INSTITUTIONAL FACTORS OF WOMEN FARMER COOPERATIVES AND THEIR INFLUENCE ON ACCESS TO LOAN FROM MICROFINANCE BANKS IN SOUTHWEST NIGERIA

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Abstract
This study investigates the institutional factors influencing women farmer cooperatives' access to loans from microfinance banks in Southwest Nigeria. The specific objectives are to examine disparities between loan requests and actual access, evaluate the influence of organizational capacity, and assess the effect of safety-related qualities on loan approval. A descriptive and quantitative research design was employed, using a structured questionnaire and interview schedule to collect primary data from cooperative members in Lagos, Oyo, and Ogun States. A sample size of 370 respondents was determined using Taro Yamane's formula. Data were analyzed using descriptive and inferential statistical techniques. Findings reveal significant gaps between requested and approved loan amounts, with an average shortfall of 18.5%, indicating that cooperatives frequently receive less funding than needed. This shortfall is linked to microfinance banks' conservative lending practices, risk aversion, and strict eligibility criteria. Organizational capabilities—such as functional administrative structures, regular meetings, strategic planning, and effective conflict resolution—were found to significantly enhance loan access, reflected in a grand mean score of 4.73 on a 5-point Likert scale. Safety-related qualities, including membership size, credit experience, and collateral provision, also positively influenced loan approval, with a grand mean score of 4.70. The study recommends that cooperatives strengthen financial planning and risk management to mitigate funding gaps, while microfinance banks should balance risk considerations with the need to support agricultural development. Enhancing both organizational and safety qualities can improve cooperatives' creditworthiness and access to essential financial resources, thereby fostering growth within the agricultural sector.

Key words: *Women farmer cooperatives, Microfinance banks, Loan access, Organizational capacity, Safety qualities, Institutional factors, Agricultural finance, Creditworthiness, Cooperative development*

Introduction

Agriculture is paramount to the economic development of rural societies. To improve food security especially during the coronavirus disease 2019 (COVID-19) pandemic, women in agriculture have taken a centre stage in economic planning in most developing countries. To quicken the development of the sector, the integration of

women in the development process would go a long way to improve the sectorial contribution to productivity and food security. Women's contribution to rural agriculture is often swept under the carpet even though according to Basavaraj and Babus, (2018), women contribute about 43% of agricultural labour globally. This statistic varies across countries especially in Sub-Sahara Africa (SSA) where agriculture is more of a subsistent farming practice. Women are the key developmental actors.

Access to agricultural credit facilities is considered as one of the best and key elements in uplifting and raising agricultural productivity. Since women constitute the largest percentage of agricultural labour force, it is therefore imperative that they should be empowered and given access to needed credit facilities to aid their agricultural activities (Adeniyi, 2010). Studies in Nigeria have actually identified agricultural credit as an important component in the advancement of the agricultural sector (John and Osondu, 2015; Nchuchuwe and Adejuwon, 2012). Credit accessibility is the ease or difficulty of acquiring credit by borrowers for purpose such as to enhance business performance. This notwithstanding, the sources of funding for agriculture is however limited and in fact restrictive for smallholder and especially female farmers as agricultural credit constitute only 3.4 and 4.0% of the total credit released to the private sector in Nigeria in 2017 and 2018, respectively. For instance, the main source of funding smallholder female farmers is the families (Jack, 2013; FAO, 2012).

Statement of the Problem

Despite the government's implementation of various macroeconomic policies aimed at promoting the agricultural sector, such as credit-channeling financial policies, price-stabilizing monetary and exchange rate policies, and farm incentive-laden fiscal policies including tax exemptions and duty-free import of farm machinery, funding sources for agriculture remain limited and restrictive, especially for smallholder and female farmers. In 2017 and 2018, agricultural credit constituted only 3.4% and 4.0% of total private sector credit in Nigeria, respectively, with families being the main source of funding for smallholder female farmers. Informal financial institutions face limited outreach due to scarce loanable funds, and formal institutions providing loans are often inaccessible to rural farmers, compounded by inadequate information on formal agricultural credit sources. Loan accessibility and utilization are further influenced by farmers' socioeconomic characteristics, distance to banks, collateral requirements, insufficient loans, high interest rates, and communication challenges with bank officials. The complexity of agricultural productivity, characterized by diverse capital utilization, and the limitation of funds for small-scale farmers, who typically cultivate no more than two hectares of land, contribute to the decline in agriculture's economic contribution. Despite past efforts to provide microcredit through agricultural

development banks, microfinance banks, cooperatives, special lending schemes, and self-help groups, microcredit availability remains inadequate. Institutional factors, both internal and external, further hinder agricultural cooperative societies from accessing loans. This study aims to address the knowledge gap in this area, contributing to effective policy formulation.

Objectives

This research aims to explore the institutional factors of women farmer cooperatives and influences on access to loan from microfinance banks in Southwest Nigeria. The research therefore intends to achieve the following specific objectives:

1. to examine whether difference exist between loan request and access from microfinance banks by the women farmer cooperatives;
2. appraise the effect of the women farmer cooperatives organizational ability on access to loan from microfinance banks;
3. assess the effect of the women farmer cooperatives safety quality on access to loan from microfinance banks;

Hypotheses

H_{o1}: there is no significant difference between women farmer cooperatives loan request and access from microfinance banks in Southwest, Nigeria.

