

International Journal of Arts and Humanities (IJAH)
Bahir Dar- Ethiopia

Vol. 6(2), S/No 21, April, 2017: 141-158

ISSN: 2225-8590 (Print) ISSN 2227-5452 (Online)

DOI: <http://dx.doi.org/10.4314/ijah.v6i2.11>

**Effect of Capacity Building on Organizational Performance of
Multipurpose Cooperative Societies in Osun State of Nigeria**

Nwankwo, Frank, PhD.

Department of Cooperative Economics. and Management,
Nnamdi Azikiwe University, Awka,
Anambra State, Nigeria
E-mail: fo.nwankwo@unizik.edu.ng
Phone: +2348037870571

Olabisi, Taiwo Abdulahi

Department of Cooperative Economics. and Management,
Nnamdi Azikiwe University, Awka,
Anambra State, Nigeria

Onwuchekwa, Faith

Department of Business Administration,
Nnamdi Azikiwe University, Awka
Anambra State, Nigeria

Abstract

Cooperative organization is a business model that has some significant potential towards economic development of Nigeria. Some of these potentials include employment generation poverty reduction; enhance gross domestic product (GDP); as

well as rural development. But, before cooperative could be able to play these roles they need capacity building that will enhance their performance effectively. As such the study examined the effect of capacity building on the organizational performance of multipurpose cooperatives in Osun central federal senatorial district of Osun state, Nigeria. Data were obtained from 529 purposively selected management committee members across the study area. Data obtained were analyzed and evidence from the study revealed that, capacity building activities were well established among the cooperatives across the study area (Osun central district). The finding also revealed that the opinion of the respondents unanimously agreed to the indicators used in measuring the performance of their cooperative, and this was affirmed by the hypothesis two (H_{02}). Also, there was strong evidence from the study that capacity building has a strong effect on the performance of the cooperative and this finding correlate with the results of other studies. Therefore, in order to strengthen the capacity building in cooperative for effective and efficient performance of their organization, the following recommendations are made; there is need for re-orientation and sensitization of members and the employees of the cooperative so as to enhance their knowledge on the importance and benefit of capacity building. Also, the cooperative should try as much as they could to integrate and diversify their investment. Finally, the government should assist by making cooperative extension services compulsory and accessible to all cooperatives.

Key Words: Capacity building; Organizational Performance and multipurpose cooperative society

Introduction

For cooperative business model to thrive in a competitive environment, it required unique activities that will strengthen its capacity. Capacity is the ability of cooperative organization to perform and marshal its resources towards the attainment and sustenance of cooperative goals. According to Enjel, Land and Keijzer (2007), capacity is the overall ability of an organization to perform and sustain itself. This ability is the coherent combination of competencies and capabilities, in which competencies refers to the individual skills and abilities while capabilities refers to a broad of collective skills of organization or systems which can be financial resources, management policy, technical analysis etc. and all other attributes that cover the totality of an organization's efforts.

Since the capacity is the ability of an organization to perform, capacity building is how to develop and strengthen this ability (capacity). As Brown, Lafond and Macintyre (2001) affirmed that capacity building is a multidimensional and dynamic process that improves the ability of organization to meet its objectives or perform better in a competitive environment. Similarly, Light, Hubbard, Patrizi, Sheerwood and Spector

(2004) agreed that capacity building activities are designed to improve the performance of an organization.

Capacity building seeks to improve the performance of organization because capacity building is a system-wide, planned effort to increase cooperative performance through purposeful, planning and actions. Meanwhile, to be competitive, cooperative organizations must be efficient both in terms of price and technical efficiency. Prakash, (2011) stated that for cooperative to be efficient in achieving its objectives there is need for capacity building and many successful cooperatives prospered and carved visible niche in the business world encountering the pressures of private enterprises because they reformed their ways of doing business.

Cooperative organizations are traditionally known for their ability in withstanding financial crisis, creating jobs; reducing poverty; creating alternative economic models (enterprises); and improving productivity. So in order to sustain and strengthen these potentials cooperative organizations require capacity building.

