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EFFECT OF INSECURITY ON THE PERFORMANCE OF COOPERATIVE THRIFT AND CREDIT SOCIETY (CTCS) MEMBERSHIP IN NNEWI NORTH LOCAL GOVERNMENT AREA, ANAMBRA STATE, NIGERIA

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ABSTRACT

This study investigated the effect of insecurity on the performance of Cooperative Thrift and Credit Society (CTCS) members in Nnewi North Local Government Area of Anambra State. The research was motivated by the need to provide empirical evidence on how insecurity influences cooperative activities, as most existing studies have focused on commercial banks while neglecting grassroots financial institutions like CTCS. The research specifically focused on the effect of insecurity on savings behavior of CTCS members, the effect of insecurity on investment decisions and the effect of insecurity on member participation in cooperative activities. The study was guided by the Perceived Risk Theory, which explains how threats and uncertainty influence financial decision-making and collective participation. A descriptive survey research design was adopted, and the study population consisted of 205 CTCS members in Nnewi North. Using Taro Yamane's formula, a sample was drawn, and structured questionnaires were distributed. Out of these, 160 were duly completed and returned for analysis. Descriptive statistics such as frequency counts, percentages, and mean were used to analyze demographic characteristics and members' perceptions, while Pearson Product Moment Correlation was employed to test the study hypotheses. The findings revealed that insecurity significantly affects cooperative performance. Strong positive correlations were found between insecurity and savings behavior ($r = 0.755$), investment decisions ($r = 0.722$), and members' participation ($r = 0.885$), all at a 0.00 level of significance. These results indicate that insecurity discourages consistent savings, reduces members' willingness to invest, and weakens active participation in cooperative activities. The study concludes that insecurity poses a serious threat to the financial and social sustainability of CTCS in Nnewi North. It recommends stronger risk management strategies, improved collaboration with security agencies such as the Nigeria Police Force, Nigeria Security and Civil Defence Corps, and local vigilante groups operating within Nnewi North communities, as well as confidence-building measures to sustain cooperative operations in insecure environments.

Keywords: Insecurity, Thrift and Savings, Cooperatives, Investment, Member participation

INTRODUCTION

Nigeria has in recent decades experienced escalating insecurity that has eroded economic stability, social cohesion, and institutional trust. Onunwa (2025) emphasized that from terrorism, armed banditry and kidnapping in the North to ritual killings, armed robbery, and politically motivated violence in the South, the nation faces widespread threats that undermine development. These insecurities have translated into declining investor confidence disrupted and restricted mobility livelihoods, all of which reduce the capacity of individuals and groups to engage in stable economic activities. James (2024) emphasized that insecurity creates a ripple effect in local communities, reducing productivity and weakening grassroots institutions that depend on trust and consistency. Within this context, the performance of credit and thrift cooperative members who rely on stability to mobilize resources and sustain collective efforts becomes particularly vulnerable.

In the Eastern part of Nigeria, insecurity has assumed troubling and distinct dimensions, including violent clashes, targeted attacks, frequent sit-at-home orders and threats to movement have disrupted trade, constrained business operations, and created an environment of fear that stifles productivity. These challenges paralyze markets, discourage social gatherings, and distort the functioning of cooperative societies that are central to economic life in the region. Taiwo and Ozoemena (2025) revealed that insecurity in the Southeast significantly weakens cooperative performance, as evidenced by reduced business transactions and a sharp decline in cooperative activities. This shows that insecurity does not only affect government institutions or large-scale enterprises, but also penetrates deeply into community-based organizations such as credit and thrift cooperatives, where the performance of members directly determines the sustainability of the societies.

Credit and thrift cooperatives, play a distinct role in addressing the financial needs of salaried workers and low-income earners. Their membership is often composed of staff and wage earners whose modest incomes limit their access to formal banking services. For these individuals, credit and thrift cooperatives provide an avenue for disciplined savings, affordable credit, and financial support in times of need. Through regular contributions, members are able to finance essential expenses such as rent, education, healthcare, and small-scale investments that improve household welfare (Okafor, Udemadu, Ifesinachi & Braimah 2025). Beyond their economic functions, credit and thrift cooperatives promote democratic participation, solidarity, and collective decision-making, which strengthen social cohesion and trust within communities. Akabogu, Umebali and Abbas (2024) observed, these cooperatives have become indispensable for workers and low-income earners who seek both financial empowerment and social support in an uncertain economic environment.

The effectiveness of these cooperatives, however, depends not only on institutional structures but more importantly on the performance of their members, which forms the dependent variable of

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this study. Member performance reflects the degree to which individuals fulfill their obligations and actively engage in cooperative activities that enhance both personal and collective welfare Tedi, Irman & Raden (2023). This performance is shaped by three key dimensions: savings behavior, investment decisions, and participation. Savings behavior is fundamental, as it provides the financial base from which cooperatives operate and extend services to members (Mrema & kinyondo, 2024). Investment decisions are equally crucial, since members are expected to deploy their resources or credit obtained from the cooperative into productive ventures such as trading, farming, education, or housing, thereby improving individual livelihoods and reinforcing cooperative stability (Olayemi 2020). Participation constitutes the third dimension, encompassing members' involvement in meetings, elections, and leadership responsibilities that foster accountability and democratic governance (Adegoke, Olajide & Ogiamien2023). Together, these three dimensions form the basis of member performance, underscoring the centrality of individual actions in sustaining the long-term relevance and survival of credit and thrift cooperatives.

Several field studies from neighbouring local government areas confirmed this erosion. In Awka South, Okafor, Udemadu and Ezeudu (2023) documented that insecurity, most notably from unidentified gunmen and enforced sit-at-home lockdowns disrupted cooperative marketing functions, input supply processes, and outreach services. This caused canceled meetings, plummeting member contributions, and unstable service delivery. A wider survey of agricultural cooperatives across Anambra State by Tasie, Ejiogu & Chimaobi (2024) confirmed that security challenges bear a significantly negative impact on cooperatives' turnout, liquidity and level of trust among members. These observations are consistent with Perceived Risk Theory, which posits that elevated perceptions of environmental risk lead individuals to disengage from financial or collective actions due to fear of loss or harm.