H_{o2}: there is no significant influence of women farmer cooperatives organizational ability on access to loan from microfinance banks in Southwest, Nigeria.

H_{o3}: there is no significant influence of women farmer cooperatives safety quality on access to loan from microfinance banks in Southwest, Nigeria.

Literature Review

The Concept of Cooperative and Participation

Conceptually, cooperative society is an association of people that pool their scare resources together with the aim of actualizing a particular purpose that was difficult to achieve alone. International Cooperative Alliance (ICA) (2010), defined cooperative as an autonomous association of persons unified voluntarily to meet their common needs through a jointly-owned and democratically controlled enterprise. It is a business enterprise that aims at complete identity of the component factors of ownership control and use of services (Nweze, 2012).

Concept of Loan

The term loan refers to money received from a friend, relative, cooperative, bank or financial institution in exchange for future repayment of the principal with interest. Credit is defined as such assistance given to farmers either in cash, kind or both for the purpose of agricultural production, the repayment of which the beneficiaries are

expected to make at a further date with or without an interest rate (Ettah et al. 2016).

Sources of Agriculture Loan Facilities in Nigeria

In Nigeria, the major sources of loan finance available to smallholder farmers are generally classified into three categories, namely formal, semi-formal, and informal sources. Formal sources are those established by law. They can be influenced by government policies and consist of agricultural and commercial banks, such as the Nigerian Agricultural Bank (NAB), the Nigerian Industrial Development Bank (NIDB), the state government owned credit institutions and micro finance institutions (MFIs), private and merchant banks, and finance houses. Microfinance can help to reduce vulnerability while at the same time contributing to agricultural growth in a number of ways (Deshingkar and Start, 2003). It can release existing funds for production purposes, or itself contribute directly to production, or mitigate the impact of shocks and stresses, either internal such as wedding or funerals, or external such as drought or flooding.

Institutional factors influencing cooperatives access to loan

Farm credit can be obtained from either the formal source which include the banks and other government owned institutions or the informal sources which are self-help groups, money lenders, cooperatives and Non-Government Organizations (NGO's). The informal source of credit is more popular among small scale farmers which may be to the relative ease in obtaining credit devoid of administrative delay, non-existence of security or collateral, flexibility built into re-payment which is against what is obtainable in the formal sector.

Leadership quality: Cooperative have difficulty in producing collateral that is acceptable to the lenders. This is because they either do not have the proper assets for use as collateral or lack skills and experience of how to manage and maintain their assets for borrowing needs. The leadership quality constitutes the educational level, experience, training exposure and leadership style. Agbo (2009) discovered that poor cooperative education and illiteracy has been one of the greatest hindrances to growth of cooperatives.

Access quality: Cooperatives in Nigeria faced obstacles to their access to finance because of complex and cumbersome processes in loan application, higher interest rate, their failure to obtain proper information, higher transaction costs, poor business plan, lack of ability to repay the loan and advice from financial institutions. The access quality constitutes the accumulated savings, equity or net worth, leadership worth and physical asset.

Conceptual Framework

The financial market has formal and informal segments. Informal intermediaries provide only credit facilities while formal ones provide savings, credit, and money transfer services. Within each of the markets, farmers need to make rational choices as to the amount of services they utilize. In the case of informal intermediaries that provide only credit facilities, farmers need to make a choice between using credit or not. Formal financial intermediaries provide savings, credit, and money transfer services; hence, the farmers have the option to make a choice between these services or a combination of them.