Despite the ability of cooperative organization, the available literature and empirical evidence have not really shown interest on how to design some unique activities (capacity building) that will strengthen the potentials of cooperatives, as well as improving their performance (Light, et al, 2004; Enjel, land and Keizer, 2007; Starvros, 2008; Marrot and Dun, 2010; etc.). Muchunguzi and Milne as cited in Starvros (2008) were of the opinion that, much of the confusion over the core organizational capacity building stem from different view point of researchers, as some of the them focus extensively and exclusively on Non-Governmental Organization (NGOs)/Non Profit Making Organizations (NPOs). Importantly most of these studies were conducted in advanced and other developed world. Indeed, there is literary and evidence-based vacuum in the developing world, Nigeria inclusive. As such, a gap exists and this study became necessary. Therefore, the researcher is challenged to explore the possibilities of filling this gap in Nigeria using Osun State as a case. Osun State is noted as one of the cultural zone in Nigeria that has a long history of using cooperative as economic development platform particularly among its informal economic sectors. Meanwhile, there is existence of capacity building activities among Multi-Purposes Cooperative Societies (MCS) in Osun State. But, these MCS did not have much idea on how the capacity building activities facilitates the effective performance of their cooperative societies. More so, there is lack of documentation on how cooperative societies in Osun State practice and apply capacity building activities. Therefore, the study is determine to know the extent in which capacity building activities are being practiced among the cooperative organizations in Osun State and to know the effect the capacity building activities have on the performance of cooperative organization, then how cooperative leaders and members measure the performance of their cooperative organization and

also in the line of performing or implementing capacity building are there any constraints that limit or hinder the cooperative organization in Osun State.

The broad objective of this study is to examine the effect of capacity building on multipurpose cooperative organization performance in Osun State, Nigeria and the specific objectives formulated are to:

- (i) Assess the nature and characteristics of the multipurpose cooperative societies.
- (ii) Identify and evaluate the extent of capacity building activities in the multipurpose cooperatives.
- (iii) Examine the effects of capacity building activities on the performance of the multipurpose cooperative organization in Osun State.
- (iv) Determine the indicators of measuring cooperative performance
- (v) Identify the constraints to the implementation and execution of capacity building activities and use the findings from the study to make policy recommendations on how to strengthen capacity building in cooperatives for effective performance.

Hypotheses of the Study

In order to achieve the study objectives, the following hypotheses are formulated from the research questions:

- H₀₁:** There is no significant differences in the views of cooperatives on the extent to which capacity building activities are established.
- H₀₂:** The performance of cooperative societies cannot be measured with different performance indicators.
- H₀₃:** Management committee members' opinions are not significantly different on the effect of capacity building activities on the performance of multipurpose cooperative societies.
- H₀₄:** Capacity building efforts are not significantly hindered by any internal and external constraint.

Research Methodology

For this purpose, the parameter of interest was the management committee members of the cooperatives. The management committee members were purposively selected because; they are in strategic position in every cooperative, where they manage the affairs and investment of their cooperative on behalf of other members. Also, they occupy leadership position in every cooperative, where the formulation, execution, and implementation of policies are being entrusted in their hands.

The multipurpose cooperative societies have minimum of 5 to maximum of 9 management committee members. As such, the researchers used simple random sampling technique to select 5 management committee members each from the 122 multipurpose cooperatives in Osun central federal senatorial district. Thus, the sample size is 610 respondents. But only 529 questionnaires were diligently filled and returned.

Data sourced were analysed with both descriptive and inferential statistics. The descriptive statistics used was frequency; standard deviation and mean (\bar{x}) with threshold of 3.0 from scale analysis of 5 point likert scale, where any variables less than 3.0 was considered negative and any variable greater than or equal to 3.0 was considered positive and this was used to analyse all the study research questions. The inferential statistics was used to test the hypotheses (i.e H_{01} , H_{02} , H_{03} and H_{04}), and Kruskal-Wallis test of independent samples which is non-parametric was used to test all the formulated hypotheses.

Results and Discussion

Nature and Profile of the Multipurpose Cooperative Societies

Table 1: showing the distribution of responses on the nature and profile of studied multipurpose cooperative societies.

