
<td>160</td>
<td>3.8875</td>
<td>.31697</td>
</tr>
<tr>
<td>Cost Management</td>
<td>160</td>
<td>3.8562</td>
<td>.36938</td>
</tr>
<tr>
<td>Budgeting</td>
<td>160</td>
<td>3.8563</td>
<td>.43215</td>
</tr>
<tr>
<td>Cash-flow Management</td>
<td>160</td>
<td>3.8750</td>
<td>.33176</td>
</tr>
<tr>
<td>Business Plan and Project Finance</td>
<td>160</td>
<td>3.7062</td>
<td>.61015</td>
</tr>
<tr>
<td>Financial Reporting</td>
<td>160</td>
<td>3.7812</td>
<td>.50993</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>160</td>
<td>--</td>
<td>--</td>
</tr>
</tbody>
</table>

Source: SPSS output, 2017
Table 1 above shows that, performance of cooperative organization depend on financial management such as financial accountability (3.8250), internal control (3.8437), record keeping (3.8750), insurance (3.7375), audits (3.8875), cost management (3.8562), budgeting (3.8563), cash-flow management (3.8750), business plan and project finance (3.7062) and financial reporting (3.7812) respectively as audits has highest figure of (3.8875). This implies that, the use of financial management aid the performance and survival of cooperative organisations

**Multicollinearity using Correlation Matrix**

The results in table 2 below, presents the correlation results. The correlation matrix table was used to estimate the degree of correlation between the various pairs of variables. The term multicollinearity was used to explain the relationship between paired values of the independent variables. Gujarati (2011), note that multicollinearity refers to the level of correlation between any two or more independent variable.

<table>
<thead>
<tr>
<th>Variables</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Performance</td>
<td>1</td>
<td>.654**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Financial Account.</td>
<td>.785**</td>
<td>.556**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Internal control</td>
<td>.553**</td>
<td>.336** .508**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Record Keeping</td>
<td>.458** .296** .398** .499**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Insurance</td>
<td>.870** .550** .634** .704** .608**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Audits</td>
<td>.775** .477** .594** .415** .324** .667**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Cost Management</td>
<td>.759** .475** .578** .354** .323** .662** .579**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Budgeting</td>
<td>.882** .554** .729** .479** .505** .763** .674** .751**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Cash-flow Mgt</td>
<td>.387** .326** .366** .424** .519** .511** .425** .268** .315**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Business Plan</td>
<td>.635** .429** .584** .493** .702** .664** .466** .456** .618**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

*Correlation is significant at the 0.01 level (2-tailed).

**Source: Authors’ Compilation, 2017**

From table 2, it can be observed that, the correlation between the independent variables and the dependent variable was high. The interpretation was that, the level of multicollinearity between the independent variable was not very high which meant that, the influence of each variable in the regression model could be isolated easily. The results from table 2 shown a perfect positive relationship between financial management and cooperative organization performance measured by financial accountability, internal control, record keeping, insurance, audits, cost management, budgeting, cash-flow management, business plan and project finance and financial reporting respectively. The correlation was found to be statistically significant as (r = 0.654**, P< 0.01), (r =0.785**, P< 0.01), (r =0.553**, P< 0.01), (r =0.458**, P< 0.01), (r =0. 870**, P< 0.01), (r =0. 775**, P< 0.01), (r = 0.759**, P< 0.01), (r = 0.882**, P< 0.01), (r = 0.387**, P< 0.01), (r = 0.635**, P< 0.01) respectively. These findings concur with those of O’Regan and Ghabadian (2002), Kinyanjui, (2012), and Kinyanjui et al (2016) who found that strategies planning, marketing and cost management had substantial effects on the financial performance of cooperative
organizations. From table 2 above, it is noted that, the correlation between cooperative organisation performances and the various independent variables were above 35%, which was a good indicator of the explanatory power of the independent variables on the variance of the dependent variable.