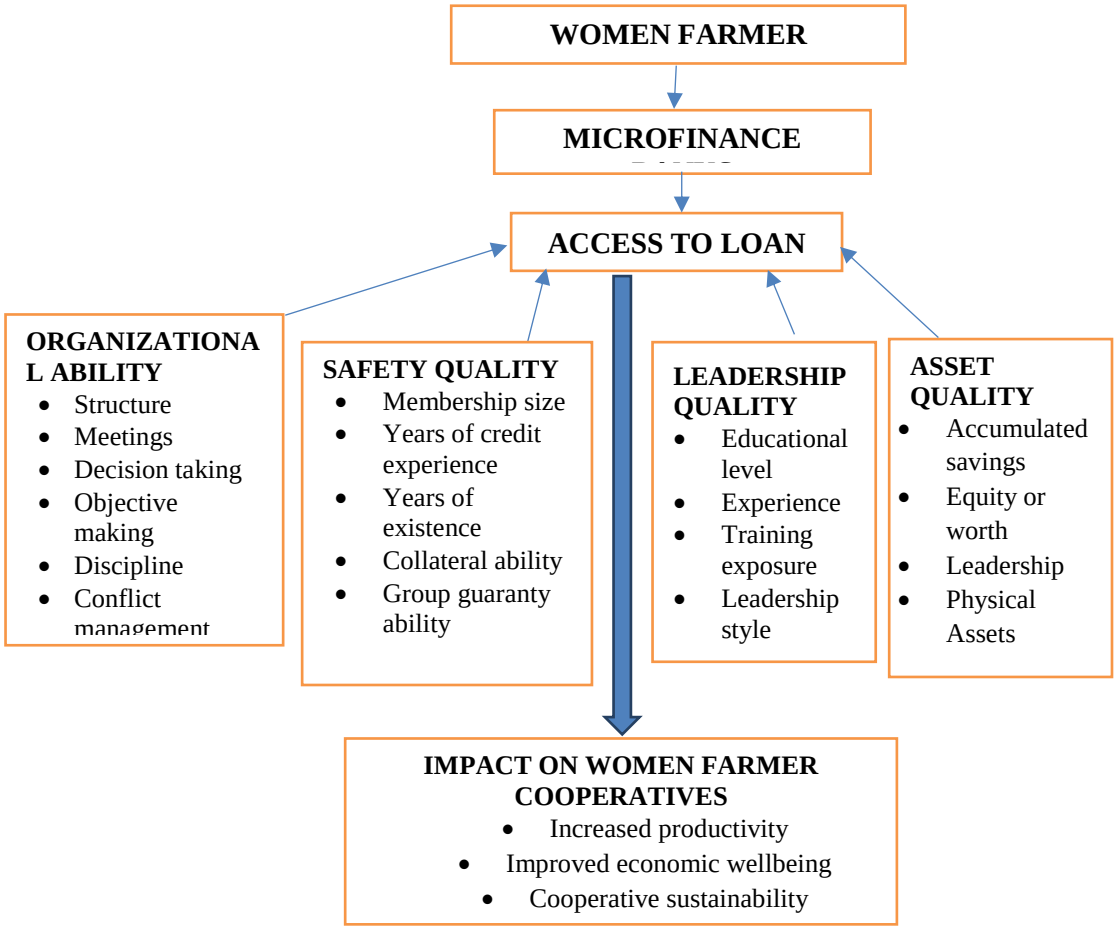

Figure 1: Conceptual framework on influence to women farmer cooperatives access to loan from Microfinance Bank (Source: Author, 2023)

Theoretical Framework for Access to Financial Services by cooperatives

Financial services access has two dimensions: demand and supply (Stijin, 2005). The demand side examines the choice made by individuals with regard to services provided by financial institutions, while the supply side relates to financial services provision or financial intermediation. Theories on access to financial services provide a general framework for demand for financial services (demand dimension of access) and financial intermediation (supply dimension of access to financial services) or, at least, for understanding these concepts of access to financial services.

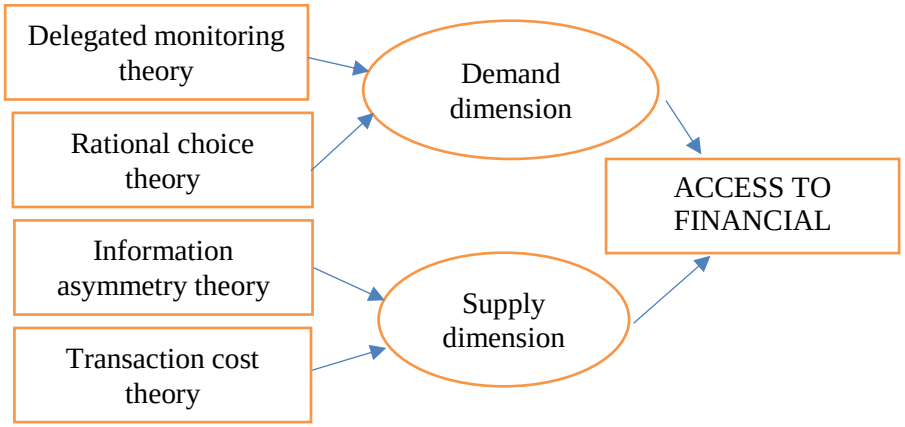

Figure 2. Four theories of access to financial services (Source: Author 2023 on information from Coase (1937), Diamond (1984), and Stijin (2005))

There are several theories that relate to decision making in the economic literature. These theories include rationality theory, bounded rationality theory, theory of satisficing, prospect theory, intertemporal theory, delegated monitoring theory, information asymmetry theory, and transaction cost theory (Scholtens & Wensveen, 2003). However, based on the theme of the current study, which deals with access to financial services by smallholder farmers in developing countries, the study concentrates on the four theories as presented in *Figure 2*.

The rational choice theory is propounded by neo-classical economists. The theory, generally, starts with the consideration of the choice behaviour of the individual farmers making the decision.

Gap in Knowledge

From the literature reviewed in this chapter, it is evident that extensive research has been done on the constraints to loan access by farmers from formal and informal financial institutions. However, no or little efforts have been focused on evaluating

women farmer cooperatives ability to access loans from microfinance banks in Nigeria. The current study sought to reflect new insight on the contribution of devolved governments in Nigeria by evaluating the institutional factors of women farmer cooperatives and their influence on access to loan from microfinance banks in Southwest Nigeria. Thus, a detailed understanding of these factors will provide necessary information towards designing a more effective and sustainable loan system that can serve resource poor farmers better.