In Nnewi North widely recognized for its vibrant commercial activity and dense cooperative engagement, cooperative leaders report sharply declining attendance at meetings, erratic loan repayments, and inconsistent savings mobilization. In response to perceived insecurity, many members now rely on discreet informal financial mechanisms or hoard cash at home, preferring anonymity over participation in visible cooperative structures. This shift not only reflects a breakdown in trust and group solidarity but also signals a structural weakening of cooperative resilience in the face of persistent insecurity.

Despite the vital role of credit and thrift cooperatives in promoting financial inclusion and sustaining local economies, there remains a limited body of research focusing specifically on how insecurity shapes the performance of their members. Much of the existing scholarship emphasizes institutional outcomes or broader economic consequences, while the micro-level realities of members' savings behavior, investment decisions, and participation are often overlooked. This gap is particularly significant in semi-urban areas like Nnewi North, where cooperatives serve as the most dependable financial structures for workers and households. Against this backdrop, the present study investigates the effect of insecurity on credit and thrift cooperative members' performance in Nnewi North Local Government Area, focusing on savings behavior, investment decisions, and participation as key indicators

STATEMENT OF THE PROBLEM

Insecurity has become one of the most disturbing realities confronting Nigeria, steadily undermining economic stability and weakening the very fabric of community life. Peace & Akabike (2022) noted that the prevalence of armed robbery, terrorism, kidnapping and politically motivated violence has produced a climate of fear that constrains the productive capacity of households and institutions. In the South-East, recurrent disturbances such as sit-at-home orders, targeted attacks, and restrictions on movement have made social and economic activities increasingly uncertain. This insecurity has translated into severe livelihood losses, unstable income flows, and a lack of confidence in financial institutions that depend on trust and stability. As Peace & Akabike (2022) explained, insecurity erodes social confidence and weakens the foundations of grassroots development, while Taiwo and Ozoemena (2025) emphasized that these disruptions now constitute a direct barrier to cooperative survival in the region.

Credit and thrift cooperatives, which are designed to provide financial security and support for members through savings mobilization, collective participation credit access, and are particularly vulnerable in such an environment. Their survival depends not only on institutional strength but more importantly on the reliable performance of members in the form of consistent savings, rational investment choices, and active participation in governance. Insecure conditions distort these critical behaviors, placing cooperatives at the risk of functional collapse. Okafor, Udemmadu & Ezeudu (2023) noted that insecurity diminishes the willingness of cooperative members to commit resources or engage in group activities, thereby undermining the principle of mutual support that is the foundation of these societies.

Insecurity also undermines the investment decisions of cooperative members. Ordinarily, members are expected to invest their savings or credit from the cooperative into productive activities such as petty trading, agriculture, housing, or education. However, insecurity raises the level of perceived risk, discouraging long-term or growth-oriented investments. Fear of theft, destruction of property, or business failure compels members to divert resources into short-term survival strategies or defensive expenditures such as relocation and personal security. Nwankwo & Nkechukwu (2023) observed that insecurity heightens risk perceptions among individuals and reduces entrepreneurial engagement, while Anaba (2023) confirmed that members in insecure regions often abandon productive investments altogether. This shift results in limited wealth creation at the household level and reduces the collective financial strength of cooperatives.

Despite the magnitude of these challenges, there remains a significant gap in the literature on how insecurity specifically affects credit and thrift cooperative members' performance. Much of the existing research has examined institutional performance or macroeconomic impacts of insecurity, with limited focus on the behavioral dimensions of members' savings, investments, and participation. It is against this backdrop that the present study investigates the effect of insecurity on credit and thrift cooperative members' performance in Nnewi North Local Government Area. By focusing on the behavioral indicators of savings, investment, and participation, the study seeks to provide empirical evidence that will address the existing research gap while also generating practical insights for strengthening the resilience and sustainability of credit and thrift cooperatives operating in insecure environments.

1.3 OBJECTIVES OF THE STUDY

The broad objective of this study is to examine the effect of insecurity on the performance of members of credit and thrift cooperatives in Nnewi North Local Government Area, Anambra State.

THE SPECIFIC OBJECTIVES INCLUDES;

1. To assess the effect of insecurity on the savings behavior of members of credit and thrift cooperatives in Nnewi North Local Government Area.

2. To examine the effect of insecurity on investment decisions of members of credit and thrift cooperative in Nnewi North Local Government Area.

3. To evaluate the influence of insecurity on members participation in cooperative activities in Nnewi North Local Government Area.

1.5 HYPOTHESIS

Null Hypothesis (H_0): Insecurity does not significantly affect the savings behavior of members of credit and thrift cooperatives in Nnewi North Local Government Area.

Null Hypothesis (H_0): Insecurity does not significantly affect the investment decisions of members of credit and thrift cooperative in Nnewi North Local Government Area.

Null Hypothesis (H_0): Insecurity does not significantly influence members' participation in cooperative activities in Nnewi North Local Government Area.

Conceptual Review

2.1.1. Insecurity

Insecurity is broadly understood as a condition in which individuals, households, or communities are exposed to risks that threaten their safety, well-being, and freedom of movement. These threats may stem from criminal activities, political instability, armed conflict or systemic failures in law enforcement. According to James (2024), abduction for ransom has become the new money - making venture for kidnappers, having recorded an average of 13 persons abducted daily in Nigeria in the first half of 2021 and before 2024, a hundred abduction cases have been recorded by the police. This surge in abductions has instilled a pervasive sense of fear and uncertainty among populace with many feelings increasingly vulnerable to such threats. (Chinedu and Okoli, 2023) also added that insecurity involves both physical and psychological dimensions, making it not only a threat to life but also a barrier to economic planning and stability.

Various scholars have examined the drivers and effects of insecurity across different settings. (James 2024) noted that insecurity in Nigeria has evolved from local conflicts into large-scale crises involving terrorism, banditry, and organized crime. These violent disruptions have forced many individuals and communities to adopt survivalist strategies, often at the cost of economic participation and social cohesion. (Chukwu, 2021) emphasized that small-scale economic activities and informal financial systems are the most affected, as they lack the institutional buffers enjoyed by formal organizations. Similarly, (Osimen, Oladoyin and Uwa, 2024) noted that chronic insecurity contributes to regional underdevelopment by restricting movement, discouraging external investment, and weakening local enterprises.

