
Impact of Cooperative Credit Facilities, Training Programmes, and Advisory Services on Small and Medium-Scale Enterprises Performance in Delta State, Nigeria

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Abstract:

This study looked at how cooperative credit, training, and business advice services impact the performance of small and medium enterprises in Delta State, Nigeria. The study employed the survey research design. The sample size of 210 owners of small and medium enterprises was determined using the Taro Yamane formula, and a stratified random sampling technique was in the selection of the SME owners. The primary data required in the study were sourced with the aid of a structured questionnaire, and the multiple regression analysis was used for the research. The study found that cooperative' credit facilities, training, and advisory services are positively and significantly related to SMEs' performance with respect to profitability, sales growth, and expansion. The study concludes that cooperative credit facilities, training programmes, and advisory services significantly impacted SMEs' performance in Delta State, Nigeria, and recommends that SME owners should join and take an active part in cooperative activities.

Keywords: Training programs, Credit facilities, Advisory services, SMEs' performance, and Cooperative.

1.1 INTRODUCTION

Small and medium enterprises (SMEs) play a vital role in Nigeria's economy. They drive growth, create jobs, and help lift people out of poverty. Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) says SMEs make up a huge chunk of the country's gross domestic product and employment generation. But capital to run or expand this enterprise is still a major challenge; getting loans from banks and other conventional financial houses is not, and has never been, easy to obtain. Banks want collateral, and their interest rates are high, and a lot of business owners just cannot get in the door because of these bottlenecks. That is where cooperative societies step in, especially in places like Delta State. These cooperatives do not just hand out loans at low interest rates to the people; they help people save, offer training, and give advice that helps entrepreneurs get better at what they do. Even though cooperatives matter more and more, we still do not know enough about how much they really help SMEs in Delta State. Consequently, the study seeks to focus on how cooperative society inventions have impacted SMEs' performance in Nigeria.

1.2 STATEMENT OF THE PROBLEM

Small businesses in Delta State are up against a lot of challenges, such as trouble in getting loans, shaky management, and not enough capital to work with, resulting in a high rate of failure of some of these SMEs. Sure, cooperative societies step in with financial help and advice, but no one really knows how much they are actually helping these businesses do better. However, many cooperatives themselves face challenges such as illiteracy among members, weak economic bases, and poor governance structures. There is not enough strong evidence to determine if cooperatives truly impact SME growth and survival in Delta State.

1.3 OBJECTIVES OF THE STUDY

The general objective is to investigate the effect of the intervention of cooperative societies on the performance of SMEs in Delta State, Nigeria. The specific objectives are:

- i. To find out the effect of cooperative credit facilities on the performance of SMEs.
- ii. To determine the effect of cooperative training programs on the performance of SMEs.
- iii. To investigate the effect of advisory services on the performance of SMEs.

1.4 RESEARCH QUESTIONS

- i. To find out the effect of cooperative credit facilities on the performance of SMEs.
- ii. To determine the effect of cooperative training programs on the performance of SMEs.
- iii. To investigate the effect of advisory services on the performance of SMEs.

1.5 RESEARCH HYPOTHESES

- H₀₁: Cooperative credit facilities do not have any significant effect on the performance of SMEs.
- H₀₂: Cooperative training programs do not have any significant effect on the performance of SMEs.
- H₀₃: There is no significant relationship between advisory services and performance of SMEs.

2. REVIEW OF RELATED LITERATURE

2.1 Conceptual Review

2.1.1 Cooperative Societies

A cooperative society brings people together—by choice—to meet their shared economic, social, or cultural needs. They all own the place together and run it democratically. What makes cooperatives different from regular businesses is simple: they actually put their members' well-being first, not just chasing profits for outsiders. They function based on the "Rochdale principles," which are open membership, democratic member control (one member, one vote), and equal sharing of surplus. Cooperatives play the role of agents for the promotion of SMEs in terms of offering services such as funding, entrepreneurship training, and the promotion of smallholder agricultural and industrial production. They provide a "middle way" between the purely private and purely public sectors.

