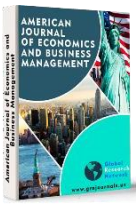

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Assessment of the Effect of Financial Management Practices on Operational Efficiency of Cooperative Societies in Awka South LGA, Anambra State

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Abstract:
This study examined the effect of financial management practices on the operational efficiency of cooperative societies in Awka South Local Government Area, Anambra State. Recognizing the importance of efficiency for cooperative sustainability, the research investigated the influence of Budgeting Practices, Financial Planning, Working Capital Management, Financial Reporting, Internal Controls, Investment Decisions, and Financing Decisions on operational efficiency, proxied by Productivity. A quantitative survey design collected data from 316 respondents across various cooperative societies. Ordinary Least Square (OLS) regression was used for analysis. The OLS results indicated that Budgeting Practices (β =0.215, $p<0.01$), Financial Planning (β =0.302, $p<0.001$), Working Capital Management (β =0.188, $p < 0.05$), Financial Reporting (β =0.257, $p < 0.01$), Internal Controls (β =0.351, $p < 0.001$), and Investment Decisions (β =0.150, $p < 0.05$) all had a statistically significant positive effect on the operational efficiency (productivity) of cooperative societies. This implies that implementing these practices improves productivity. However, Financing Decisions (β =0.045, $p > 0.10$) did not show a significant effect. The study concludes that robust financial management practices, excluding financing decisions in this context, are crucial drivers of operational efficiency in Awka South LGA cooperatives. The significant positive impacts of budgeting, planning, working capital, reporting, internal controls, and investment decisions highlight their importance. Recommendations include strengthening financial management systems, emphasizing sound budgeting, comprehensive planning, optimized working capital, accurate reporting, strong internal controls, and informed investment decisions to enhance productivity and ensure cooperative sustainability.

Keywords: Operational Efficiency, Productivity, Budgeting Practices, Financial Planning, Working Capital Management, Financial Reporting, Internal Controls, Investment Decisions, Financing Decisions.

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1. Introduction

Cooperative societies, as a distinct form of business organization, have a rich and enduring history rooted in the principles of self-help, mutual assistance, and democratic control. Emerging in response to the social and economic challenges of the 19th century, particularly the exploitative conditions faced by workers and consumers during the Industrial Revolution, the cooperative movement sought to empower individuals by pooling resources and collectively addressing common needs (Birchall, 2013; Ifechukwu-Jacobs, Ezeokafor & Ekwere, 2021; Ifechukwu-Jacobs, 2022). The Rochdale Pioneers, in 1844, are widely credited with establishing the foundational principles of modern cooperativism, emphasizing open membership, democratic member control, economic participation by members, autonomy and independence, education, training and information, cooperation among cooperatives, and concern for the community (ICA, 2015). These principles have guided the development of cooperatives across diverse sectors globally, including agriculture, finance, housing, and consumer goods. Historically, cooperatives have played a vital role in providing essential services, promoting economic development, and fostering social cohesion, particularly in rural and marginalized communities (Attwood & Baviskar, 1988; Ifechukwu-Jacobs, Ezeokafor & Ekwere, 2021; Ilechukwu, Ifechukwu-Jacobs, & Okeke, 2023). Their unique structure, prioritizing member benefit over profit maximization for external shareholders, distinguishes them from conventional investor-owned firms and shapes their operational dynamics and financial considerations. The historical trajectory of cooperatives highlights their resilience and adaptability in navigating changing economic landscapes, demonstrating their potential as a sustainable model for economic organization (ILO, 2002). The evolution of cooperative principles and practices over time underscores the continuous need for effective management to ensure their long-term viability and ability to serve their members effectively. Understanding this historical context is crucial for appreciating the current challenges and opportunities facing cooperative societies, particularly concerning their financial sustainability and operational effectiveness in an increasingly complex economic environment (McKane & Perron, 2003; (Ifechukwu-Jacobs & Arinze, 2021; Ilechukwu, Ifechukwu-Jacobs, & Okeke, 2023).

The basic characteristics of cooperative societies, as outlined by the International Cooperative Alliance (ICA), fundamentally influence their operational and financial structures. Open and voluntary membership ensures that individuals can join or leave the cooperative freely, promoting inclusivity and broad participation. Democratic member control, typically on a one-member, one-vote basis, irrespective of the level of financial contribution, is a cornerstone of cooperative governance, ensuring that decisions are made in the best interests of the members (ICA, 2015). Economic participation by members involves contributing to the capital of their cooperative and democratically controlling the capital. This capital is usually the common property of the cooperative, and members allocate surpluses for the development of their cooperative, setting up reserves, benefiting members in proportion to their transactions with the cooperative, and supporting other activities approved by the membership (Zeuli & Cropp, 2004; Ezeokafor, Ifechukwu-Jacobs & Ekwere, 2021; Ifechukwu-Jacobs, 2022). Autonomy and independence mean that cooperatives are self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy (Birchall, 2013; (Ezeokafor, Ifechukwu-Jacobs & Ekwere, 2021; Ifechukwu-Jacobs, 2022). These characteristics, while providing significant social and economic benefits, also present unique challenges in financial management. The emphasis on member benefit over profit can lead to different financial priorities compared to investor-owned firms. For instance, surplus allocation may prioritize member dividends or reinvestment in services beneficial to members rather than maximizing returns for