Scholars have also linked insecurity with psychological and behavioral responses such as withdrawal, fear, and mistrust. (Okafor, Udemadu & Ezeudu2023) noted that activities of unknown gunmen adversely affect services such as marketing, input supply, and extension services. Ezeoha and Ugwu (2020) stress the economic impact of insecurity, showing that areas with high rates of violence experience low investor confidence and limited access to financial services. Anaba (2023) explained that individuals exposed to frequent threats or violence tend to minimize risks by limiting financial commitments or relocating to safer environments. This view is supported by (Okafor, Udemmadu & Ezeudu. 2023), who observed that many households in high-risk areas avoid banking, borrowing, or group savings because of the uncertainty surrounding personal and financial safety. These behavioral patterns significantly affect social structures that depend on stability, trust, and regular interaction such as credit and thrift cooperatives.

In the context of community-based financial institutions like credit and thrift cooperatives, insecurity has serious implications. As noted by Umeh (2022), cooperatives thrive on collective trust, shared responsibility and regular contribution of which are disrupted by hostile environments. When members perceive danger or anticipate financial loss due to instability, they become less likely to attend meetings, make savings, or invest in cooperative projects. Okezie (2021) argued that insecurity discourages long-term financial commitments and increases default rates among cooperative borrowers. Moreover, (Okafor, Udemmadu & Ezeudu. 2023) confirmed that cooperatives operating in high-risk zones often suffer reduced membership participation and strained leadership.

This relationship between insecurity and cooperative performance forms the foundation of this study. The research explores how insecurity influences key aspects of member behavior, including savings, investment decisions, and participation levels in credit and thrift cooperatives within Nnewi North. As (Chukwu, 2021) rightly noted, when insecurity becomes widespread, the informal financial sector is often the first to collapse due to its dependence on face-to-face interaction and community cooperation.

2.1.2. Credit and Thrift Cooperatives

Credit and thrift cooperative societies are financial self-help groups formed by members who contribute savings regularly and can access loans at relatively low interest rates. These societies operate based on democratic control, mutual assistance, and voluntary membership. According to (Ogbonna and Kaine, 2023), they are community-based organizations that mobilize savings and provide credit facilities to members, fostering financial inclusion, especially among low-income earners. These cooperatives are distinct from formal banking institutions due to their member-driven nature and focus on socio-economic upliftment. (Afolabi and Ogundipe, 2023) defined them as member-owned institutions established to meet the financial needs of their members, particularly in rural and semi-urban communities, often neglected by commercial banks. The primary objectives of credit and thrift cooperatives include encouraging regular savings habits, providing accessible credit facilities, and fostering economic self-reliance among members. Credit and thrift cooperatives can also be seen as a member-owned financial institutions established to provide savings, credit, and financial support services to individuals with common interests or backgrounds. Unlike commercial banks, these cooperatives operate on democratic principles, prioritizing service over profit. Nwafor and Oranusi, (2023) asserted that members pool resources to meet both personal and collective financial needs, often in the form of loans, emergency funds, and income-generating investments. Afolabi and Ogundipe (2023) confirmed that this cooperative model encourages financial inclusion, social cohesion, and grassroots development, particularly among low- and middle-income earners.

These cooperatives have played a vital role in providing financial services to those underserved by formal financial institutions. According to Okafor, Okonkwo and Chinenye, 2023), credit and thrift cooperatives have helped reduce poverty and increase economic stability by granting accessible loans and encouraging savings culture among their members. They also serve as platforms for capacity building, social security and business development. Afolabi and Ogundipe (2023) argued that cooperatives are essential for promoting local entrepreneurship and reducing reliance on exploitative lending systems, especially in rural and semi-urban areas. Membership in these cooperatives comes with both responsibilities and benefits. Active members contribute savings regularly, attend meetings, take part in decision-making, and access credit facilities under agreed terms. As noted by Nwafor and Oranusi, (2023), cooperatives function best when there is trust, transparency, and collective commitment. A healthy credit and thrift cooperative is characterized by consistent savings behavior, productive investment activities, and high levels of member participation. These three performance indicators are central to understanding how well a cooperative is meeting its objectives.

However, the performance of credit and thrift cooperatives is not immune to external challenges. One of the most pressing issues facing these institutions today is the growing threat of insecurity. As (Taiwo and Ozoemena, 2025) pointed out, the presence of criminal activity, communal conflict, and political instability significantly hinders the operations of grassroots cooperatives. Members may be unable or unwilling to attend meetings, make savings contributions, or invest through the cooperative due to fear of violence or economic uncertainty. This weakens the cooperative's financial base and reduces its ability to offer credit services or manage loan recovery effectively.

Insecurity also affects leadership dynamics and the cooperative's ability to monitor and support its members. (Ekwochi & Nwodo 2021) emphasized that in insecure environments, cooperative executives find it difficult to enforce rules, supervise projects, or organize training sessions. This leads to reduced efficiency, lower morale, and limited member engagement. Over time, such challenges erode the credibility of the cooperative and discourage new membership, particularly among vulnerable groups like women and youth (Taiwo and Ozoemena, 2025).

Moreover, the capacity of cooperatives to stimulate savings and investment is largely dependent on environmental stability. Where there is no assurance of safety, members are less likely to commit funds for future use. According to Attah, Chilokwu, Lebechukwu & Ezeude (2024), cooperatives thrive in peaceful environments where economic activities are predictable and members feel protected. In contrast, persistent insecurity compels members to prioritize short-term needs, hoard cash, or divert funds to safety measures instead of long-term investments or savings. This pattern directly undermines the sustainability of the cooperative system.

Overall, credit and thrift cooperatives remain indispensable to grassroots development. However, their success depends significantly on a secure operating environment where members can interact freely, make long-term plans, and uphold their obligations without fear.