Methodology

The research design of this study will be descriptive and quantitative in nature. This study will make use of Survey research which enables the use of questionnaire in extracting information from the respondents. The study will focus institutional factors affecting access to loan amongst women farmer cooperatives in southwest Nigeria This study will be carried out in the Southwestern part of Nigeria. Southwest Nigeria is a region of cultural, economic and historical significance within Nigeria. This area encompasses six states: Lagos, Ogun, Oyo, Osun, Ekiti and Ondo. On the global scale, This will consist of the maximum number of agricultural cooperatives societies members in southwest Nigeria. After conducting a preliminary survey, Information sourced from the All Farmers Association of Nigeria (AFAN), Ogun state Ministry of Cooperative and Oyo state Department of Agriculture, estimated the population to be Four Thousand, Seven Hundred and Twenty-Two (4722) individuals.

A multi-stage sampling procedure will be employed by the researcher for the selection of the study target respondents. In the first stage, three states (Lagos, Oyo and Ogun state) will be purposively selected because of their relative proximity and easy accessibility. The sample frame is gotten from the list of registered cooperative members within the three selected states. Taro Yamane sample size determination which is 370. Data for this study would be obtained from primary sources (members of the agricultural cooperative societies). The Primary data were derived using a structured questionnaire and interview schedule. The instrument for data collection will be subjected to Cronbach's Alpha reliability test. Data was collected through the use of questionnaire.

The study employed both descriptive and inferential statistics to analyse the objectives and hypotheses.

Objective (i) one which to examine whether difference exist between loan request and access from microfinance banks by the women farmer cooperatives, will be analysed using descriptive statistics such as mean, percentage and frequency.

Objective (ii) two which is to appraise the effect of the women farmer cooperatives organizational ability on access to loan from microfinance banks, will be analysed using descriptive statistics such as mean, percentage and frequency.

Objective (iii) three to assess the effect of the women farmer cooperatives safety quality on access to loan from microfinance banks, will be analysed using descriptive statistics such as mean, percentage and frequency.

Data Presentation

The Profile of Microfinance Bank (MFB)

The descriptive credit profile of the financial institutions under study is presented in Table 2

Table 2: Profile of Microfinance Bank (MFB)

MFB Status	Minimum (N)	Maximum (N)	Mean (N)	Std. Deviation
Current Capital	20,000,000.00	25,000,000,000.00	270,345,177.67	1,779,195,786.18
Current Deposit	100,000,000.00	6,000,000,000.00	49,893,593.75	433,644,395.03
Current Portfolio	340,000,000.00	16,824,555,749.00	185,562,019.13	1,604,289,313.37

Source: Field Survey, 2024.

Difference in Loan Request and Access from Microfinance Bank by Women Cooperative

The result of the difference in loan request and the amount granted by the Microfinance bank is presented in Table 3

Table 3: Difference in loan request and access from microfinance bank by women cooperative

Bank Customers	Frequency	Percent	Mean
1 - 10 Groups	159	80.7	
11 - 20 Groups	21	10.7	
21 - 30 Groups	1	0.5	9.52
31 - 40 Groups	1	0.5	
41 Groups and above	15	7.6	
Loan request			
N1,000,000 - N5,000,000	38	19.3	
N5,000,001 - N10,000,000	43	21.8	
N10,000,001 - N15,000,000	36	18.3	**11784264.4**
N15,000,001 N20,000,000	66	33.5	
N20,000,001 and above	14	7.1	
Loan granted			

N1,000,000 - N5,000,000	21	10.7	
N5,000,001 - N10,000,000	126	64	
N10,000,001 - N15,000,000	11	5.6	**9609137.57**
N15,000,001 - N20,000,000	13	6.6	
N20,000,001 and above	26	13.2	
Difference in mean	$\frac{11{,}784{,}264.40 - 9{,}609{,}137.57}{11{,}784{,}264.40} \times \frac{100}{1}$	18.5	

Source: Field Survey, 2024.

Bank Customers: The majority of the microfinance bank customers (80.7%) are small groups consisting of 1-10 members. This suggests that most loan requests come from smaller, possibly more manageable cooperative groups. Larger groups (41 and above) constitute only 7.6% of the customers. This distribution indicates a preference or a higher frequency of smaller cooperative groups interacting with microfinance banks. Microfinance banks may find it easier to manage and distribute loans to smaller groups due to lower risk and easier monitoring, but this could also limit the impact on larger agricultural projects that require more significant funding.

Loan Request vs. Loan Granted: The mean loan request is N11,784,264.40, while the mean loan granted is N9,609,137.57. This shows that the average loan amount granted is about 18.5% less than the amount requested. The majority of loans granted fall within the N5,000,001 to N10,000,000 range (64%), even though a significant number of requests were for amounts higher than this range.