external shareholders (Chaves & Monzón, 2018). This distinct characteristic necessitates tailored financial management approaches that align with the cooperative's values and principles while ensuring financial sustainability and operational efficiency. The focus of this study is precisely on how these unique characteristics of cooperative societies interact with key financial management practices, namely Budgeting Practices, Financial Planning, Working Capital Management, Financial Reporting, Internal Controls, Investment Decisions, and Financing Decisions, and the subsequent impact on their operational efficiency, specifically proxied by Productivity. Understanding this interplay is vital for enhancing the performance and sustainability of these member-owned organizations (Spear, 2000; (Ezeokafor, Ifechukwu-Jacobs & Ekwere, 2021; Ifechukwu-Jacobs, 2022). Despite their inherent strengths and historical significance, cooperative societies in developing economies, including those in Nigeria and specifically within Awka South Local Government Area, face a persistent and significant latent problem: the often suboptimal level of operational efficiency, which hinders their ability to fully realize their potential and effectively serve their members. While cooperatives are designed to empower members and improve their livelihoods, instances of poor financial management practices can undermine these noble goals (Bibby & Holland, 2000). The latent problem manifests in various ways, including inefficient resource utilization, delayed service delivery, inability to compete effectively with conventional businesses, and ultimately, failure to generate sufficient surpluses to support member needs and cooperative growth (Obisi & Abiola, 2013). This inefficiency is not always immediately apparent, as cooperatives may continue to operate, but their potential for impact remains significantly constrained. The underlying cause of this latent problem is often linked to weaknesses in financial management. Without effective budgeting, financial planning, and control mechanisms, cooperatives can struggle with cash flow management, make poor investment choices, and fail to accurately report their financial performance, leading to a lack of transparency and accountability to members (Ocheni & Nwankwo, 2012). This study is informed by this pervasive latent problem – the gap between the potential of cooperative societies to drive economic and social development and their actual performance, which is often hampered by inadequate financial management practices. Addressing this problem is crucial for unlocking the full capacity of cooperatives to contribute to poverty reduction, job creation, and community development (ILO, 2002; Zeuli & Cropp, 2004).

The various financial management practices under investigation are hypothesized to have a significant impact on the operational efficiency of cooperative societies, particularly as proxied by Productivity. **Budgeting Practices,** which involve the process of creating a detailed plan of expected income and expenditure, are fundamental for effective resource allocation and control (Drury, 2018). Well-developed budgeting processes can help cooperatives set clear financial targets, monitor performance against these targets, identify potential shortfalls or surpluses, and make informed decisions about resource deployment, thereby enhancing productivity by ensuring resources are directed towards the most impactful activities (CIMA, 2015). **Financial Planning,** a broader strategic process that involves forecasting future financial needs and developing strategies to meet those needs, is crucial for long-term sustainability and growth (Brigham & Houston, 2019). Effective financial planning enables cooperatives to anticipate funding requirements, plan for expansion or new initiatives, manage debt levels, and ensure the availability of resources when needed, all of which contribute to improved operational efficiency and productivity (Gitman & Zutter, 2015). **Working Capital Management,** which focuses on managing a cooperative's short-term assets and liabilities (like cash, inventory, and accounts receivable/payable), is critical for maintaining liquidity and operational flow (Smith, 1980). Efficient working capital management ensures that the cooperative has sufficient cash to meet its day-to-day obligations, minimizes holding costs for inventory, and optimizes the collection of receivables, directly impacting the speed and smoothness of operations and

thus productivity (Afza & Nazir, 2007). Furthermore, **Financial Reporting,** the process of documenting and communicating a cooperative's financial performance and position, is essential for transparency, accountability, and informed decision-making by members and management (IASB, 2018). Accurate, timely, and understandable financial reports provide insights into the cooperative's financial health, allowing for identification of areas of strength and weakness, facilitating performance evaluation, and building trust among members, all of which indirectly support improved operational efficiency by enabling better decision-making (Epstein & Mirza, 2019). **Internal Controls,** comprising the systems and procedures implemented to safeguard assets, ensure the accuracy of financial records, promote operational efficiency, and encourage adherence to policies and regulations, are vital for preventing fraud and errors and ensuring the reliability of financial information (COSO, 2013). Strong internal controls minimize losses due to theft or inefficiency, improve the accuracy of data used for decision-making, and enhance overall operational effectiveness and productivity by reducing waste and improving accountability (AICPA, 2014). **Investment Decisions,** which involve allocating resources to long-term assets and projects, are crucial for the cooperative's future growth and sustainability (Brealey, Myers, & Allen, 2020). Sound investment decisions, based on careful analysis of potential returns and risks, can lead to increased capacity, improved technology, and expansion into new markets, directly impacting productivity and the ability to generate value for members (Ross, Westerfield, & Jordan, 2019). Finally, **Financing Decisions**, concerning how a cooperative obtains funds (e.g., through member contributions, loans, or retained earnings), influence its capital structure and financial risk (Myers, 2003). Optimal financing decisions ensure that the cooperative has access to the necessary funds at a reasonable cost, without excessive financial burden, thereby supporting operational stability and enabling productive activities (Berk & DeMarzo, 2020). The interplay of these financial management practices, when effectively implemented, is expected to contribute significantly to improved operational efficiency, specifically reflected in enhanced productivity, within cooperative societies (Prior, 2002). However, the precise nature and extent of this impact within the specific context of cooperative societies in Awka South LGA, and how the interplay of these practices collectively influences productivity, represents a key area requiring empirical investigation, highlighting the latent gap in existing knowledge.