S/N	Profile	Frequency (n =529)	Percentage (%)	Minimum	Maximum	Mean (\bar{x})
i.	Duration of establishment	-	-	1	>50 years	18.6years
ii.	Cooperative Functions					
	Consumer cooperatives	224*	42.3	-	-	-
	Credit/loan function	529*	100	-	-	-
	Savings mobilization	507*	95.8	-	-	-
	Input supply	215*	40.6	-	-	-
	Marketing function	138*	26.1	-	-	-
	Housing and building function	104*	19.7	-	-	-
	Insurance function	62*	11.7	-	-	-
	Trading	519*	98.1	-	-	-
	Production	26*	4.9	-	-	-
iii.	Membership strength:	-	-	100	> 5,000	493 members
iv.	Members economic status:					
	- Civil servant	386*	72	-	-	-
	- Trader	471*	89.2	-	-	-
	- Artisan/craftmen	506*	95.6	-	-	-
	- Farmers	89*	16.8	-	-	-
	- Retirees	46*	8.6	-	-	-
v.	Area/level of operation:					
	- Rural	3	0.56	-	-	-

-	District/Divisional	60	11.3	-	-	-
-	Semi urban	140	26.5	-	-	-
-	Urban	326	61.6	-	-	-
-	Regional	-	-	-	-	-
vi.	Employees capacity:	-	-	1 staff	>50 staff	10.6 staff
vii.	Financial status (capital base):			<N1million	>N100million	N38.13million

Source: Field Survey, 2015

* Multiple responses

The result from the above, table 1 showed profile of the studied multipurpose cooperative societies (MCS). The result revealed that there is long history of cooperative activities in the Osun state as some of these cooperatives were established as far back as late 70s and 80s and this shows that these cooperatives have been in existence for a long period of time with average years of 18.6 years. The table also revealed that these cooperatives perform various functions to their members and non-members, but provision of credit/loan (100%); trading (98.1%), and savings mobilization are most performed functions among the multipurpose cooperatives in Osun state. The result also shows that most of MCS has not less than 100 members while some have more than 1,000 members as such; their average membership strength is 493 members. The economic status of these members range from artisan/craftsmen (95.6%), traders (89.2%) and civil servants (72%) while few members of them are farmers (16.8%) and this was due to the fact that the majority of the cooperatives studied are not operating in the rural area (0.56%) while they (MCS) mostly operate in urban areas (61.6%) as few operate in semi-urban areas (26.5%) as the result revealed. More so, the result showed that some MCS have less than 10 employees while those cooperatives that have more than two economic activities e.g. (trading) tend to have more than 10 employees' capacity as such the average staff capacity is 10.6 staff. Finally, the result revealed that most of the studied MCS more than N10, 000,000 as their capital base as at 2012, but none of them (MCS) has above N100,000,000 and this has average mean of N38.130,000 as at 2012.

The Extent Which Capacity Building Activities Are Being Established in the Cooperative Societies

Table 2: Showing the distribution of the respondents on the extent which capacity building activities are being established in their cooperatives

S/No	Capacity building activities	Sum	Mean (\bar{x})	Std. Deviation	Decision
i.	Strategic planning and management of resources	2132.00	4.0360	0.86719	Established
ii.	Human resources development and management	2052.00	3.8790	0.89639	Established
iii.	Research and development that facilitates growth	1198.00	2.2647	0.74994	Not established
iv.	Good organizational structure and communication	1838.00	3.4745	0.86592	Established
v.	Effective financial management and record keeping	2257.00	4.2665	0.71961	Established
vi.	Business policy formulation and implementation	2094.00	3.9584	0.80844	Established
vii.	Capitalization/capital formation	1881.00	3.5558	1.08590	Established
viii.	Marketing activities (e.g. advert, sales promotion)	1249.00	2.3611	1.00570	Not established
ix.	Sustainable service delivery	1962.00	3.7089	1.10540	Established
x.	Technological development	1637.00	3.0945	1.06636	Established
xi.	Business innovation and ideas development	1563.00	2.9546	1.06326	Not established
xii.	Information technology (IT) development	1563.00	2.9546	1.06326	Not established
xiii.	Good governance and democratic control	2138.00	4.0416	0.96441	Established
xiv.	Business integration and diversification	2143.00	4.0510	0.83442	Established
xv.	Infrastructural facility	1487.00	2.8110	0.96442	Not established
xvi.	Regular internal control, evaluation and assessment of performance	2105.00	3.9792	0.73697	Established
Xvii	Succession planning	2098.00	3.9660	0.95682	Established
	Grand mean	1874.71	3.5506	0.20873	Established

Source: Field survey research data July, 2013

In order to identify the extent of capacity building activities in cooperative in the above table, the result was gotten from 5 point likert scale with threshold of 3.0 (i.e ≥ 3.0 is positive and < 3.0 is negative). As such, with grand mean (\bar{x}) of 3.55, it was revealed that capacity building activities are well established among multipurpose cooperative societies in Osun state and some of these established capacity building activities include; strategic planning (4.03); human resources development and management (3.87); effective financial management and record keeping (4.26); policy formulation and implantation (3.95); capital formation (3.55); good governance and democratic control (4.04); business integration and diversification (4.05) as well as regular internal

control, evaluation and assessment of performance (3.996). This confirmed the fact that capacity building as integral part of cooperative daily activities.