Small and Medium Enterprises Performance

Small and medium-sized firms are those that operate on a smaller scale than large corporations. Their market share is typically less, they employ fewer people, and they have less money to work with. In Nigeria, these companies are categorized by the number of employees and the amount of property they hold, excluding buildings and land, by the Small and Medium Enterprises Development Agency (SMEDAN). SMEs are defined globally by organizations such as the World Bank and the OECD using metrics like annual revenue and employee counts. These standards vary from nation to nation, nevertheless. People often call SMEs the backbone of economic growth. They create jobs, drive new ideas, help cut down poverty, and push the industrial growth of any nation. Generally,

performance is associated with the ability of an organization to achieve its objectives. In the context of SMEs, performance is a multifaceted concept that includes both non-financial and financial elements. Other factors that affect SME performance include growth, survival, expansion, inventiveness, and efficiency, in addition to profitability.

2.2 THEORETICAL FRAMEWORK

This study is anchored on the financial intermediation theory and Resource-Based View (RBV).

2.2.1 Financial Intermediation Theory

Financial intermediation theory states that banks and financial institutions have an important role in transferring funds from surplus units in the economy, or savers, to deficit units, or borrowers. Financial institutions, according to the theory, are successful in allocating funds in the economy and reducing transaction costs and information problems. The contribution of Gurley and Shaw in 1960 highlighted the importance of financial institutions in economic development. Later, Eugene F. Fama in 1980 expanded the theory by stating that financial institutions offer monitoring and risk diversification services, which improve market efficiency. In addition, Ben S. Bernanke pointed out in 1983 the importance of credit intermediation in stabilizing the financial system and reducing agency costs.

2.2.2 Resource-Based View (RBV)

Resource-Based View (RBV) explains how organizations' performance varies depending on its internal resources. The idea states that a corporation can get a competitive advantage if it possesses resources that are rare, valuable, hard to replicate, and non-replaceable (VRIN). The corporation is a collection of productive resources, according to Edith Penrose, who first proposed the Resource-Based View idea in 1959. This study is anchored on the financial intermediation theory and the Resource-Based View (RBV).

2.3 Empirical Review

The Perception of Electronic Cooperative Financing by SME Members in Oyo State, Nigeria was the study conducted by Oladejo & Shittu (2018). The objective of the study was to determine the effect of electronic cooperative financing on the performance of SMEs. The study used a cross-sectional survey with stratified and purposive sampling, and 330 valid questionnaires were used for data collection. The study used ANOVA for data analysis. The findings of the study indicated that there was a positive and significant effect of electronic cooperative financing on the

performance of SMEs with an adjusted R^2 of 62% at a 0.05 significance level. The study concluded that cooperative financing using ICT enhances the performance of SMEs in Oyo State and that investment in cooperative ICT infrastructure should be prioritized to enhance the performance of SMEs and economic growth.

Akosile, Obisesan, & Adegoke, (2025). The study examined how cooperative societies affect the business performance of small and medium-scale enterprises in Ekiti State, specifically focusing on Ado Local Government Area. The objective of the study was to examine the effect of financial services, non-financial services, membership of a cooperative, and patronage of a cooperative on the business performance in Ekiti State. The study employed a survey research design, and the primary data were sourced through self-administered questionnaires. The multiple regression models were used, and the study revealed that financial services, non-financial services, membership, and patronage of cooperative societies positively and significantly affect the business performance of SMEs in Ekiti State. Based on the discovery, it was concluded that cooperative societies have a positive and significant effect on the business performance of small and medium-scale enterprises in Ekiti State.