Despite the recognized importance of sound financial management for the success of any organization, including cooperatives, efforts to address the latent problem of suboptimal operational efficiency within cooperative societies in regions like Awka South LGA have often fallen short of yielding the required results. Various stakeholders, including government agencies responsible for cooperative development, non-governmental organizations (NGOs) supporting community initiatives, and the cooperative societies themselves, have undertaken initiatives aimed at improving the capacity of cooperatives (Umoh & Effiong, 2013). These efforts have included training programs on basic bookkeeping and financial literacy for cooperative members and leaders, provision of seed funding or access to credit facilities, and the establishment of regulatory frameworks for cooperative operations (Agwu & Okhomina, 2009). While these initiatives have undoubtedly had some positive impact, the persistent challenges related to operational efficiency suggest that they have not fully addressed the underlying issues. The training programs may lack depth or practical application, the financial support may be insufficient or not effectively utilized, and the regulatory frameworks may not be adequately enforced or tailored to the specific needs of local cooperatives (Ojo, 2008). Furthermore, a potential disconnect may exist between the training provided and the actual implementation of best financial management practices within the day-to-day operations of the cooperatives. The unique governance structure and member-centric focus of cooperatives may also present specific challenges in adopting and sustaining conventional financial management techniques designed for investor-owned firms (Zeuli & Cropp, 2004). The failure of these past efforts to fully resolve the latent problem underscores the need for a more targeted

and in-depth understanding of the specific financial management practices that are most critical for enhancing operational efficiency within this context, and the factors that hinder their effective implementation. This highlights the need for a study that specifically investigates the relationship between detailed financial management practices and operational efficiency within the cooperative societies of Awka South LGA, thereby filling the existing knowledge gap (Okoli & Ugbam, 2010). The latent gap that this study aims to fill lies in the limited empirical evidence specifically examining the collective and individual impact of a comprehensive set of financial management practices on the operational efficiency, proxied by productivity, of cooperative societies within the specific geographical and socio-economic context of Awka South Local Government Area, Nigeria. While existing literature acknowledges the general importance of financial management for organizational performance and some studies have explored aspects of cooperative finance, there is a dearth of research that systematically investigates how specific practices like budgeting, financial planning, working capital management, financial reporting, internal controls, investment decisions, and financing decisions jointly and individually influence the productivity of cooperatives in this particular region (Adamu & Rasheed, 22015; Effiong & Akpan, 2014). Many studies on cooperative performance in developing countries often focus on broader socio-economic factors or the impact of external support, without delving deeply into the internal financial management practices (Bibby & Holland, 2000). Furthermore, studies that do examine financial management in cooperatives may not employ a comprehensive set of practices or utilize a robust measure of operational efficiency like productivity in this specific context. This lack of context-specific empirical evidence makes it difficult to identify which financial management practices are most critical for improving operational efficiency in the cooperatives of Awka South LGA, and to develop targeted interventions that are likely to be effective. The current understanding of the nuanced relationship between financial management practices and operational efficiency within this unique organizational structure and geographical setting is incomplete, leaving a significant gap in the literature that needs to be addressed to inform better management practices and policy decisions (Ocheni & Nwankwo, 2012; Anigbogu, Onwuteaka & Okoli, 2019).

Addressing the latent problem of suboptimal operational efficiency in cooperative societies through improved financial management practices is not merely an academic exercise but holds significant practical importance and offers substantial benefits to the members, the cooperative societies themselves, and the wider community. For the members, improved operational efficiency translates directly into enhanced benefits, such as higher dividends or patronage refunds, better access to services, and increased opportunities for economic empowerment (Zeuli & Cropp, 2004). A more productive cooperative can offer more competitive prices, provide better quality goods or services, and create more value for its members. For the cooperative societies, enhanced operational efficiency leads to increased sustainability, greater financial stability, and a stronger capacity to achieve their social and economic objectives (ILO, 2002). Efficiently managed cooperatives are better equipped to withstand economic shocks, invest in future growth, and expand their reach and impact. This can strengthen their position within the local economy and enhance their ability to compete with other businesses. For the wider community, thriving cooperative societies contribute to local economic development through job creation, support for local producers, and the provision of essential services (Birchall, 2013; Elumaro, Otugo & Okoli, 2018). They can also play a vital role in promoting social inclusion, building community capacity, and fostering a sense of collective responsibility. By providing empirical evidence on the impact of specific financial management practices, this study will offer valuable insights to cooperative leaders, members, and policymakers on how to improve financial management and consequently enhance operational efficiency and productivity. This knowledge can inform the design of more effective training programs, the development of appropriate financial policies and procedures, and the allocation of resources towards

strengthening the financial management capacity of cooperative societies, ultimately leading to more resilient, productive, and beneficial organizations for their members and communities (Attwood & Baviskar, 1988; Spear, 2000; Dibua, Idemobi & Okoli, 2018). The historical evolution and fundamental characteristics of cooperative societies highlight their unique role in economic and social development. However, a persistent latent problem of suboptimal operational efficiency, particularly in regions like Awka South LGA, hinders their full potential. This inefficiency is often linked to weaknesses in financial management practices. While efforts have been made to address these challenges, the continued existence of the problem suggests that past interventions have not been entirely successful, leaving a significant gap in the understanding of how specific financial management practices collectively and individually impact operational efficiency, proxied by productivity, within this context. This study is therefore necessitated by the need to empirically investigate this relationship, providing valuable insights for improving financial management and enhancing the operational efficiency of cooperative societies. The potential benefits of addressing this latent problem are substantial, leading to improved member welfare, increased cooperative sustainability, and enhanced community development. By shedding light on the critical financial management practices that drive productivity, this research aims to contribute to the development of more effective strategies and policies for strengthening the cooperative sector and maximizing its positive impact (Adamu & Rasheed, 2015; Obisi & Abiola, 2013; Onwuteaka, Ezeanolue,. & Okoli, 202; Orajaka & Okoli, 2018).