Test of Hypothesis One (H01)

H₀₁: There is no significant difference in the views of cooperatives on the extent to which capacity building activities are established.

H_{A1}: There is significant difference in the views of cooperatives on the extent to which capacity building activities are established.

Therefore, in order to affirm or reject, the hypothesis was subjected to test with Kruskal – Wallis and the result are shown on the table 3 below

Table 3: Independent – Samples – Kruskal – Wallis Test for Hypothesis One (H₀₁)

S/No	Variables (CB activities)	Kruskal Wallis test	DF	Asympt. Sig (2-tailed)
i.	Strategic planning and management of resources	20.989	9	0.013
ii.	Human resources development and management	29.99	9	0.00
iii.	Research and development that facilitates growth	19.996	9	0.018
iv.	Good organizational structure and channel of communication	62.138	9	0.00
v.	Effective financial management and record keeping	74.532	9	0.000
vi.	Business policy formulation and implementation	30.177	9	0.000
vii.	Capitalization/capital formation	30.896	9	0.000
viii.	Marketing activities (e.g. advert, sales promotion)	105.174	9	0.000
ix.	Sustainable production and service delivery	16.518	9	0.57
x.	Technological development	19.387	9	0.022
xi.	Business innovation and ideas development	29.455	9	0.001
xii.	Information technology (IT) development	35.727	9	0.000
xiii.	Good governance and democratic control	27.907	9	0.00
xiv.	Business integration and diversification	18.614	9	0.029
xv.	Infrastructural facility	73.541	9	0.000

xvi.	Regular internal control, evaluation and assessment of performance	29.039	9	0.000
Xvii	Succession planning	29.039	9	0.001
Grand Mean		25.123	9	0.003

P = 0.05

n₁ = 30, n₂ = 55, n₃ = 25, n₄ = 40, n₅ = 30, n₆ = 120, n₇ = 25, n₈ = 115, n₉ = 20, n₁₀ = 70

Decision

The result from Kruskal-Wallis test shows that majority of the variables are significant at 0.05 level of significance, except sustainable production and service delivery which was not significant (0.57). Also, the grand mean (\bar{x}) is 0.003, this indicates that null (H₀) hypothesis should be rejected. Thus, the alternate (H_A) was accepted, which implied that, there is indeed significant difference in the views of cooperatives on the extent to which capacity building activities are established. This obvious implication of this result is that, views of the management committees reflect the fact that capacity activities were really established as it was earlier agreed in table 2, but the extent and level in which these capacity building activities were established varies from one cooperative to another as a result of different socio-economic background of the cooperatives.

Indicators for Measuring the Performance of Cooperative Societies

Table 4.3: Showing the distribution of respondents on the indicators used for measuring the performance of the cooperative societies

S/No	Indicators	Sum	Mean (\bar{x})	Std Deviation	Decision
i.	Profit (surplus)/cooperative earnings	2490	4.7070	.51416	Agree
ii.	Sales turnover	2207	4.1720	.84762	Agree
iii.	Increase in number of coop assets	2307	4.3611	.75883	Agree
iv.	Steady growth in coop investment	2275	4.3006	.78962	Agree
v.	Increase in value of share capital	2194	4.1474	.83314	Agree
vi.	Service delivery	1691	3.1966	1.15105	Agree
vii.	Customer satisfaction	1755	3.3176	1.07366	Agree
viii.	Member/owners satisfaction	1858	3.5123	1.04643	Agree
ix.	Market share	1617	3.0567	1.12504	Agree
x.	Employees turnover	1858	3.5123	1.06615	Agree
Grand mean		2025.20	3.8284	.28040	Agree

Source: Filed survey research data July 2013

There was unanimity in the responses on performance measurement indicators with 3.0 threshold, and grand mean of 3.82 in the above table (3). The respondent agreed to all indicators used in measuring performance of the cooperative. These measurement indicators include, surplus (4.70); sales turnover (4.17); increase in number of cooperative assets (4.36); steady growth in cooperative investment (4.30); increase in value of share capital (4.14); customer satisfaction (3.31) as well as members'/owners satisfaction (3.51). The implication of this result is that performance of the cooperative can not only be measured with financial indicators rather with both financial and non-financial indicators.