The shortfall in the amount granted versus requested can hinder the ability of agricultural cooperatives to fully fund their planned activities. This can affect productivity, ability to purchase inputs, and overall agricultural output. Again, the reluctance or inability of microfinance banks to meet the full loan requests could be due to risk aversion, limited capital, or stringent lending criteria. This conservative approach can protect the financial stability of the banks but may limit their positive impact on agricultural development.

Difference in Mean: The 18.46% difference between the requested and granted loan amounts indicates a significant gap. This gap could be a reflection of cautious lending practices or a conservative assessment of the cooperatives' repayment capabilities by the banks.

This gap suggests that cooperatives often receive less funding than needed, which can compromise their operational plans and limit their growth potential. It emphasizes the

need for cooperatives to manage their expectations and possibly seek additional funding sources. Furthermore, Microfinance banks need to balance risk management with the need to support agricultural development. They could benefit from improved risk assessment tools or insurance schemes that allow them to lend more confidently.

Effect of Agricultural Cooperative Societies' Organizational Ability on Access to Loans from Microfinance Bank

The result of the effect of agricultural cooperative societies' organizational ability access to loans from microfinance banks is presented in Table 4.4

Table 4: Effect of agricultural cooperative societies' organizational ability on access to loans from microfinance Bank

Sn.	Organizational Factors	SA	A	SWA	I	SD	Total	Mean	Decision
1	Having a functional organizational structure (president, vice-president, secretary, treasurer, etc.)	905	32	0	0	8	945	4.80	Agree
2	Holding regular meetings involving members	695	232	0	0	0	927	4.71	Agree
3	Making binding decisions about the progress of the cooperative society	635	280	0	0	0	915	4.64	Agree
4	Having strategic plansfor the operation and growth of the cooperative society	885	72	6	0	0	963	4.89	Agree
5	Forming objectives to meet strategic plans of the cooperative society	625	288	0	0	0	913	4.63	Agree
6	Having and resolving conflicts when it occurs	625	288	0	0	0	913	4.63	Agree
7	Sanctioning and disciplining members when the needarises	935	8	0	0	8	951	4.83	Agree
	Grand Mean							**4.73**	**Agree**

Source: Field Survey, 2024. Strongly agree (SA), Agree (A), Somewhat Agree (SWA), Disagree (D), and strongly disagree (SD)

The mean threshold from the 5-point Likert scale was used to capture and analyze the result. A decision was reached at 3.0, variable with a mean score below 3.0 was said to disagree with the objective statement, while those scoring from 3.0 and above were said to agree with the objective statement. All seven organizational factors scored above 3.0 on a 5-point Likert scale, indicating agreement with the objective statement that organizational ability impacts access to loans.

The grand mean score of 4.73 strongly supports this conclusion. However,

a. Having a functional organizational structure scored 4.80 meaning that the presence of a clear organizational structure with defined roles (president, vice-president, secretary, treasurer, etc.) is crucial for the effective functioning of agricultural cooperatives. It ensures accountability and efficient management. Again, a well-structured organization instils confidence in microfinance banks, making them more likely to extend loans. It indicates that the cooperative can manage funds responsibly and achieve its objectives.
b. Holding regular meetings involving members scored 4.71. Regular meetings promote active member participation, transparency, and collective decision-making, which are essential for the cooperative's cohesion and strategic direction. Clear roles and regular meetings ensure efficient management and accountability, which are crucial for successful agricultural operations and for gaining the trust of financial institutions.
c. Making binding decisions about the progress of the cooperative society scored 4.64 indicating that making and adhering to binding decisions ensures that the cooperative can pursue its goals consistently and effectively, which enhances its stability and credibility.
d. Having strategic plans for the operation and growth of the cooperative society scored 4.89. However, strategic planning is vital for the long-term sustainability and growth of the cooperative. It helps in setting clear goals, resource allocation, and performance tracking. Equally, strategic plans and clear objectives signal to lenders that the cooperative is forward-thinking and goal-oriented, which can enhance its creditworthiness. Effective strategic planning supports sustainable growth, which is attractive to lenders looking for reliable borrowers.
e. Forming objectives to meet strategic plans of the cooperative society scored 4.63. Clearly defined objectives aligned with strategic plans and ensure that all activities are goal-oriented and contribute to the cooperative's mission.
f. Having and resolving conflicts when they occur scored 4.63 suggesting that effective conflict resolution mechanisms are necessary to maintain harmony and cooperation among members, which is essential for the cooperative's smooth operation. Effective conflict resolution and discipline ensure operational stability and continuity, reducing the risk for lenders.
g. Sanctioning and disciplining members when the need arises scored 4.83 meaning

that implementing sanctions and discipline, when necessary, ensures that members adhere to rules and standards, which maintains order and accountability within the cooperative. These mechanisms demonstrate that the cooperative can maintain member commitment and order, which is essential for achieving financial and operational goals.

Effect of Agricultural Cooperative Societies Safety Quality on Access to Loans from MFB

The result of the effect of agricultural cooperative societies' organizational safety quality on access to loans from microfinance banks is presented in Table 4.5.