2.1.3. Savings Behavior

Savings behavior refers to the actions individuals or households take to allocate part of their current income for future use, either by setting aside funds for emergencies, investment opportunities, or other financial goals. It involves not only the act of saving but also the underlying decision-making process influenced by income levels, financial goals, future expectations, and individual preferences (Walter, 2020). According to Lusardi & Mitchell (2020), savings behavior is a fundamental aspect of financial planning that helps individuals manage risks and uncertainties while ensuring future financial security. In cooperative settings, such as credit and thrift cooperatives, members are encouraged to save through structured contributions, which are often pooled for the benefit of the group, creating a collective financial strength (Madu 2021).

Numerous studies have identified key factors that influence savings behavior. For instance, (Nwafor & Umebali 2025) found that income level and job stability are significant predictors of an individual's ability to save. Members with more stable and higher income are generally more inclined to participate in savings schemes and contribute consistently. Moreover, financial literacy according to Olumide, Adeleke & Ugochukwu 2025) has been shown to affect the propensity to save; individuals who understand the importance of savings and financial management are more likely to engage in regular saving activities. Social and psychological factors also play an important role. Madu (2021) highlights that individuals who belong to organized groups, such as

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cooperatives, tend to save more due to the group's accountability mechanisms, social pressure, and the promise of collective benefits.

In credit and thrift cooperatives, the savings behavior of members is structured around regular contributions, often enforced by the cooperative's rules. This system encourages individuals to save for both personal and group benefits. Madu (2021) noted that such structures provide a sense of security and shared responsibility, as members are more likely to contribute regularly when they know they will eventually benefit from the funds, either through dividends, loans, or emergency assistance. This collective financial discipline, often in the form of fixed monthly contributions, ensures that the cooperative remains financially viable and can offer services to its members in times of need (Ajayi, 2022).

Despite the structured systems in place, various challenges can affect savings behavior within cooperatives. These challenges include low-income levels, lack of trust in the cooperative system, and external factors such as political instability, economic volatility, and the availability of alternative financial products (Ayanlere, 2022). Additionally, many individuals, especially those in low-income brackets, find it difficult to commit to saving regularly due to pressing immediate needs. According to Oyebode (2023), the difficulty of saving is exacerbated when individuals feel that their financial future is uncertain or when they perceive that their contributions may not yield sufficient returns.

The relationship between savings behavior and insecurity is particularly important in the context of Nnewi North Local Government Area. In areas where insecurity disrupts daily life, individuals often become less inclined to save, redirecting their resources toward immediate consumption or short-term safety. As noted by (Ayanlere, 2022), in regions experiencing frequent insecurity, people may prioritize saving in ways that focus on tangible, short-term needs (such as food, transport, or home security) rather than long-term savings through formal channels like cooperatives. This shift in behavior disrupts the regularity of contributions, weakens the cooperative's financial strength, and reduces members' ability to access loans or dividends, ultimately affecting the cooperative's performance and stability.

2.1.4: Investment Decisions

Investment decisions refer to the choices individuals or groups make regarding the allocation of their financial resources into assets, ventures, or savings with the expectation of future returns. These decisions are influenced by factors such as perceived risks, expected returns, income level, access to information, and the socio-political environment. As noted by Corporate Finance Insights (2024), investment decisions are at the core of economic advancement as they determine both personal financial growth and community development. Olayemi (2020) also emphasized that investment behavior reflects an individual's confidence in the environment and the stability of future outcomes.

In developing economies, investment decisions are often constrained by structural limitations such as limited access to credit, poor infrastructure, and macroeconomic instability. As noted by Taiwo & Ozoemena (2025), individuals tend to be cautious in their financial commitments when operating in unpredictable environments. This is especially true for members of grassroots financial institutions like credit and thrift cooperatives, where investment often takes the form of business expansion, property acquisition, or long-term savings. In such informal financial settings, trust, community support, and perceived safety are critical motivators of investment behavior (Anaba, 2023).

The role of perceived risk in investment decisions has been explored extensively in financial behavior literature. Nwankwor and Nkechukwu (2023) explained that individuals evaluate both the benefits and possible threats before committing funds to any venture. When external conditions appear unstable due to insecurity, poor governance, or rising violence investment tends to decline. They also found that people are less willing to invest in long-term ventures in environments where conflict or crime is prevalent, as they prioritize liquidity and short-term security over long-term gains. This behavior is even more visible in rural and semi-urban communities where people rely on informal associations for financial support.

Credit and thrift cooperatives serve as platforms for both saving and investment among middle- and low-income earners. As argued by Yusuf (2022), these cooperatives encourage members to invest in personal projects, cooperative shares, or small-scale businesses. However, the quality of investment decisions made by members is significantly influenced by environmental stability. (Anaba 2023) stated that in areas prone to insecurity, members of cooperatives often withdraw from new ventures or reduce their financial exposure, fearing loss of capital or business disruption. This not only affects individual prosperity but also limits the financial growth of the cooperative itself.

The presence of insecurity in any locality introduces a layer of uncertainty that discourages productive financial decisions. In the context of this study, many cooperative members in Nnewi North may hesitate to make significant investments such as borrowing for a business, contributing to a long-term fund, or acquiring fixed assets due to the risks associated with instability. As noted by Gracia& Cao (2023), individuals in insecure environments often make defensive financial choices, focusing more on basic survival than wealth accumulation. This aligns with the broader findings of (Nwankwor & Nkechukwu, 2023), who stated that high-risk perception lowers willingness to invest, especially in areas where security of life and property cannot be guaranteed.

Overall, investment decisions are not made in isolation they are heavily shaped by the environment in which individuals live and work. Within credit and thrift cooperatives, where trust, confidence, and shared responsibility are foundational, insecurity poses a major challenge to informed and sustained investment behavior (Gracia & Cao, 2023).

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2.1.5: Member Participation

Member participation refers to the active involvement of individuals in the affairs, operations, and decision-making processes of a group or organization. In the context of credit and thrift cooperatives, it includes attending meetings, contributing savings regularly, accessing loans, engaging in cooperative investments, and playing leadership roles. Participation is widely regarded as the backbone of cooperative success, as it reflects both trust in the institution and commitment to collective development (Okorie, 2021). The more active the members are, the stronger and more sustainable the cooperative becomes.