Test of Hypothesis Two (H₀₂)

H₀₂: The performance of cooperatives cannot be measured with different performance indicators.

H_{A2}: The performance of cooperatives can be measured with different performance indicators.

In order to affirm or reject the hypothesis and table 4.3 was subjected to test and the results are shown below in table 4.

Table 4: Independent Samples-Kruskal-Wallis test for Hypothesis Two (H₀₂)

S/No	Variables (CB activities)	Kruskal Wallis test	DF	Asympt. Sig (2-tailed)	Decision
i.	Profit (surplus)/cooperative earnings	93.160	9	0.000	Reject null
ii.	Sales turnover	58.666	9	0.000	Reject null
iii.	Increase in number of coop assets	25.959	9	0.000	Reject null
iv.	Steady growth in coop investment	26.141	9	0.002	Reject null
v.	Increase in value of share capital	28.741	9	0.001	Reject null
vi.	Service delivery	13.006	9	0.162	Accept null
vii.	Customer satisfaction	32.341	9	0.000	Reject null
viii.	Member/owners satisfaction	27.759	9	0.001	Reject null
ix.	Market share	34.810	9	0.000	Reject null
x.	Employees turnover	34.902	9	0.000	Reject null
Grand Mean		45.640	9	0.000	Reject null

P = 0.05

n₁= 30, n₂ = 55, n₃ = 25, n₄ = 40, n₅ = 30, n₆ = 120, n₇ = 25, n₈ = 115, n₉ = 20, n₁₀ = 70

Decision

The independent samples result of Kruskal-Wallis test for hypothesis two (H_{02}) showed that among the measurement indicators it was only service delivery that was not significant (0.162), while, the rest were significant at 0.05 level of significance with grand mean of 4.564 which is also significant.

This implied that the null hypothesis (H_0) must be rejected while the alternate was accepted. That is, the management committees agreed that different performance indicators can be used to measure cooperatives performance.

Therefore, this affirmed the earlier result of descriptive statistics test of table 3. As such, this established the fact that performance of cooperative can be measured with different performance indicators.

The Extent to Which Capacity Building Activities Enhanced the Performance of the Multipurpose Societies in Osun Central District of Osun State

Table 5: Distribution of the respondents' opinion on the extent in which capacity building activities has enhanced the performance of the multipurpose cooperatives in Osun district

S/No	Indicators	Sum	Mean (\bar{x})	Std Deviation	Decision
i.	Promotes competitiveness of cooperative	2098	3.9660	.99562	Enhanced
ii.	Strengthen cooperative profile	1908	3.6068	.95169	Enhanced
iii.	Organizational structure development	1.888	3.5690	1.06042	Enhanced
vi.	Improves cooperative productivity	1946	3.6786	.99179	Enhanced
v.	Improves members patronage	1948	3.6824	.96201	Enhanced
vi.	Enhanced leadership competency	2030	3.8374	.89190	Enhanced
vii.	Facilitates service delivery and value added	2013	3.8053	.97015	Enhanced
viii.	Boost cooperative surplus (profit)	2275	4.3006	.80858	Enhanced
ix.	Enhanced mobilization of fund and capital formation	1835	3.4688	1.06399	Enhanced
x.	Enhanced timely response to market trend and demand	1826	3.4518	1.01038	Enhanced
xi.	Improves solid democratic control and decision making	2066	3.9059	.88042	Enhanced
xii.	Improves members' welfare and satisfaction	2120	4.0076	.87686	Enhanced
xiii.	Employees motivation	2012	3.8034	.95103	Enhanced

xiv.	Facilitates technological adoption	1886	3.5652	1.0267	Enhanced
xv.	Aid in identification of business opportunities and challenges	2019	3.8166	.86953	Enhanced
xvi.	Improves communication and information	1581	2.9887	1.10605	Not at all
Grand Mean		1978	3.7397	.23651	Enhanced