Table 5: Effect of Agricultural cooperative societies' safety quality on access to loan from MFB

Sn.	Safety Factors	SA	A	SWA	D	SD	Total	Mean	Decision
1	Membership Size of the cooperative as a guarantee of loan repayment	735	200	0	0	0	935	4.75	Agree
2	Years of group credit experience	735	124	0	38	0	897	4.55	Agree
3	Years of existence as a cooperative society	835	112	0	0	2	949	4.82	Agree
4	Ability to provide useful collateral	640	240	0	0	9	889	4.51	Agree
5	joint guarantee by members of the cooperative	855	68	27	0	0	950	4.82	Agree
6	Enough savings of the cooperative to serve as counterpart funding	830	84	0	0	10	924	4.69	Agree
7	Enough savings of the cooperative to serve as savings-blocking or alternative collateral	735	200	0	0	0	935	4.75	Agree
	Grand Mean							**4.70**	**Agree**

Source: Field Survey, 2024. Strongly agree (SA), Agree (A), Somewhat Agree (SWA), Disagree (D), and strongly disagree (SD)

The mean threshold from the 5-point Likert scale was used to capture and analyze the result. A decision was reached at 3.0, variable with a mean score below 3.0 was said to disagree with the objective statement, while those scoring from 3.0 and above were said to agree with the objective statement. All seven safety factors scored above 3.0 on a 5-point Likert scale, indicating strong agreement that these factors affect the ability of

agricultural cooperatives to secure loans from microfinance banks.

The grand mean score of 4.70 further confirms the significance of these factors.

a. Membership Size of the cooperative as a guarantee of loan repayment scored 4.75 meaning that a larger membership size can provide a stronger guarantee for loan repayment. This indicates that microfinance banks see larger cooperatives as less risky due to the collective responsibility of members.
b. Years of group credit experience scored 4.55 suggesting that extensive group credit experience is crucial as it reflects the cooperative's track record in managing credit responsibly. Microfinance banks are more likely to lend to cooperatives with a proven history of successful credit management. Thus, factors like membership size, years of experience, and longevity contribute significantly to the credibility of agricultural cooperatives.
c. Years of existence as a cooperative society scored 4.82 indicating that the longer a cooperative has been in existence, the more stable and reliable it appears to lenders. Longevity demonstrates resilience and operational stability, making such cooperatives more attractive to microfinance banks. These three factors above assure microfinance banks of the cooperative's stability and reliability, making them more willing to extend loans.
d. Ability to provide useful collateral 4.51 meaning that the capacity to provide collateral significantly enhances the cooperative's creditworthiness. Collateral reduces the lender's risk, thereby increasing the likelihood of loan approval.
e. Joint guarantee by members of the cooperative 4.82 implies that a joint guarantee by cooperative members strengthens the cooperative's loan application. This collective assurance signifies mutual responsibility and reduces the risk for the microfinance bank.
f. Enough savings of the cooperative to serve as counterpart funding 4.69 argued that adequate savings within the cooperative serve as a financial cushion and a sign of financial health. This is reassuring to lenders as it indicates that the cooperative can meet funding requirements and manage unexpected financial needs.
g. Enough savings of the cooperative to serve as savings-blocking or alternative collateral 4.75 indicates that savings that can be blocked or used as alternative collateral provide additional security for the lender. This reduces the perceived risk and increases the likelihood of loan approval. The ability to provide collateral, joint guarantees, and substantial savings mitigates the risk for microfinance banks. These safety nets ensure that the banks have multiple layers of security in case of default, which encourages them to lend more readily.

Furthermore, the cooperative's organizational safety quality ensures operational stability, which is critical for sustainable agricultural practices. Access to credit allows

cooperatives to invest in better technologies, inputs, and infrastructure, thereby boosting agricultural productivity. Lastly, with enhanced access to loans, cooperatives can improve their financial health and support growth. This enables them to scale their operations, improve yields, and contribute more significantly to the agricultural sector.

Test of Hypotheses

Significant difference between Agricultural Cooperative Society loan request and access

The result of the significant difference in loan requests and granted is presented in Table 8

Table 6: Significant difference between agricultural cooperative society loan request and access

z-Test: Two Sample for Means		
	Loan request	**Loan access**
Mean	11784264.4	9609137.57
Known Variance	2.60934E+13	2.3075E+13
Observations	197	197
Hypothesized Mean Difference	0	
Z – value	4.87***	
z Critical two-tail	1.960	

Source: Field Survey, 2024. Significant @ 1% (***)

The z-test results indicate a Z-value of 4.87, which is significantly higher than the critical value of 1.96 for a two-tailed test at the 1% significance level. Since the Z-value exceeds the critical value, the researcher rejected the null hypothesis. The implication is that there is a significant difference between the amounts of loans requested and the amounts of loans granted to agricultural cooperative societies in the study area. The mean loan requested (N11,784,264.4) is significantly higher than the mean loan access (N9,609,137.57). The significant difference suggested a substantial gap between the financial needs of agricultural cooperatives and the credit they received. This disparity indicates that cooperatives are often underfunded relative to their requests.