A number of researchers have emphasized the importance of participation in building social capital and financial resilience. According to Olalekan (2022), cooperative institutions are designed to thrive on mutual engagement and collective responsibility. When members participate fully, transparency is enhanced, financial goals are met, and trust is reinforced. (Adegoke, Olajide & Ogiamien, 2023) also noted that member participation is often a reflection of members' satisfaction with the cooperative's leadership, service delivery, and financial benefits. High participation rates encourage knowledge sharing, peer support, and long-term planning.

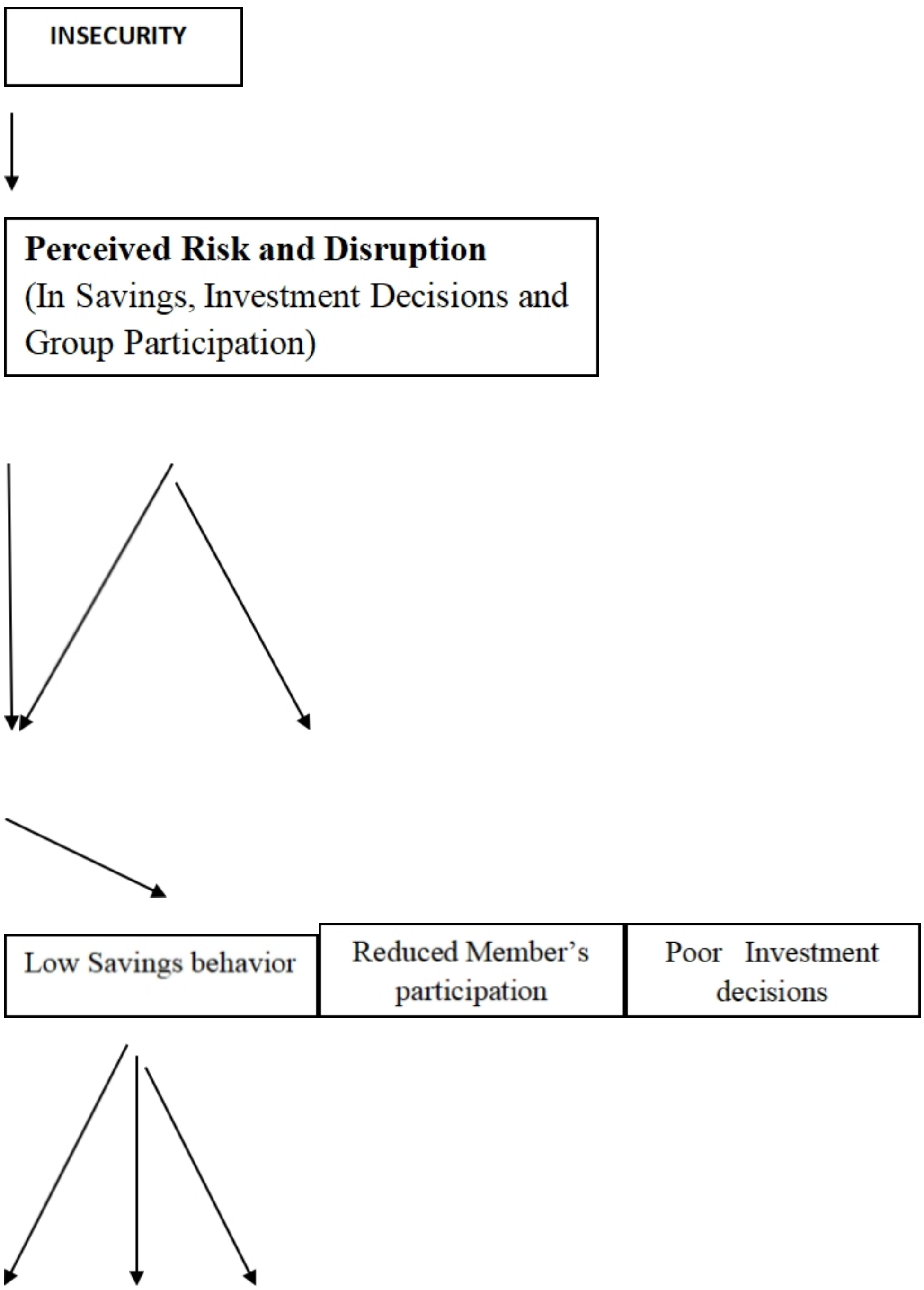
However, participation levels are not always stable. They are influenced by several external and internal factors. These include the members' economic situation, institutional trust, leadership structure and environmental safety. Byung (2020) argued that when people feel safe and secure, they are more likely to attend meetings, make regular contributions, and take up cooperative loans. Conversely, insecurity limits the freedom and willingness of members to actively engage in cooperative activities. As emphasized by James (2020), fear of violence, harassment discourages movement, crime, reduces interpersonal interaction, and gradually weakens organizational ties.

In regions affected by instability, cooperatives may experience declining participation even among long-standing members. Security threats can often result in absenteeism, low savings, late repayments and disinterest in leadership positions within cooperatives. These disruptions undermine the effectiveness of the group and increase the burden on cooperative leaders to maintain momentum. Nicola Banks and colleagues (2023) observed that women and youth members are often the most affected, as they are more likely to withdraw from community organizations during periods of heightened insecurity.

Member participation is also linked to perceived benefits and safety. According to Byung (2020), when people are uncertain about their safety or the stability of the cooperative, their level of commitment reduces. This pattern is particularly relevant in areas like Nnewi North, where insecurity has been reported to affect routine economic and social activities. Cooperative members in such areas may avoid meetings, limit their financial exposure, or even resign membership entirely due to safety concerns.

The strength of a cooperative is directly tied to how active and consistent its members are. According to Adan (2024), without strong member participation, cooperatives risk becoming inactive or dysfunctional. Insecure environments exacerbate this risk by creating fear, disrupting communication, and weakening member morale. Thus, understanding the link between insecurity and member participation is essential for evaluating the performance and sustainability of credit and thrift cooperatives operating in volatile areas.