Source: Field Survey Research Date, July 2015

Investigations into how capacity building activities enhance the performance of cooperative are presented in the table 5 above. The table revealed on the threshold of 3.0 from five point Likert scale (i.e. ≥ 3.0 is positive and < 3.0 is negative) and the grand mean is 3.73. Indeed, it is glaring that capacity building activities have positive effects on cooperative performance. The implication is that; the respondents feel that capacity building activities have enhanced the performance of cooperative. These effects include promotion of cooperative competitiveness (3.966); improves members' patronage (3.68); enhanced leadership competency (3.83); boost cooperative surplus (4.30); facilitates service delivery and value added (3.80); improves solid democratic control and decision making (3.90) as well as employees' motivation (3.80).

Test of Hypothesis Three (H₀₃)

H₀₃: Management committee members' opinions are not significantly different on the effect of capacity building activities on the performance of multipurpose cooperative societies.

H_{A3}: Management committee members' opinions are significantly different on the effect of capacity building activities on the performance of the multipurpose cooperative societies.

Therefore, the hypothesis was subjected to non-parametric test of independent samples of Kruskal-Wallis.

Table 6: Independent Samples-Kruskal-Wallis test for Hypothesis Three (H₀₃)

S/No	CB Effects	Kruskal Wallis test	DF	Asympt. Sig (2-tailed)	Decision
i.	Promotes competitiveness of cooperative	37.387	9	0.000	Reject null
ii.	Strengthen cooperative profile	68.924	9	0.000	Reject null
iii.	Organizational structure development	61.604	9	0.000	Reject null
vi.	Improves productivity and efficiency	13.987	9	0.123	Accept null

v.	Improves patronage members	43.537	9	0.000	Reject null
vi.	Enhanced leadership competency	53.409	9	0.000	Reject null
vii.	Facilitates service delivery and value added	22.415	9	0.000	Reject null
viii.	Boost cooperative surplus (profit)	34.083	9	0.000	Reject null
ix.	Enhanced capital formation and mobilization of fund	39.946	9	0.000	Reject null
x.	Enhanced timely response to market trend and demand	68.002	9	0.000	Reject null
xi.	Improves solid democratic control and decision making	25.070	9	0.003	Reject null
xii.	Improves members' welfare and satisfaction	80.431	9	0.000	Reject null
xiii.	Employees motivation	39.228	9	0.000	Reject null
xiv.	Facilitates technological adoption	60.104	9	0.000	Reject null
xv.	Aid in identification of business opportunities and challenges	16.304	9	0.061	Reject null
xvi.	Improves communication and information	66.528	9	0.000	Reject null
xvii.	Improves cooperative revenue	37.994	9	0.000	Reject null
Grand Mean		49.311	9	0.000	Reject null

The distribution grand mean is the same across categories of identify:

$P = 0.05$

$n_1 = 30, n_2 = 55, n_3 = 25, n_4 = 40, n_5 = 30, n_6 = 120, n_7 = 25, n_8 = 115, n_9 = 20, n_{10} = 70$

Decision

The result from the Kruskal Wallis independent samples test in the above table showed that all the variables are significant at 5% level of significance except, aid in identification of business opportunities and challenges (0.061) which is not significant. Meanwhile, the grand mean is also significant (0.000) at 5% level of significance. Thus, null hypothesis (H_0) was rejected and alternate was accepted, that is, management committee members' opinion significantly differs on the effect of capacity building activities on performance of the cooperative. This result did not come as a surprise, as the independent opinion of the management committee members give significantly

different opinion on the extent of capacity building effects on performance. This was attributed to variance on the socio-economic characteristics of cooperative.