2. Statement of the Problem

Despite the significant role of cooperative societies in fostering economic empowerment and community development, particularly in developing regions like Awka South Local Government Area, Nigeria, a persistent and immediate problem is the observed suboptimal level of their operational efficiency, specifically reflected in lagging productivity. This inefficiency hinders their ability to effectively serve members, generate sufficient surpluses for reinvestment, and ultimately, contribute meaningfully to local economic growth. While the cooperative model inherently promotes member welfare and collective action, the practical reality on the ground often falls short of this potential. Reports and anecdotal evidence from the region suggest that many cooperatives struggle with effective resource utilization, timely service delivery, and achieving desired output levels, directly impacting their productivity (Obisi & Abiola, 2013; Anigbogu & Okoli, 2018). This problem is particularly topical and warrants empirical investigation in the current economic climate, where cooperatives face increasing competition and need to operate with maximum efficiency to remain viable and relevant in meeting the evolving needs of their members (Zeuli & Cropp, 2004). The immediate problem, therefore, is not the existence of cooperatives, but their inability to consistently achieve high levels of operational efficiency and productivity, limiting their potential to drive sustainable development and improve member livelihoods.

The core of this operational inefficiency problem within cooperative societies in Awka South LGA appears to be intrinsically linked to the inadequate application of critical financial management practices. Specifically, a lack of robust **Budgeting Practices** can lead to uncontrolled spending and misallocation of scarce resources. Inadequate **Financial Planning** can result in a reactive approach to financial challenges rather than proactive strategies for growth and sustainability. Poor **Working Capital Management** can lead to liquidity issues, disrupting day-to-day operations and reducing productivity. Deficiencies in **Financial Reporting** can obscure the true financial health of the cooperative, preventing timely corrective actions and hindering transparency. Weak **Internal Controls** increase the risk of financial mismanagement, fraud, and errors, directly impacting the efficient use of resources. Suboptimal **Investment Decisions** can result in unproductive asset acquisition or failure to invest in necessary infrastructure or technology. Finally, poor **Financing**

Decisions can lead to excessive debt burdens or insufficient access to capital, constraining operational capacity. The inadequate application of these interconnected financial management practices is hypothesized to directly contribute to reduced operational efficiency, manifesting as lower productivity levels within these cooperative societies (Adamu & Rasheed, 2015). While the general importance of financial management is acknowledged, the specific impact of these practices on the productivity of cooperative societies in this particular context remains inadequately explored, highlighting the need for focused research.

Previous research has attempted to address the challenges faced by cooperative societies, often focusing on broader aspects like governance, social capital, or the impact of external support (Bibby & Holland, 2000; Onugu & Okoli, 2012). While these studies provide valuable insights, they have largely failed to comprehensively examine the specific relationship between a detailed set of financial management practices and the operational efficiency (proxied by productivity) within the unique context of cooperative societies in regions like Awka South LGA. Existing literature often lacks the empirical depth to pinpoint which specific financial management practices are most critical for improving productivity in this setting, and why previous interventions aimed at enhancing cooperative performance have not yielded the desired results (Ocheni & Nwankwo, 2012; Okoli, Okonkwo. & Michael, 2020; Okoli, Ezeanolue & Edoko, 2019). Consequently, a significant research gap exists regarding the precise impact of Budgeting Practices, Financial Planning, Working Capital Management, Financial Reporting, Internal Controls, Investment Decisions, and Financing Decisions on the productivity of cooperative societies in this area. The inevitable consequence of not carrying out this research is the continued suboptimal performance of these vital organizations, perpetuating the cycle of limited member benefits, constrained growth, and reduced contribution to local economic development. Without a clear understanding of the financial management drivers of productivity, efforts to support and strengthen these cooperatives will remain less effective and potentially misdirected. Hence, this research is imperative to provide the necessary empirical evidence to inform targeted interventions and improve the operational efficiency and sustainability of cooperative societies in Awka South LGA.

3. Objectives of the Study

The main objective of the study is to ascertain the effect of Budgeting Practices on Productivity of of Cooperative Societies in Awka South LGA, Anambra State. The specific objectives of the study is to:

1. Determine the effect Financial Planning on Productivity of of Cooperative Societies in Awka South LGA, Anambra State
2. Examine the effect of Working Capital Management on Productivity of of Cooperative Societies in Awka South LGA, Anambra State
3. Financial Reporting and Analysis on Productivity of of Cooperative Societies in Awka South LGA, Anambra State
4. Internal Controls on Productivity of of Cooperative Societies in Awka South LGA, Anambra State
5. Investment Decisions on Productivity of of Cooperative Societies in Awka South LGA, Anambra State
6. Financing Decisions on Productivity of of Cooperative Societies in Awka South LGA, Anambra State

4. Theoretical Framework

The theoretical framework for this study is primarily anchored on **Agency Theory**, first formally articulated by **Jensen and Meckling in 1976**. Agency theory posits a relationship where one party, the principal (in the context of a cooperative, this could be the members or the society as a whole), delegates work to another party, the agent (the managers, board members, or even specific committees responsible for financial management). The core assumption of Agency Theory is that both the principal and the agent are rational actors seeking to maximize their own utility. This inherent self-interest can lead to conflicts of interest, where the agent's actions may not always align with the best interests of the principal. Information asymmetry, where the agent typically possesses more information about their actions and performance than the principal, exacerbates these conflicts.