2.2. CONCEPTUAL FRAMEWORK



Performance of Credit and Thrift Cooperative Members

Table 2.2: Effect of Insecurity on the Performance of Credit and Thrift Cooperative Members in Nnewi North Local Government Area

This conceptual framework illustrates the pathways through which insecurity affects the performance of credit and thrift cooperative members in Nnewi North Local Government Area. Rooted in the Perceived Risk Theory, the framework explains that individuals' actions are influenced not only by actual threats but by their perception of potential danger, loss, or disruption.

At the core of the model is insecurity, which includes the prevalence or fear of armed robbery, kidnapping, communal clashes, or civil unrest. While these events may not always occur directly within cooperative spaces, the perception of insecurity has a powerful psychological effect on members. It creates a heightened sense of vulnerability, leading them to alter their economic and social behavior in ways that reduce their engagement with cooperative institutions.

The framework introduces a mediating construct titled "Perceived Risk and Disruption", which captures the emotional and cognitive response of cooperative members to insecurity. This perception drives a range of cautious or avoidant behaviors that directly impact cooperative performance.

Specifically, the model identifies three behavioral outcomes through which perceived risk manifests:

1**. Low Savings Behaviour:** Members become hesitant to save regularly with the cooperative due to fears of instability, potential loss, or inaccessibility of funds during crises.

2. **Poor Investment Decisions**: Insecurity discourages members from making productive investments, especially when they fear that business operations may be disrupted or returns may be lost.

3. **Reduced Members Participation:** The perception of insecurity leads to poor attendance at meetings, reluctance to take leadership roles, and disengagement from group activities, all of which weaken the collective capacity of the cooperative.

These behavioral changes collectively lead to poor performance among credit and thrift cooperative members. Performance, in this context, is reflected in the members' financial contribution, investment activities, loan uptake, participation rate, and commitment to cooperative goals.

By showing how insecurity indirectly impacts performance through the psychological channel of perceived risk, this framework provides a structured basis for understanding the socio-economic implications of insecurity in cooperative systems. It also offers a theoretical lens to interpret findings and guide practical interventions in Nnewi North Local Government Area.

2.3. Theoretical Framework

The theoretical framework for this study is grounded in the **Perceived Risk Theory**.

The Perceived Risk Theory, introduced by **Raymond A. Bauer (1960)** has evolved into a broader model that helps explain how individuals assess and respond to potential threats in uncertain environments. The theory explains that people often face decisions involving uncertainty, and how they respond depends largely on the level of risk they believe is involved. This means that behavior is not only influenced by actual danger, but by what individuals perceive to be risky. Even if a situation is safe, people may still avoid certain actions if they believe those actions carry possible negative consequences. Perceived Risk refers to the mental judgment people make about the potential negative consequences of a decision. It is mainly based on individual beliefs, assumptions and environmental cues rather than statistical evidence. This theory has been widely used in disciplines such as marketing, psychology, health behaviour and increasingly in financial and cooperative behaviour analysis.

The theory was later refined by scholars such as **Lawrence Peter and Michael Ryan (1976),** who identified six distinct dimensions of perceived risk that can affect decision-making:

- **Financial risk –** the potential for monetary loss or reduction in income as a result of a decision. i.e., the fear of losing money
- **Physical risk –** the chance of personal injury or threat to physical safety or the fear of harm to oneself or property
- **Performance risk –** the fear that a chosen action will not yield the expected results or benefits or worry that something won't turn out as expected.
- **Social risk –** the possibility of disapproval, rejection, or negative judgment from peers or society. I.e., concern about what others will think.
- **Psychological risk –** internal stress or anxiety caused by making the wrong decision or experiencing regret. Can be seen as personal stress or regret from making the wrong decision.
- **Time risk –** the risk that a decision will lead to wasted time, delays, or opportunity costs.

In a setting like Nnewi North Local Government Area, where instances of kidnapping, robbery, and political unrest have been reported—these perceived risks become particularly salient. Even in situations where individuals have not experienced direct harm, their behavior may change

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simply because of what they fear might happen. This becomes critical when examining how cooperative members engage with financial systems, such as credit and thrift cooperatives.

Relevance to the Study

The Perceived Risk Theory is highly relevant to this study because it offers a robust framework for understanding the behavioral shifts that occur among members of credit and thrift cooperatives during periods of insecurity. Cooperative members are often required to make ongoing financial commitments—such as monthly savings, group investments, or participation in management and meetings—all of which depend on a certain level of confidence in the safety and stability of their environment.

Under conditions of insecurity, these commitments may be disrupted, not only due to real physical barriers, but more so because of perceived threats. For example:

Savings behavior may decline as members fear that future access to funds could be compromised by crises, attacks, or displacement. The risk of losing money discourages consistent savings habits.

Investment decisions may become more conservative or completely suspended, as members anticipate market instability, the destruction of business assets, or the collapse of cooperative ventures.

Participation in cooperative activities may drop due to fear of traveling to meetings, being targeted during gatherings, or general emotional fatigue from prolonged insecurity.

Through the lens of the Perceived Risk Theory, these behaviors are seen not simply as irrational fear or avoidance, but as calculated responses to uncertainty. Even when formal structures remain functional, the belief that conditions are unsafe may be enough to affect individual decisions.

Furthermore, the theory aligns with the nature of credit and thrift cooperatives, which are built on mutual trust, participation, and shared economic goals. Insecure environments weaken the social and psychological confidence that holds such groups together. Members who perceive heightened risk may disengage, eroding the effectiveness of the cooperative as a whole. Thus, the theory offers a clear and practical explanation for how external threats influence internal group dynamics.

This framework also bridges the gap between perceived insecurity and measurable performance outcomes. It highlights that performance indicators—such as reduced savings levels, low investment frequency, and weak member participation—can stem not only from real-world events but also from the psychological reactions they provoke. The theory therefore provides both a psychological and sociological basis for understanding how insecurity undermines financial behavior and collective action within cooperative systems.