The constraints (both internal and external) that inhibit the effectiveness of capacity building activities in the cooperatives

Table 7: Showing distribution of respondents’ opinion on the constraints that limit the effectiveness of capacity building activities in cooperative societies

S/No	Constraints (Internal and External)	Sum	Mean (\bar{x})	Std Deviation	Decision
i.	Poor organizational structure	1186	2.2420	.87800	Disagree
ii.	Incompetency among leaders and managers	1128	2.1323	.88628	Disagree
iii.	Illiteracy among members	1347	2.5463	1.07759	Disagree
iv.	Weak capital base	1729	3.2684	1.04979	Agree
v.	Unviable cooperative investment	1530	2.8922	1.04343	Disagree
vi.	Unaware and no knowledge of capacity building activities	1128	2.1323	.94221	Disagree
vii.	Inadequate communication and interaction between members, managers and BOD	2147	4.0586	.98202	Agree
viii.	Unfavourable government policies	1962	3.7089	1.01799	Agree
ix.	Corrupt cooperative leaders	1214	2.2949	1.08537	Disagree
x.	Lack of cooperative extension service	1889	3.5709	1.08152	Agree
xi.	Bad attitude and response to capacity building adoption	1840	3.4783	.98857	Agree
xii.	Inadequate fund to capacity building	2327	4.3989	.86476	Agree
xiii.	Ineffective capacity building policies in cooperative	2130	4.0265	1.00154	Agree
xiv.	Inadequate members’ participation	1270	2.4008	.92220	Disagree
Grand meab					

Source: Filed survey research data July 2015

From table 7, responses were analysed from 5 point likert scale with threshold of 3.0 (i.e ≥ 3.0 is positive while < 3.0 is negative). It was revealed that some variables were considered not to be a constraint to the effectiveness of capacity building activities, these include, poor organizational structure (2.24); incompetency among leaders and managers (2.13); illiteracy (2.54); unaware and little knowledge of capacity building activities (2.13); corrupt cooperative leaders (2.29). meanwhile, other variables were considered to be a serious constraints to the effectiveness of capacity building activities, these include, weak capital base (3.26); inadequate communication (4.05), unfavourable government policies (3.70); lack of cooperative extension service (3.57); bad attitude and response to capacity building adoption (3.4), inadequate fund to

capacity building (4.3); ineffective capacity building policies (4.02); as such, the grand mean is 3.0082 which implied that there is no constraint be it internal or external that hindered the effectiveness of capacity building activities in cooperative.

Test of Hypothesis Four (H₀₄)

H₀₄: Capacity building efforts are not hindered by any internal and external constraints.

H_{A4}: Capacity building efforts are hindered by internal and external constraints.

In order to make decision as to reject or affirm the hypothesis, the responses in table 7 was subjected to Kruskal-Walis test, and the result is presented in table 8.

Table 8: Independent Samples-Kruskal-Wallis test for Hypothesis Four (H₀₄)

S/No	Constraint	Kruskal Wallis test	DF	Asympt. Sig (2-tailed)	Decision
i.	Poor organizational structure	101.848	9	0.000	Reject null
ii.	Incompetency among leaders and managers	84.613	9	0.000	Reject null
iii.	Illiteracy among members	48.712	9	0.000	Reject null
iv.	Weak capital base	30.115	9	0.000	Reject null
v.	Unviable cooperative investment	45.513	9	0.000	Reject null
vi.	Unaware and no knowledge of capacity building activities	72.313	9	0.000	Reject null
vii.	Inadequate communication and interaction between members, managers and BOD	83.868	9	0.000	Reject null
viii.	Unfavourable government policies	19.438	9	0.221	Accept null
ix.	Corrupt cooperative leaders	42.952	9	0.000	Reject null
x.	Lack of cooperative extension service	45.142	9	0.000	Reject null
xi.	Bad attitude and response to capacity building adoption	47.555	9	0.000	Reject null
xii.	Inadequate fund to capacity building	83.593	9	0.000	Reject null
xiii.	Ineffective capacity building policies in cooperative	43.970	9	0.000	Reject null
xiv.	Inadequate members' participation	54.494	9	0.000	Reject null
	Grand Mean	45.262	9	0.000	Reject null

P = 0.05; while n₁ = 30, n₂ = 55, n₃ = 25, n₄ = 40, n₅ = 30, n₆ = 120, n₇ = 25, n₈ = 115, n₉ = 20, n₁₀ = 70

Decision

The Krustal Wallis test result of independent samples test for hypothesis four revealed that only one variable (unfavourable government policy) is not significant (0.22), while others are significant at 0.05 level of significance. As such, the grand mean is also significant (0.000) at 0.05 level of significance.

The implication is that the null hypothesis (H_0) was rejected while the alternate (H_A) was accepted. Meaning that, the implementation and execution of capacity building activities in cooperative are being hindered by some constraints. Therefore, this aligned with the result in table 7.