Equally, this insufficient funding can hinder the operations of cooperatives, limiting their ability to invest in necessary resources, technology, and improvements that could boost agricultural productivity and efficiency. Adversely, cooperatives may struggle to implement large-scale projects or adopt innovative agricultural practices due to the shortfall in available credit. This can lead to stagnation in growth and development within the sector. Furthermore, limited access to adequate funds can impede efforts to enhance productivity and ensure sustainable agricultural practices. This affects overall

output and the long-term viability of the sector.
Lastly, the significant difference might reflect microfinance banks' cautious approach in lending to agricultural cooperatives. Concerns about the cooperatives' ability to repay loans might result in more conservative lending practices.

Significant influence of Agricultural Cooperative Society organizational abilities on access to loan from MFB

The result of the significant influence of agricultural cooperative society organizational abilities on access to loans from microfinance banks is presented in Table 9.

Table 7: Significant influence of agricultural cooperative society organizational abilities on access to loan from MFB

Covariates	**Coefficient (B)**	**Std. Error**	**Beta**	**t-stat.**
(Constant)	-2.144	0.711		-3.02
Structure	2.000	0.351	2.694	5.70***
Meetings	1.964	0.371	1.496	5.30***
Decision making	1.000	0.454	0.800	2.20**
Strategic Plan	-1.000	0.112	-0.578	-8.92***
Objective making	1.036	0.098	0.834	10.52***
Discipline	-2.964	0.798	-2.386	-3.71***
Conflict management	1.000	0.272	1.327	3.68***
F-statistics	68.849***			
R-square	0.718			
Adjusted R-square	0.708			
Observation	197			

Source: Field Survey, 2024. Significant @ 5% (**), and 1% (***)

The high F-statistic (68.849)*** significant at the 1% level probability indicates that the model is statistically significant. Again, at least, one of the variables included in the model influenced access to credit from MFBs. An R-square of 0.718 and an adjusted R-square of 0.708 suggest that approximately 71.8% of the variance in access to loans from microfinance banks can be explained by the organizational abilities of agricultural cooperative societies.

The coefficient of Structure ($\beta = 2.00$) was positive and significant at a 1% level of probability, this implied that an increase in the well-structured organization included in the study will increase access to loans by an exponential value of 2.694 units. A well-defined organizational structure significantly enhances loan access, indicating that

microfinance banks prefer cooperatives with clear leadership and roles. Notably, farmers in well-organized cooperatives are more likely to receive adequate funding for their agricultural activities. This can enable them to invest in better inputs, technologies, and practices, thereby increasing yields and profitability. The coefficient of Meetings ($\beta = 1.964$) was positive and significant at a 1% level of probability,

This implied a unit increase in the number of meetings held by cooperatives would increase their access to credit by 1.496 units. Regular meetings indicate active engagement and effective communication within the cooperative, which is favourable for loan approval. The coefficient of Decision Making ($\beta = 1.000$) was positive and significant at a 5% level of probability, this implied that an increase in cooperative decision-making ability will increase access to credit from MFB by 0.800 units. Effective decision-making processes are crucial for cooperatives to function efficiently and meet their financial obligations. The coefficient of Strategic Plan ($\beta = 1.000$) was negative and significant at a 1% level of probability, this implied that an increase in the number of cooperative societies that have no strategic plan will reduce loan access from MFBs by an exponential value of 0.578 units. Surprisingly, the negative relationship between strategic plans and loan access from MFBs is an indication that over-ambitious or unrealistic plans might deter lenders. Again, while strategic planning is crucial, cooperatives need to ensure that their plans are realistic and achievable. Overly ambitious plans may backfire, reducing lenders' confidence. The coefficient of Objective Making ($\beta = 1.036$) was positive and significant at a 10% level of probability. The indication is that a unit increase in the number of cooperative societies that are involved with objective making will increase access to loans by an exponential value of 0.834 units.Setting clear objectives aligns the cooperative's efforts with its strategic goals, enhancing credibility and trustworthiness in the eyes of lenders. The coefficient of Discipline ($\beta = 2.964$) was negative and significant at a 1% level of probability, this implied that an increase in the number of cooperative societies included in the model that are not disciplined will reduce access to loans from MFBs by an exponential value of 2.386 units. Strict disciplinary measures might be perceived as indicative of internal conflicts or instability, which could be a red flag for lenders.

The coefficient of Conflict Management ($\beta = 1.000$) was positive and significant at a 1% level of probability, this implied that a unit increase in cooperative conflict management will increase loan access from MFBs by an exponential value of 0.272 units. Effective conflict management reassures lenders that the cooperative can handle disputes internally without disrupting operations. Furthermore, effective structures, regular meetings, and sound decision-making processes contribute to smoother operations and better financial management. This not only enhances the cooperative's performance but also its appeal to lenders.

Significant influence of Agricultural Cooperative Society safety qualities on access to loans from MFB

The result of the significant Influence of Agricultural Cooperative Society Safety Qualities on Access to Loans from Microfinance Banks is presented in Table 10.