In summary, the Perceived Risk Theory strengthens the conceptual foundation of this study by linking insecurity to performance outcomes through the mechanism of perceived danger. It acknowledges the role of human perception in shaping economic behavior and allows for a nuanced interpretation of how cooperative members in Nnewi North respond to the threats around them.

EMPIRICAL REVIEWS

Okafor, O. E., Udemadu, F. C., & Braimah, M. (2025). Effect of Cooperative Thrift and Credit Societies on the Living Standard of University Workers in Aniocha North Local Government, Delta State. This research investigates the effect of Cooperative Thrift and Credit Societies on the living standards of university workers in Aniocha Local Government Area, Delta state. The study employs a comprehensive approach, combining quantitative and qualitative analyses to explore the socio-economic impact of participation in these cooperative societies. Through surveys, interviews, and data analysis, the research reveals that Cooperative Thrift and Credit Societies play a vital role in enhancing the financial stability of university workers. The researcher adopted a descriptive survey research and questionnaire was constructed using close-ended Likert scale. Questionnaires were administered to members of the five selected universities population of 110 and a sample size of 86 was calculated using Taro Yamani formula. The data obtained was analyzed using frequency, percentage, and mean. Also regression model analysis was used to test the hypothesis. Members benefit from regular savings, access to credit facilities, and a supportive community network, leading to improved economic resilience. Furthermore, the cooperative initiatives contribute to a positive social impact by fostering a sense of collaboration and mutual support among members. This study not only highlights the financial advantages of participation but also underscores the broader socio-cultural benefits of belonging to such cooperative networks. The study discovered that university workers who are members of thrift and credit society have higher savings and access to credit. Also, membership in thrift and credit societies help university workers to access housings loans, which improve the living standard. Thrift and credit societies help university workers to cope with financial emergencies, such as illness and accidents. The research concludes with recommendations aimed at strengthening and expanding Cooperative Thrift and Credit Societies, ensuring their continued positive impact on the living standards of university workers in Aniocha Local Government Area, Delta state.

Abdulahi, T. O., & Chidiebere, O. P. (2025). Insecurity in the Southeastern States of Nigeria and Multi-Purpose Cooperative Societies Business Performance. This study evaluated the effect of insecurity on the performance of multi-purpose cooperative businesses in Southeast Nigeria. This study was carried out to evaluate the Effect of Insecurity on the Performance of Multi-Purpose Cooperative Businesses in Southeast, Nigeria. The study encompasses Monday's sit-at-home, Kidnapping and Ritual killing and Herders/farmers clash to reduce multi-purpose business performance in the Southeast. Simple Percentage Method and Tables; Research Questions were analyzed using the Correlation method and Multiple Regression for hypothesis testing. Taro Yamane formula was used to determine the Sample Size 365. The findings show that Monday's sit-at-home, Kidnapping and Ritual killing, Banditry and Herders/farmers clash have significantly influenced southeast cooperative business performance activities. In line with the findings, Insecurity like, agitators' Monday-sit-at-home order, kidnapping for ransom & ritual killing, banditry menace, and herders and farmers clashes affect the performance of cooperative business. The correlation result indicated that Monday-sit-at-home affected the business activities of cooperative societies. The Pearson r statistic showed a value of -.605** (p=.000). The p-value of .000 is less than .05 and thus concludes that the relationship is significant. Therefore, question two shows that the agitators' Monday-sit-at-home order influences the business activities of cooperative societies in Southeast Nigeria. As such, this study recommends that Cooperatives should work with local law enforcement and security agencies to implement security measures that can protect cooperative members from potential threats.

GAP IN LITERATURE

Existing literature has extensively examined the economic and social consequences of insecurity in Nigeria, particularly in terms of macroeconomic stability, business disruptions, and public safety. Studies have consistently shown that insecurity manifested through armed robbery, kidnapping, terrorism, and politically motivated violence erodes investor confidence, restricts mobility, and negatively impacts livelihoods (Taiwo & Ozoemena, 2025). While these studies provide a broad understanding of insecurity's impact on communities, they largely focus on institutional or regional-level effects rather than the micro-level behaviors of individuals within cooperative systems.

Research on credit and thrift cooperatives has primarily concentrated on institutional performance, governance structures, and financial sustainability (Okafor et al 2023). Scholars have documented how these cooperatives contribute to financial inclusion, household welfare, and community resilience, emphasizing the importance of savings mobilization, loan disbursement, and democratic governance. However, the role of member behavior particularly savings patterns, investment decisions, and participation remain underexplored in contexts of heightened insecurity. Most studies assume consistent member engagement without accounting for environmental disruptions that may influence individual financial choices and cooperative dynamics (Chilokwu et al 2023).

Moreover, while some studies have investigated behavioral responses to insecurity in agricultural or informal business settings, there is a paucity of empirical research linking insecurity directly to the performance of cooperative members. Existing research has largely neglected how fear, risk perception, and income instability interact to shape cooperative behaviors such as irregular savings, risk-averse investments, and declining participation in governance (Nwankwo, 2024). This represents a significant gap because the sustainability of cooperatives depends fundamentally on these behaviors. Without understanding these micro-level dynamics, policymakers, cooperative managers, and community leaders lack evidence to design interventions that safeguard cooperative performance in insecure environments.

Additionally, most studies focus on Northern Nigeria or conflict-prone areas, often overlooking the Southeast and semi-urban contexts such as Nnewi North Local Government Area. In these areas, cooperatives serve as primary safety nets for households, yet there is limited documentation of how insecurity shapes member behavior and performance. The existing literature fails to capture the intersection between local socio-economic realities, perceived risk, and cooperative sustainability in these semi-urban settings.

In summary, while prior research establishes that insecurity undermines economic activities and cooperative institutional performance, there is a clear gap regarding its specific effect on cooperative members' performance in terms of savings behavior, investment decisions, and participation. There is also a lack of empirical studies addressing the Southeast region and semi-urban cooperative contexts, leaving an important knowledge gap in understanding the behavioral mechanisms through which insecurity affects cooperative sustainability. This study seeks to fill these gaps by providing evidence from Nnewi North, linking insecurity to the micro-level performance of cooperative members, and generating insights for targeted interventions to strengthen resilience and sustainability in cooperative systems.