Conclusion

The study examined the effect of capacity building activities on the performance of multipurpose cooperative organization in Osun central district of Osun state Nigeria. To develop Nigeria economy, cooperative organizations have significant and substantial roles to play. Some of these roles include creating employment opportunities; breaking vicious poverty circle, as well as rural development. In order to enhance cooperative organization's performance so as to retain these cumulative effects, there is need to strengthen the capacity of cooperatives, because capacity building is a veritable tool to the sustenance of the cooperative organizations.

In order to strengthen the potentials of cooperative organizations and make them to be competitive business model that will be relevant to Nigeria economy development, the following recommendations are made:

1. There is need for re-orientation and more sensitization for the cooperative organization on the need for constant practicing of capacity building activities. This will enable every player (i.e. members, management committees, executive leaders; and employees) in the cooperative to have sound knowledge on what capacity building is all about as well as benefits/importance of capacity building to the survival and effective performance of their organization. This will strengthen and enhance well established capacity building activities in cooperatives.
2. The cooperative organizations should focus on the few relevant and core capacity building activities. It is not easy to establish all the capacity building activities, because the more the capacity building activities the more the resources that will be channel to it. Therefore, having few core and relevant capacity building activities will give the cooperatives sense of direction with little resources committed to it. Meanwhile, the few core capacity building activities should be the one that will trickle down to high performance.

3. Cooperative organization should always measure the level of their performance. This will help them to be proactive and know when they are making progress or not. In the same vein, cooperative organization should not only use financial indicators to measure rather, they should look into non-financial indicators (e.g. member satisfaction, service delivery, market share etc.) in measuring performance. Because sometimes cooperative performance can be seen from the perspective of non-financial indicators, these include, service delivery; member/owners welfare satisfaction; customer satisfaction as well as value additions.
4. Since it has been proved that capacity building activities have strong and positive correlation with performance. More emphasis should be given to the capacity building. This will enable to strengthen the potentials of cooperative and at same time facilitates the attainment of cooperative primary objectives, goals and mission.
5. Cooperative should do more to integrate and diversify their investment. This will make their business to be competitive and more attractive to investors and new members that will invest their money in cooperative. This will eventually increase their capital base.
6. Lastly, the government should play their own constitutional responsibility by making cooperative extension services compulsory and accessible. This will enhance the knowledge of the cooperators on how to manage their investment.

References

- Brown, L., Lafond, A. & Macintyre (2001). *Measuring capacity building*. University of North Carolina. Retrieved from www.heart-htl-net.
- Dada, J. O. (2004). *Human capacity building challenges towards improved service delivery in Africa*, Lagos Nigeria: ASCON.
- Engel, P., Land, T., & Keijzer, N. (2007). *A balanced approach to monitoring and evaluating capacity and performance*. A Proposed Framework ECDPM Maastricht.
- Frank & Susan (2013). *Create the future, creative information system*. Retrieved from www.google.com.
- Giagnocavo, C. (2012). *Civil society, cooperative capacity building and eradicating poverty*. UNIVERIDAD DE AWAERIA.
- Jackson, E. T., & Seydegart, M. (1997). *Learning to finance civil society: Some lessons in process*. *Institutional Development* 4(2), 3 – 11.
- Khalily (2013). *Capacity building for cooperatives*. University of Dhaka www.ifc.org.

- Light, P. C., Hubbard, E.T., Patrizi, P., Dherwood K. & Spector, A. (2004). *The capacity building challenge*. Retrieved from www.foundationcenter.org/gainknowledge.
- Marot & Dun (2010). *Building organizational capacity and promoting resilience – The importance of leadership*. Manuka Asustralia, Noetic Solutions Pty Limited.
- Okeke, T. C., Olise, M. C. & Eze, G. A. (2010). *Research method in business and management sciences*. Enugu: Immaculate Publications Limited.
- Prakash, D. (2011). *Management capacity building for strengthening cooperative enterprises*. New Delhi, India: IFFCO Foundation.
- Starvross, J. M. (2008). *Capacity building: An appreciative approach*. Case Western Reserve University Ohio, Cleveland.
- Walter, H. (2007). *Capacity development, institutional change and theory of change: What do we mean and where are the linkages*. Retrieved from www.google.com.
- Zinke, J. (2006). *Capacity, change and performance, final workshop, report*, Maastricht, 15–17 May p. 5.