Table 8: Significant influence of agricultural cooperative society safety qualities on access to loan from MFB

Covariates	Coefficient (B)	Std. Error	Beta	t-stat.
(Constant)	11.6	1.496		7.75
Membership size	-0.528	0.187	-0.231	-2.82**
Years of credit experience	0.796	0.058	0.727	13.67***
Years of existence	-0.399	0.231	-0.14	-1.73
Collateral ability	0.12	0.136	0.108	0.89
Group guaranty ability	-0.323	0.279	-0.158	-1.16
F-statistics	42.93			
R-square	0.532			
Adjusted R-square	0.519			
Observation	197			

Source: Field Survey, 2024. Significant @ 5% (**), and 1% (***)

The F-statistic of 42.93 significant at a 1% level of probability indicates that the model is statistically significant. An R-square of 0.532 and an adjusted R-square of 0.519 suggest that approximately 53.2% of the variance in access to loans from microfinance banks can be explained by the safety qualities of agricultural cooperative societies.

The coefficient of Membership Size ($\beta = 0.528$) was negative and significant at a 5% level of probability, this implied that a unit increase in membership size of the cooperative association as a safety quality will reduce access to loans from MFB by an exponential value of 0.231 units. Larger membership sizes might be perceived as a risk due to potential management difficulties and internal conflicts, making lenders wary. While larger cooperatives might have more resources, the negative impact on loan access suggests that managing a large group can be challenging and potentially risky for lenders. Cooperative societies should focus on optimizing member engagement and management.

The coefficient of Years of Credit Experience ($\beta = 0.796$) was positive and significant at a 1% level of probability, this implied that a unit increase in years of credit experience by the cooperative leaders will increase access to loans from MFBs by an exponential value of 0.727 units. Extensive credit experience reassures lenders of the cooperative's ability to manage loans effectively, thus increasing loan access. Furthermore, credit

experience is crucial for securing loans. Cooperatives with a proven track record of handling credit efficiently are more likely to gain lender confidence. This emphasizes the need for cooperatives to build and maintain a strong credit history.

The analysis highlights the significant influence of certain organizational safety qualities on access to loans from microfinance banks. For the agricultural sector, understanding these dynamics is crucial for enhancing credit access. Cooperatives should focus on improving credit management experience, maintaining manageable membership sizes, and potentially enhancing their collateral offerings. By addressing these key factors, agricultural cooperatives can better position themselves to secure necessary financial support, thereby facilitating growth and development in the agricultural sector.

Summary of Findings

The main goal of the study was to investigate the institutional factors of agricultural cooperative societies and their influence on access to loans from microfinance banks in Southwest Nigeria. Data was collected from a random sample of 389 respondents from the study area, categorized into 194 cooperative leaders and 195 representatives of microfinance banks (MFBs) in the study area. The analytical tools employed to achieve the specific objectives included descriptive statistics, mean threshold from a 5-point Likert scale, ordinary least squares regression analytical model, and other inferential statistics such as the Z-test. From the analysis, it was discovered that the average loan requested by the cooperators was N11,784,264.40, whereas the amount granted was N9,609,137.57, which is about 18.5% lower and statistically significant (z-value: 4.87) at a 1% level of probability. The fact that the amount granted is less than the amount requested indicates that farmers' investment in the agricultural sector will be affected.

From an econometric point of view, the study revealed that cooperative structure (t-stat.: 5.70), meetings (t-stat.: 5.30), decision-making (t-stat.: 2.20), objective setting (t-stat.: 10.52), and conflict management (t-stat.: 3.68) are the organizational abilities that positively influenced their ability to access loans or credit from the financial institutions. The R-square value of 0.718 indicates that the variables in the model explain 71.8% of the variance in this objective.

Equally, the study found that only years of credit experience by the cooperative leaders positively (t-stat.: 13.67) influenced the co-operators' access to credit from MFBs. The explanatory variables were found to explain 53.2% of the variance in the analysis. This result implies that financial institutions consider years of credit experience by the cooperative leaders as a good safety quality for loan access by the co-operators.

Conclusion and Recommendations

This study examined the institutional factors shaping agricultural cooperatives' access to microfinance loans in Southwest Nigeria. Results show that cooperative leaders mostly male, experienced, and married demonstrate attributes that enhance creditworthiness, yet cooperatives still receive significantly less than their requested loan amounts, limiting investment potential. Organizational abilities such as structured governance, regular meetings, effective decision-making, clear objectives, and conflict management strongly improved loan access. Leadership qualities including education, credit administration experience, and training, also played a significant role, as did asset-related factors like leadership integrity and cooperative physical assets. Strengthening these institutional attributes can enhance cooperatives' ability to secure adequate funding, while microfinance banks should integrate these insights into their lending strategies to better support agricultural development in the region.

Based on the findings of the study, the following recommendations are made:

1. Agricultural cooperatives need to strategize on resource allocation and possibly diversify their funding sources to mitigate the impact of receiving lower than requested loan amounts.
2. Improved financial planning and robust business plans could help cooperatives present stronger cases for full loan amounts, potentially reducing the gap between requested and granted funds.
3. Enhancing risk management frameworks could allow microfinance banks to approve higher loan amounts with confidence, thus better supporting agricultural projects.

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