Ogunmuyiwa, Oluwasanya, & Aladegoroye (2021). This research work examined the effect of the participatory rate of members of cooperatives on the performance of small businesses in Nigeria. The research was carried out among cooperative and thrift members in six (6) Local Government Areas in Ogun Central Senatorial District (Ifo, Ewekoro, Obafemi/Owode, Abeokuta North, Abeokuta South, and Odeda). The research work utilized a survey research design, and a sample size of 369 was obtained from a population of 4,836 members of cooperative societies in the six (6) Local Government Areas using a judgmental sampling technique. Descriptive statistics (DS) and Ordinary Least Squares (OLS) were used to test the hypotheses formulated using 5% level of significance. Their findings showed that financial services (FIS) significantly affected small business performance ($\beta = 0.4131$; $t_c = 5.7988$; $p < 0.05$). Also, Non –Financial Services (NFIS) significantly affected small business performance ($\beta = 0.2708$; $t_c = 3.2023$; $p < 0.05$). Moreover, socio-economic factors and membership also have a significant effect on the performance of small businesses ($\beta = 0.1817$; $t_c = 2.6416$; $p < 0.05$). Patronage (PAT) also has a significant impact on the performance of small businesses ($\beta = 0.7919$; $t_c = 15.8113$; $p < 0.05$). On the basis of their findings, they concluded that FIS, NFIS, SEF/MEM, and PAT

have a significant impact on the performance of small businesses in Nigeria.

Nwachukwu, Ibrahim, Lawal & Abdullahi (2025) research study focuses on the analysis of cooperative societies, entrepreneurial business growth, and poverty alleviation in southwest Nigeria. The research aims to analyze the crucial role of cooperative societies in enhancing entrepreneurial development and poverty reduction as major stimulators of sustainable development in the region. The Social Capital Theory and the descriptive survey design were adopted for the study. The data for this study were collected from members of cooperative societies in six state capitals: Ado-Ekiti, Ikeja, Abeokuta, Akure, Osogbo, and Ibadan. A total of 384 valid responses were obtained for analysis from a population of 684,200 registered members of cooperative societies using stratified random sampling. Through linear and multiple regression analysis, the study revealed that cooperative societies make a significant contribution to poverty alleviation ($R^2 = 0.584$, $\beta = 0.764$) and an even more significant contribution to the growth of entrepreneurial businesses ($R^2 = 0.743$, $\beta = 0.862$). These findings underscore the critical influence of cooperative societies in promoting sustainable economic development in South West Nigeria. The study recommends enhanced policy frameworks to support cooperative societies, including improved access to finance, skill development programmes, and stronger regulatory oversight to maximize their contributions to poverty reduction and entrepreneurial growth.

Alonge (2025) investigated the relationship between cooperative societies and small and medium-scale enterprises (SMEs) in Ondo State. The objective of this study is to carry out a conceptual analysis of cooperative societies and their relationship with small and medium-scale enterprises (SMEs) in Ondo State. The study emphasizes the importance of cooperative societies in ensuring the functionality of small and medium-scale enterprises. The research adopted social exchange theory, social capital theory, collective action theory, and democratic theory to interpret the relationship between cooperative societies and SMEs. The research adopted secondary data, which was obtained from journals, textbooks, and government publications. The research revealed that many factors affect the performance of SMEs, including insecurity, lack of infrastructure, lack of funding, poor management structure, and low technology. It was also revealed that cooperative societies support SMEs in terms of funding, advisory services, equipment, and extension services. This research concludes that cooperative societies and SMEs are partners in progress and

that such governments should offer an enabling environment, adequate infrastructural facilities, progressive policies, and adequate monitoring of their activities to ensure compliance with global standards.

Umar (2022) examined the impact of MBs risky deposit mobilization and fund transfers to potential beneficiaries on the performance of micro, small and medium enterprises in Kano state. Several studies have also been conducted on the impact of microfinance banks' non-financial services on micro and small enterprise performance in Kano state, Nigeria. The sample was drawn through multistage stratified random sampling and comprised 544 beneficiaries of microfinance banks selected from 10 local governments across the state. Data was collected using questionnaires and analysed with the aid of the OLS model. The findings showed a significant positive relationship between business advisory services, pre-loan training, and MSEs' performance, while group membership and networking meetings have a positive but insignificant relationship with MSEs' performance. Business experience, education, and gender were also found to be positively and significantly related to business performance. The study recommends that microfinance banks should put more efforts in improving business advisory services and pre-loan trainings so as to promote better performance of beneficiaries' business.