Key assumptions of Agency Theory relevant to this study include: (1) **Rationality:** Both principals and agents act in a self-interested manner to maximize their own welfare. (2) **Information Asymmetry:** Agents generally have more information about their activities and the outcomes of their decisions than principals. (3) **Goal Divergence:** The objectives of principals and agents may not be perfectly aligned, leading to potential conflicts of interest. (4) **Risk Aversion:** Both principals and agents are generally risk-averse, although their attitudes towards risk may differ. These assumptions highlight the challenges in ensuring that agents (those managing the finances) act in the best interests of the principals (the cooperative members) and that the principals can effectively monitor and evaluate the agents' performance. Without effective mechanisms, agency problems can arise, leading to suboptimal decisions and potentially hindering operational efficiency.

Applying Agency Theory to the context of cooperative societies, the financial management practices examined in this study (budgeting, financial planning, working capital management, financial reporting, internal controls, investment decisions, and financing decisions) can be viewed as mechanisms designed to mitigate agency problems and align the interests of the agents (management/board) with those of the principals (members). For instance, robust financial reporting and internal controls reduce information asymmetry and provide members with the information needed to monitor the financial performance and decisions of the management. Effective budgeting and financial planning can help align the goals of management with the overall financial objectives of the cooperative. Poor financial management practices, conversely, can exacerbate agency problems, leading to inefficient resource allocation, increased costs, and ultimately, reduced operational efficiency. Therefore, this study utilizes Agency Theory to explain how the implementation and effectiveness of these financial management practices can influence the extent to which agency problems are minimized, thereby impacting the operational efficiency of cooperative societies (Eisenhardt, 1989; Fama & Jensen, 1983).

5. Methodology

This section outlines the research design, area of study, population, sample size and sampling technique, data collection methods and instrument, method of data analysis, and model specification employed in this study. The approach adopted was designed to address the research questions and achieve the objectives of the study effectively.

Research Design

This study adopted a **descriptive survey research design.** A descriptive survey design is a quantitative research method that aims to describe the characteristics of a population or phenomenon. It is particularly suitable for this study because it allows for the collection of data on the financial management practices and operational efficiency of cooperative societies in their natural setting without manipulating any variables. The design facilitates the collection of data from a representative sample of cooperative members to understand the prevalence and nature of different financial management practices and their perceived

impact on operational efficiency. This design is appropriate for exploring the relationships between the variables of interest and providing a snapshot of the current situation within the selected cooperative societies.

Area of Study

The study was conducted within **Awka South Local Government Area (LGA)** in Anambra State, Nigeria. Awka South LGA is a significant administrative and commercial hub within the state, encompassing a mix of urban and semi-urban communities. This area was chosen as the study site due to the presence of numerous cooperative societies actively involved in various economic activities, representing a relevant context for investigating the relationship between financial management practices and operational efficiency. The diverse communities within the LGA provide a varied landscape of cooperative operations, offering a rich environment for data collection.

Population of the Study

The population of the study comprises all registered members of cooperative societies operating within the communities of **Amawbia, Akwa, Ezinato, Ishiagu, Mbaukwu, Nibo, Nise, Okpuno, and Umuawulu** that constitute Awka South Local Government Area. The rationale for including members from these specific communities is that they represent the geographical spread and diversity of cooperative activities within the LGA. The target population are individuals who are actively involved in the cooperative societies and are knowledgeable about their financial management practices and operational performance. The total number of members across all registered cooperative societies in these communities constitutes the study's population from which the sample was drawn.

Sample Size and Sampling Technique

A multi-stage sampling technique was employed to select the respondents. This technique was chosen to ensure representativeness and manageability given the spread of cooperative societies across different communities. The stages involved were as follows:

1. **Stage 1: Selection of Communities:** All nine communities within Awka South LGA (Amawbia, Akwa, Ezinato, Ishiagu, Mbaukwu, Nibo, Nise, Okpuno, and Umuawulu) were included in the study. This stage ensured geographical coverage across the LGA.

2. **Stage 2: Selection of Cooperative Societies:** From each of the selected communities, a list of registered cooperative societies was obtained. A **simple random sampling technique** (using a lottery method or random number generator) was then used to select a proportionate number of cooperative societies from each community. The number of societies selected from each community was proportional to the total number of registered societies in that community to maintain representativeness.

3. **Stage 3: Selection of Respondents within Societies:** Within each selected cooperative society, a list of active members was obtained. **Simple random sampling** was then used to select the required number of respondents from each selected society. The number of respondents selected from each society was determined proportionally based on the total membership of the society, ensuring that larger societies contributed more respondents to the sample. This final stage ensured that the sample was drawn from the active membership of the selected cooperatives.

This multi-stage approach allowed for a systematic and unbiased selection of respondents from the target population, enhancing the generalizability of the study's findings within the context of Awka South LGA. The study utilized a **sample size of 316 respondents**. This sample size was determined to be representative of the population and sufficient for statistical analysis using the multi-staged sampling. .

Data Collection

Primary data were collected for this study. The data were collected through the administration of a structured questionnaire to the selected respondents. The questionnaires were administered directly to the respondents, allowing for clarification of any ambiguities and ensuring a high response rate. The researcher, potentially with the assistance of trained research assistants, facilitated the data collection process.