Table 3: Pooled OLS Regression Results

<table>
<thead>
<tr>
<th>Variables</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>.209</td>
<td>.087</td>
<td>2.409</td>
<td>.017</td>
</tr>
<tr>
<td>Financial Account</td>
<td>.078</td>
<td>.019</td>
<td>2.846</td>
<td>.005</td>
</tr>
<tr>
<td>Internal control</td>
<td>.187</td>
<td>.026</td>
<td>5.341</td>
<td>.000</td>
</tr>
<tr>
<td>Record Keeping</td>
<td>.052</td>
<td>.023</td>
<td>2.635</td>
<td>.004</td>
</tr>
<tr>
<td>Insurance</td>
<td>-.097</td>
<td>.016</td>
<td>-2.856</td>
<td>.005</td>
</tr>
<tr>
<td>Audits</td>
<td>.441</td>
<td>.046</td>
<td>9.104</td>
<td>.000</td>
</tr>
<tr>
<td>Cost Management</td>
<td>.168</td>
<td>.027</td>
<td>5.160</td>
<td>.000</td>
</tr>
<tr>
<td>Budgeting</td>
<td>.071</td>
<td>.024</td>
<td>2.075</td>
<td>.040</td>
</tr>
<tr>
<td>Cash-flow Mgt</td>
<td>.260</td>
<td>.042</td>
<td>5.677</td>
<td>.000</td>
</tr>
<tr>
<td>Business Plan</td>
<td>-.046</td>
<td>.014</td>
<td>-1.665</td>
<td>.098</td>
</tr>
<tr>
<td>Financial Reporting</td>
<td>.044</td>
<td>.021</td>
<td>2.243</td>
<td>.016</td>
</tr>
</tbody>
</table>

F-Statistics 203.833  P-value .000 a  R Square .932  Adjusted R Square .927

Source: Authors’ Compilation, 2017

The table above revealed that financial accountability, internal control, record keeping, insurance, audits, cost management, budgeting, cash-flow management, business plan and project finance and financial reporting were jointly predicted performance of cooperative organisations (F(10,149) = 203.833; P<0.05). Hence, null hypothesis is rejected. This implied that, there is a significant relationship between financial management and performance of cooperative organisations.

From the estimated model in the table above, it was noticed that 93.2 percent of performance of cooperative organizations is influenced by changes in financial management given the estimated value of the R² of 0.932. The remaining 6.8 percent is caused by variables that are not included in the model, which is accounted for by the stochastic error term. With the adjusted R² of 0.927. It means that, the variation in the value of dependent variable of performance of cooperative organizations is explained by 92.7 per cent of the value of financial management. The unexplained variation is just 7.3% which makes it highly impressive.

The table above shows for each independent variable, the unstandardized regression weight (β), the standardized error of estimated (SEβ), the standardized co-efficient, the t-ratio and the level at which the t-ratio was significant. The beta coefficients indicated that how and to what extent that dimensions of independent variables have influence on performance of cooperative organisations. As indicated in the table, all the variables independently significant and was found that financial accountability (β= 0.078, t = 2.846; P< 0.05), Internal control (β= 0.187, t = 5.341; P< 0.05), Audits (β= 0.441, t = 9.104; P< 0.05), Cost Management (β= 0.168, t = 5.160; P< 0.05), Budgeting (β= 0.071, t = 2.075; P< 0.05), Cash-flow Mgt (β= 0.260, t = 5.677; P< 0.05), Record Keeping (β= 0.052; t = 2.635; P<
0.05 Financial Reporting ($\beta$ = 0.044, $t$ = 2.243; P<0.05), have the highest influence on performance of Cooperative Organizations while Insurance ($\beta$ = -0.097, $t$ = -2.856; P< 0.05), Business Plan and project finance ($\beta$ = 0.046, $t$ = -1.665; P> 0.05) have a relatively low impact on performance of Cooperative Organizations.

6.0 Conclusion and Recommendations

Based on the findings in this study, it could be rightly said that, the performance of the cooperative organizations in Osun state depends on the effective financial management such as financial accountability, internal control, record keeping, audits, cost management, budgeting, cash-flow management, business plan and project finance as well as financial reporting respectively. The result also shows that, the financial management significantly influence performance of cooperative organization with ($R^2$ = 0.932; P <0.05). The implications of not having sound financial management showed that, there would be cash flow problems which affect operations negatively and inability to pay accounts such that debts increases, loss of money that members have put into the co-operative, hence cause insolvency and the shutting down of the co-operative societies as well as reputation of the members and the co-operative organization is discredited.

The following are the policy recommendations, which the researchers believed if applied will go along way in improving the role, contributions and performances of the cooperative organisations: Co-operative managers should adopt effective measures towards checking problems associated with funding, poor planning and internal control measures as well as resources management. Financial base of co-operative organisation should be adequately widened and broadened for effective services towards members’ transformation. Management of co-operative organisation should ensure that resources such as human; materials and finance are available and effectively mobilized for membership development. Effective financial management as a tool for managing co-operative organisation should be ensured through a regular and update provision of enough programmes in their areas of operations.

References