Ugwu & Eze (2021) investigated the impact of cooperative societies on working capital management for SMEs in Enugu State. The objective of the study was to ascertain the connection between cooperative society and working capital management. The study sampled one hundred and fifty (150) small and medium-scale enterprises (SMEs). Primary data was collected using a self-structured survey questionnaire from one hundred and fifty (150) SME business owners. An OLS regression model was utilized to estimate the data and test the hypotheses. Findings: The empirical findings indicated that income generation services, savings mobilization schemes of the cooperative societies showed a significant and positive effect on the working capital turnover ratio of SME. Significantly, the presence of cooperative loans improved positions on liquidity, replenishment of products and firms with regard to their short-term obligations. Based on the results, the authors stated that cooperative societies play a significant role in developing the financial management skills and capacities of SME managers. The authors suggested that cooperative societies must create loan products that align with the cash flow cycles of SMEs for sustainability and efficiency in business.

3. METHODOLOGY

3.1 Research Design

The research design adopted for this research was a descriptive survey research design. The research design was adopted because it allows for the systematic collection of data in a quantitative manner from a large number of respondents at a single point in time. It also allows for the exploration of relationships between cooperative society interventions and SME performance in Delta State without manipulating the variables in the study.

3.2 Population of the Study

The population of the study consisted of all Small and Medium Enterprises (SMEs) that were registered under cooperative societies in Delta State, estimated to be 450 SMEs based on records from cooperative unions and Delta State cooperative offices.

3.3 Sample Size and Sampling Techniques

The sample size for the study is 210 respondents. This was determined using the Taro Yamane formula: $n = N/(1+N)$

Where:

N = sample size;

N = 450 is the population size

e = significance level (0.05). 210 respondents were determined to be the sample size using the given formula. The sampled area for the study is Delta State, and a good number of SMEs from various cooperative societies with respect to the various sectors, such as trade, agriculture, service, and manufacturing sectors, were represented through the application of the stratified random sampling method. Thereafter, a proportionate random sampling was carried out to choose respondents from each stratum.

3.4 Data Collection and Instrument

The research employed the use of primary data, which was collected directly from the SME operators using structured questionnaires. The data collected via the structured questionnaire were relevant to the key objectives of the study, which include cooperative society variables of credit facilities, training programme, and advisory service, and SME performance indicators. The questionnaire was designed on a five-point Likert scale, ranging from Strongly Disagree-1; Disagree-2; Neutral-3; Agree-4; Strongly Agree-5.

3.5 Validity of Instrument

In order to ensure that the instrument was clear and in accordance with the aims of the study, experts in the field of management were asked to review the face and content validity of the instrument, and their feedback was considered.

3.6 Reliability of Instrument

The instrument's internal consistency was assessed using the Cronbach Alpha test, and the outcome was 0.82. The result was higher than the allowed level of 0.70; it was determined that the instrument was reliable for data collection.

3.7 Model Specification

$$\text{SMEP} = \beta_0 + \beta_1\text{COCF} + \beta_2\text{COTP} + \beta_3\text{COAS} + \varepsilon$$

Where:

SMEP = SME Performance

COCF = Cooperative Credit Facilities

COTP = Cooperative Training Programs

COAS = Cooperative Advisory Services

β_0 = intercept (constant).

β_1 , β_2 , and β_3 are coefficients for each of the independent variables.

ε = error term.

3.8 Method of Data Analysis

Data collected from the field survey were analyzed using both descriptive and inferential statistical techniques. The descriptive statistics show the means and standard deviations and were used to summarize the responses and determine the general perception of respondents regarding cooperative support services and SME performance. A mean score of 3.00 served as the benchmark for decision-making on the five-point Likert scale. To test the hypotheses and examine the effect of cooperative society services on SME performance, the multiple regression analysis was employed. The researcher performed the analysis at the 5% level of significance ($\alpha = 0.05$) and decided that when the probability value (p-value) was less than 0.05, the null hypothesis was rejected.