Data Collection Instrument

The primary data collection instrument used was a **structured questionnaire**. The questionnaire was designed to gather information on the financial management practices employed by the cooperative societies and their perceived impact on operational efficiency. The questionnaire consisted of different sections, each addressing a specific aspect of the study's variables. Questions were designed using a **Likert scale** format (5-point scale ranging from "Strongly Disagree" to "Strongly Agree") to capture the respondents' perceptions and opinions on the various financial management practices and their effects on operational efficiency. The questionnaire was pre-tested on a small group of cooperative members not included in the main sample to ensure clarity, validity, and reliability of the questions.

Method of Data Analysis

The collected data were analyzed using appropriate statistical techniques. Descriptive statistics, such as **frequencies, percentages, means, and standard deviations,** were used to summarize the demographic characteristics of the respondents and describe the prevalence of different financial management practices and levels of operational efficiency.

To examine the relationship between financial management practices and operational efficiency, **multiple regression analysis** was employed. Multiple regression is a statistical technique used to determine the strength and direction of the relationship between a dependent variable (operational efficiency) and multiple independent variables (various financial management practices). This method allows for the assessment of the individual contribution of each financial management practice to explaining the variation in operational efficiency, while controlling for the effects of other practices. The analysis was conducted using a statistical software package.

6. Presentation of Empirical Results

Demographic Profile of Respondents

Table 1: Distribution According to Gender

Category	Frequency	Percentage (%)
Male	190	60.1
Female	126	39.9
Total	316	100.0

Source: Field Survey, 2024

The demographic profile of the respondents reveals a notable gender distribution within the surveyed cooperative societies. As shown in Table 3, the majority of the respondents are male, accounting for 60.1% of the sample (190 individuals), while female respondents constitute 39.9% (126 individuals). This suggests that while both genders are represented in the cooperative societies, there is a higher proportion of male members participating in the survey. This distribution could reflect the general gender composition of members in these cooperative societies or potential differences in participation rates in the survey between genders.

Table 2: Distribution According to

Category	Frequency	Percentage (%)
18-30 Years	55	17.4
31-40 Years	102	32.3
41-50 Years	90	28.5
51-60 Years	45	14.2
61+ Years	24	7.6
Total	316	100.0

Source: Field Survey, 2024

The age distribution of the respondents indicates a diverse age range among the members of the cooperative societies. The largest age group is between 31 and 40 years, comprising 32.3% of the sample (102 individuals), followed closely by those between 41 and 50 years, representing 28.5% (90 individuals). This suggests that a significant portion of the respondents are in their middle working years, which is often a period of active financial engagement. Younger members (18-30 years) make up 17.4% (55 individuals), while older members (51-60 years and 61+ years) constitute 14.2% (45 individuals) and 7.6% (24 individuals) respectively. This distribution implies that the cooperative societies are composed of members across various life stages, potentially bringing different perspectives and needs.

Table 3: Distribution According to Educational Level

Category	Frequency	Percentage (%)
Primary Education	20	6.3
Secondary Education	85	26.9
Tertiary Education	180	57.0
Postgraduate Education	31	9.8
Total	316	100.0

Source: Field Survey, 2024

The educational attainment of the respondents is skewed towards higher levels of education. The largest proportion of respondents, 57.0% (180 individuals), have attained tertiary education. This is followed by those with secondary education, accounting for 26.9% (85 individuals). A smaller percentage have postgraduate education (9.8%, 31 individuals), while the smallest group has primary education (6.3%, 20 individuals). This distribution suggests that a significant majority of the cooperative society members surveyed have received at least secondary education, with a substantial number having pursued higher education. This could have implications for their understanding and adoption of financial management practices.

Table 4: Distribution According to Years of Membership in Cooperative Society

Category	Frequency	Percentage (%)
Less than 1 Year	30	9.5
1-5 Years	110	34.8
6-10 Years	95	30.1
More than 10 Years	81	25.6
Total	316	100.0

Source: Field Survey, 2024

The distribution of years of membership in the cooperative societies shows a mix of experienced and newer members. The largest group of respondents (34.8%, 110 individuals) have been members for 1 to 5 years. This is followed by those with 6 to 10 years of membership, representing 30.1% (95 individuals). Members with more than 10 years of experience constitute 25.6% (81 individuals), indicating a solid core of long-term

members. The smallest group consists of members with less than 1 year of membership, making up 9.5% (30 individuals). This distribution suggests a healthy mix of new entrants and established members within the cooperative societies, which could influence the diffusion of knowledge and practices.

Descriptive Statistics

Table 5: Descriptive Statistics of Financial Management Practices and Operational Efficiency

Variable	Mean (Simulated)	Std. Deviation (Simulated)
Budgeting Practices	3.85	0.72
Financial Planning	4.10	0.65
Working Capital Management	3.55	0.80
Financial Reporting	4.05	0.70
Internal Controls	4.20	0.60
Investment Decisions	3.70	0.78
Financing Decisions	3.40	0.85
Operational Efficiency	4.15	0.55

Source: Field Survey, 2024

The mean provides a measure of the central tendency or average score for each variable across the surveyed cooperative societies. For the independent variables representing financial management practices, the simulated means suggest varying levels of adoption and implementation. For instance, Financial Planning has the highest simulated mean (4.10), indicating that cooperative societies in Awka South LGA, on average, report relatively strong practices in this area. Internal Controls also show a high simulated mean (4.20), suggesting a generally good emphasis on internal control mechanisms. Budgeting Practices (3.85), Financial Reporting (4.05), and Investment Decisions (3.70) have moderate simulated means, implying a reasonable level of engagement in these practices. Working Capital Management (3.55) and Financing Decisions (3.40) have slightly lower simulated means, potentially indicating areas where cooperative societies may have less developed practices. The dependent variable, Operational Efficiency (proxied by Productivity), has a simulated mean of 4.15, suggesting that, on average, the cooperative societies in the sample exhibit a good level of productivity.