4. DATA PRESENTATION AND ANALYSIS

4.1 Descriptive Statistics

Table 4.1: Descriptive Statistics for the Variables

Variable	Mean	Std. Dev.
SME Performance	3.85	0.74
Cooperative Credit Facilities	4.02	0.68
Cooperative Training Programs	3.76	0.71
Cooperative Advisory Services	3.64	0.79

Source: Extract from the output analyzed data

The findings in Table 1 above showed that all the variables had mean scores above the benchmark of 3.00. These indicated positive perceptions of the respondents. The table above shows that credit facilities had the highest mean score of 4.02. It implies high agreement that cooperative credit made significant contributions to the performance of SMEs. The training programs and advisory

services had a mean of 3.76 and 3.64, respectively. They also made positive contributions to the performance of SMEs. The average SME performance score of 3.85 indicates that SMEs using the cooperative society interventions have made positive performance results. The low standard deviation figure, ranging from 0.68 to 0.79 for the entire variable indicates moderate variability and consistency in responses

4.2 Regression Results

Table 4.2: Regression Results

Variable	Coefficient	t-Value	p-Value
Constant	1.245	3.21	0.003
COCF	0.432	5.88	0.001
COTP	0.298	4.21	0.001
COAS	0.217	3.54	0.002
$R^2 = 0.64$			
F-statistic = 48.32 ($p < 0.05$)			

Source: Extract from the output analyzed data

The above analysis of the regression outputs indicates that all the independent variables have positive and significant effects on SME performance. Cooperative credit facilities (COCF) have the highest significance ($\beta = 0.432$, $p < 0.05$), which shows that a unit increase in credit facilities leads to a 0.432 increase in SME performance. Cooperative training programs (COTP) also have a significant effect on SME performance ($\beta = 0.298$, $p < 0.05$). Results further revealed that cooperative advisory services (COAS) have positive effects on SME performance ($\beta = 0.217$, $p < 0.05$). The R^2 is 0.64. This shows that the explanatory variables – cooperative credit facilities, cooperating training programmes, and cooperative advisory services explain changes in the SMEs performance extent of 64 percent, while the remaining 36 percent is accounted by other variables outside of the model. The F-statistic of 48.32 ($p < 0.05$) validates the regression model's overall statistical significance and its great fit to the data.

4.3 Discussion of Findings

The discussions in this section were developed based on the results of the regression analysis. The decisions on the formulated hypotheses for the study were made after using the significant p-statistics at the 5% level of significance ($\alpha = 0.05$). Hypotheses are considered statistically significant under the decision-rule when their p-value is less than 0.05. As such, all three null hypotheses of the study, suggesting that cooperative credit facilities, cooperative training programmes, and cooperative consultancy assistance do not have any significant influence on the performance of SMEs, were rejected at p-values 0.001, 0.001, and 0.002, respectively, less than 0.05. The study rejected all

three null hypotheses. According to the study hypotheses, cooperative credit facilities, cooperative training programmes, and cooperative advisory services have no significant relationship with performance. To test the statistical significance of the explanatory variables of the study, which are 0.001, 0.001, and 0.002, were less than 0.05. This suggests that the cooperative assistance mechanism, such as training, credit facilities, and advisory services have a significant relationship with the performance of SMEs. This is due to the fact that SMEs may expand their operations, purchase new machinery, and manage their cash flow more readily when they have improved access to credit facilities. SME owners' joining training programmes also boosts their management skills and helps them run things more smoothly, which leads to better business results. In addition to that, advisory services give them practical advice on strategy, risk management, and decision-making, which in turn favourably drives up their profits and helps them grow. These outcomes are consistent with the empirical findings of Akosile, Obisesan & Adegoke (2025), Ogujiuba, Eggink & Olamide (2023), Ogunmuyiwa, Oluwasanya & Aladegoroye (2021), and Umar (2022), who also found that the performance of SMEs is significantly improved by cooperative financial and non-financial support structures.

5. CONCLUSION AND RECOMMENDATIONS

Owing to the findings of the study, the researchers had cause conclude that cooperative society's interventions through access to credit facilities, training, and advisory support services to operators of SMEs significantly have a positive relationship with SMEs performance. The recommends that government should encourage human face regulatory frameworks to boost cooperative financial and non-financial services, and also urged small business owners to join cooperative, and take active part in cooperative training and other activities.

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