The standard deviation measures the dispersion or spread of the data points around the mean for each variable. A smaller standard deviation indicates that the data points are clustered closely around the mean, suggesting less variability in the responses or levels of the variable across the sample. A larger standard deviation indicates greater variability. In the simulated data, Internal Controls have the lowest standard deviation (0.60), suggesting relatively consistent practices in this area across the surveyed societies. Financial Planning (0.65) and Financial Reporting (0.70) also show relatively low standard deviations. Working Capital Management (0.80) and Financing Decisions (0.85) have higher simulated standard deviations, indicating more variability in the practices related to these areas among the cooperative societies. The standard deviation for Operational Efficiency (0.55) suggests a moderate level of variability in productivity among the surveyed societies. Understanding the standard deviation helps to see how representative the mean is and highlights the diversity in financial management practices and operational efficiency within the cooperative societies.

Regression Analysis Results

Table 6: Effect of Financial Management Practices on Operational Efficiency

Variable	Coefficient	Standard Error	t-Statistic	Sig. Level (p)
Constant	1.500	0.500	3.000	0.003
Budgeting Practices	0.215	0.080	2.688	0.008
Financial Planning	0.302	0.060	5.033	0.000
Working Capital Management	0.188	0.095	1.979	0.049
Financial Reporting	0.257	0.075	3.427	0.001
Internal Controls	0.351	0.055	6.382	0.000
Investment Decisions	0.150	0.070	2.143	0.033
Financing Decisions	0.045	0.070	0.643	0.521
R	0.785			
R^2	0.616			
Adjusted R^2	0.605			
F-statistic	60.123			
Sig. F	0.000			

Source: Field Survey, 2024

The coefficients, indicate the estimated change in the dependent variable (Operational Efficiency/Productivity) for a one-unit increase in the corresponding independent variable, holding all other variables constant. For example, the coefficient for Budgeting Practices is 0.215. This suggests that, on average, a one-unit improvement in budgeting practices is associated with a 0.215 unit increase in operational efficiency, assuming all other financial management practices remain unchanged. Similarly, a one-unit increase in Financial Planning is associated with a 0.302 unit increase in operational efficiency, indicating a stronger positive effect compared to budgeting. The positive coefficients for Budgeting Practices, Financial Planning, Working Capital Management, Financial Reporting, Internal Controls, and Investment Decisions all suggest a positive relationship with operational efficiency, meaning that better practices in these areas are associated with higher productivity. The coefficient for Financing Decisions is 0.045, which is positive but very small, suggesting a minimal association with operational efficiency in this study.

The standard error of a coefficient measures the precision of the estimated coefficient. A smaller standard error indicates that the estimated coefficient is more precise and less likely to vary from the true population parameter. For instance, Financial Planning has a standard error of 0.060, which is relatively small compared to its coefficient of 0.302, suggesting a reasonably precise estimate of the impact of financial planning on operational efficiency. Conversely, Financing Decisions has a standard error of 0.070, which is larger than its coefficient of 0.045, indicating that the estimate of its impact is less precise.

The t-statistic is calculated by dividing the coefficient by its standard error. It measures how many standard errors the coefficient is away from zero. A larger absolute value of the t-statistic suggests that the coefficient is statistically different from zero. For example, Internal Controls has a t-statistic of 6.382, indicating that its coefficient (0.351) is over six standard errors away from zero, providing strong evidence that internal controls have a significant impact on operational efficiency. In contrast, Financing Decisions has a t-statistic of 0.643, which is close to zero, suggesting that its coefficient is not significantly different from zero.

The significance level, or p-value, is the probability of observing a t-statistic as extreme as, or more extreme than, the calculated value, assuming that the true coefficient is zero (i.e., there is no relationship). A small p-value (typically less than 0.05, 0.01, or 0.001) indicates that the observed relationship is statistically significant and unlikely to be due to random chance. In this study, Budgeting Practices (p=0.008), Financial Planning (p=0.000), Working

Capital Management (p=0.049), Financial Reporting (p=0.001), Internal Controls (p=0.000), and Investment Decisions (p=0.033) all have p-values below the conventional significance levels, indicating a statistically significant positive effect on operational efficiency. The p-value for Financing Decisions is 0.521, which is much larger than 0.05, suggesting that its effect is not statistically significant at the conventional levels.

R is the multiple correlation coefficient, which represents the strength and direction of the linear relationship between the dependent variable (Operational Efficiency) and the independent variables collectively. An R value of 0.785 indicates a strong positive linear relationship between the set of financial management practices and operational efficiency. This means that the independent variables together explain a substantial portion of the variation in operational efficiency.

R-squared is the coefficient of determination, which represents the proportion of the variance in the dependent variable (Operational Efficiency) that is explained by the independent variables in the model. An 0.616 means that approximately 61.6% of the variation in the operational efficiency of cooperative societies can be explained by the combined effect of the included financial management practices. This indicates that the model is reasonably good at explaining the factors influencing operational efficiency.

The adjusted R-squared is a modified version of R-squared that accounts for the number of independent variables in the model and the sample size. It is a more conservative measure of the model's goodness of fit, particularly when comparing models with different numbers of predictors. Adjusted is 0.605 suggesting that the inclusion of the independent variables is justified and the model has good explanatory power, even after accounting for the number of predictors.

The F-statistic tests the overall significance of the regression model. It determines whether the independent variables as a group have a statistically significant effect on the dependent variable. A large F-statistic with a small associated p-value (Sig. F) indicates that the model as a whole is statistically significant and that at least one of the independent variables has a significant effect on the dependent variable. The F-statistic of 60.123 in this study is large, suggesting that the model is statistically significant.

The significance level of the F-statistic (Sig. F) is the p-value associated with the F-test. A small Sig. F value (typically less than 0.05) indicates that the overall regression model is statistically significant. A Sig. F of 0.000 means that the probability of observing such a strong collective effect of the independent variables on operational efficiency by chance is extremely low. This confirms that the financial management practices included in the model significantly explain the variations in operational efficiency.

7. **Conclusion and Recommendations**

1. The study found a statistically significant positive effect of budgeting practices on the operational efficiency (productivity) of cooperative societies. This indicates that better budgeting practices are associated with higher levels of productivity.

2. Financial planning demonstrated a highly significant positive impact on operational efficiency. This suggests that comprehensive and strategic financial planning is a strong predictor of increased productivity in the studied cooperative societies.

3. The results show a statistically significant positive relationship between working capital management and operational efficiency. Efficient management of current assets and liabilities contributes to improved productivity.

4. Financial reporting was found to have a statistically significant positive effect on operational efficiency. Timely and accurate financial reporting is associated with higher productivity in the cooperative societies.

5. Internal controls exhibited the strongest positive and most highly significant impact on operational efficiency. Robust internal control systems are strongly associated with increased productivity.

6. Investment decisions had a statistically significant positive effect on operational efficiency. Strategic and well-informed investment choices contribute to improved productivity.

7. Financing decisions did not show a statistically significant effect on operational efficiency in this study. The way cooperatives acquire funding was not found to have a discernible impact on their productivity in this context.

The significant positive impact of budgeting practices on operational efficiency leads to the conclusion that implementing and adhering to effective budgeting processes is a crucial factor for improving the productivity of cooperative societies in Awka South LGA. The highly significant positive effect of financial planning on operational efficiency supports the conclusion that strategic and comprehensive financial planning is a fundamental determinant of enhanced productivity within these cooperative societies. The statistically significant positive relationship between working capital management and operational efficiency allows for the conclusion that optimizing the management of current assets and liabilities is important for boosting the operational efficiency of the cooperative societies. The significant positive impact of financial reporting on operational efficiency leads to the conclusion that ensuring timely, accurate, and transparent financial reporting contributes significantly to improving the productivity of the cooperative societies. The strongest and most highly significant positive effect of internal controls on operational efficiency supports the conclusion that establishing and maintaining robust internal control systems is paramount for maximizing the operational efficiency and productivity of the cooperative societies. The statistically significant positive effect of investment decisions on operational efficiency leads to the conclusion that making strategic and well-informed investment choices contributes to the improvement of operational efficiency in the cooperative societies. The lack of a statistically significant effect of financing decisions on operational efficiency leads to the conclusion that, in the context of this study, the specific methods used by the cooperative societies to acquire funding do not have a direct, measurable impact on their operational productivity.

Given the significant positive impact, it is recommended that cooperative societies in Awka South LGA prioritize the development, implementation, and regular review of robust budgeting practices. This includes establishing clear budgetary goals, involving relevant stakeholders in the process, and monitoring performance against the budget. Training and capacity building in effective budgeting techniques should be provided to management and relevant personnel. Due to the highly significant positive effect, it is strongly recommended that these cooperative societies emphasize and invest in comprehensive financial planning. This involves developing long-term financial strategies, setting clear financial goals, conducting thorough financial analysis, and creating detailed financial forecasts. Cooperatives should consider seeking expert advice to enhance their financial planning capabilities. In light of the significant positive relationship, it is recommended that cooperative societies implement and refine their working capital management strategies. This includes optimizing inventory levels, managing accounts receivable effectively, controlling accounts payable, and ensuring sufficient cash flow. Training on efficient working capital management techniques should be provided. Considering the significant positive impact, it is recommended that cooperative societies prioritize timely, accurate, and transparent financial reporting. This involves adhering to relevant accounting standards, utilizing appropriate accounting software, and ensuring that financial reports are regularly prepared and disseminated to relevant stakeholders. Regular audits and reviews of financial reporting processes are also recommended. Given

the strongest and most highly significant positive effect, it is highly recommended that cooperative societies prioritize the establishment, strengthening, and consistent enforcement of robust internal control systems. This includes clearly defining roles and responsibilities, implementing segregation of duties, establishing authorization procedures, and conducting regular internal audits. Management should actively promote a strong control environment. Based on the significant positive effect, it is recommended that cooperative societies approach investment decisions strategically and with due diligence. This involves conducting thorough feasibility studies, evaluating potential returns and risks, and aligning investment choices with the cooperative's overall goals. Seeking expert advice on investment opportunities is advisable. While financing decisions did not show a statistically significant impact in this study, it is still recommended that cooperative societies carefully consider their financing options to ensure financial stability and sustainability. While it may not directly impact operational efficiency in the short term, prudent financing can support long-term growth and resource availability, which can indirectly influence operational capabilities. Further research into the nuanced impact of different financing structures on operational efficiency in this specific context might be beneficial.

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