RESEARCH METHODOLOGY

The research design for this study is survey research design

Area of the study is Nnewi North local Government Area of Anambra State.

Population of the Study

The population for this study consists of **40** registered credit and thrift cooperatives society with a membership strength of 1200 members according to Anambra state ministry of commerce, industry and cooperatives office 2025 in Nnewi North local government area, Anambra state. Judgemental sampling technique was used to select the societies from which the samples were drawn. Hence twelve (12) active cooperative societies with membership strength of 420 members who belong to the different societies actively involved in savings, credit and group investment activities in Nnewi north local government area were selected due to accessibility and functionality.

These cooperatives serve as vital financial support systems especially for small business owners and staffs / low- income earners. The population is considered suitable for this study as it reflects a diverse mix of individuals whose financial decisions and cooperative involvement may be influences by the rising insecurity in the region.

Sample Size and Sampling Technique

The sample size for this study is 205 members of registered Credit and Thrift Cooperative Societies (CTCS) in Nnewi North Local Government Area, Anambra State. The sample size was determined using the Taro Yamane sample size determination formula, which is appropriate for a known and finite population. The Taro Yamane formula is stated as:

$$n = \frac{N}{1+N(e)^2}$$

Where n = sample size

N = population of the study

1 = constant in value

e = error in margin usually 5% [0.05]

$$\text{Hence, } n = \frac{420}{1+420\,(0.05)^2}$$

$$= \frac{420}{1+ 420(0.0025)}$$

$$= \frac{420}{1+ 1.45}$$

$$= \frac{420}{2.45}$$

n = 205.

Thus, a total of 205 members were selected for the study.

Method of Data Analysis

Descriptive statistics such as frequency distribution table, mean and simple percentage were used to summarize and describe the basic features of the data. The data collected was analysed using Pearson Product-Moment correlation formula which is a Correlation Coefficient that measures the linear Correlation between two sets of data, was employed to obtain the calculated value for the test of the hypothesis.

Pearson Product-Moment states thus:

$$= \frac{n \sum xy - \sum x \sum y}{\sqrt{[n\sum x2- (\sum x)\ 2][n\sum y2-(\sum)\ 2]}}$$

Where n= number of Columns

$\sum x$= the sum of x (independent variable

∑y= the sum of y (dependent variable
∑x2= the sum of square x values
∑y2= the sum of square y values
∑xy= the sum of the product of x & y)

Decision Rule

The hypotheses are tested at a 5% (.05) level of significance. That is to say, after the analysis, if the probability value (p-value) obtained is less than .05, the alternate hypothesis will be accepted, otherwise, the null hypothesis will be accepted.

In the course of this study, the researcher printed a total of 205 copies of questionnaires and distributed to various members of **Thrift and Credit Society (CTCS) in Nnewi** local government area, it was only 160 that was recovered while 45 were either lost or not properly filled, which could not be used for the analysis.

Analysis of Research question

The study adopted 5-points Likert scale which ranges from 1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

Table 4.2.1 Effect of insecurity on the savings behavior of cooperative members

S/N	Effect of insecurity on the savings behavior of cooperative members	SD	D	N	A	SA	Weighted mean	remark
1	Insecurity makes it difficult for me to save regularly in the cooperative	5	10	20	55	70	4.10	Agree
2	I am afraid of losing my savings due to security threats.	5	10	15	50	80	4.20	Agree
3	I sometimes delay my savings contributions because of security concerns	10	10	35	40	65	3.87	Agree
4	Insecurity in the area has made me reduce the amount I save with the cooperative	15	10	30	45	60	3.78	Agree
5	I no longer trust that my savings are safe due to insecurity	5	10	40	50	55	3.88	Agree

From table 4.2.1. The analysis of insecurity and savings behavior clearly shows that insecurity discourages cooperative members from saving regularly and consistently. A majority of the respondents admitted that insecurity makes it difficult for them to save with confidence, with many expressing fears of losing their savings due to security threats. This fear creates hesitation and sometimes forces members to either delay or reduce their contributions. The strongest concern recorded was that insecurity threatens the safety of their deposits, which directly affects their trust in the cooperative. In practical terms, this means that when members do not feel secure, the cooperative cannot mobilize enough funds for its core financial activities such as loans and welfare support. As a result, insecurity undermines not only individual savings behavior but also the financial stability of the entire cooperative.

Table 4.2.2 Effect of insecurity on investment decisions of cooperative members

	Effect of insecurity on investment decisions of cooperative members	SD	D	N	A	SA	Weighted mean	Remark
1	I am afraid to invest in cooperative projects because insecurity might disrupt them	5	15	30	50	60	3.90	Agree
2	I doubt the success of cooperative investments because of unstable security situations.	10	10	40	50	50	3.75	Agree
3	I fear that cooperative properties or assets could be destroyed during crises.	5	5	25	60	65	4.10	Agree
4	I delay or cancel investments due to safety concerns	10	15	25	50	60	3.84	Agree
5	I no longer contribute to long term cooperative investments due to insecurity.	15	10	45	50	40	3.56	Agree

From table 4.2.2, investment decisions, the findings reveal that insecurity makes members more cautious and unwilling to commit to cooperative projects. Many respondents agreed that cooperative properties and assets could easily be destroyed during crises, which discourages them from contributing to investments. Members also expressed fears that projects may not succeed because of the unstable security environment, leading some to cancel or delay their planned investments. Even though a few members still make long-term contributions, the overall pattern is that insecurity drives members away from making bold or collective investment commitments. The implication is that cooperative societies in insecure environments may struggle to generate the capital needed for expansion, innovation, and profitability, since members prefer to hold back their resources rather than risk losing them.

Table 4.2.3 Effect of insecurity on member participation in cooperative activities.

	Effect of insecurity on member participation in cooperative activities.	SD	D	N	A	SA	Weighted mean	Remark
1	I fear attending meetings because of security threats.	10	10	30	50	60	3.87	Agree
2	I don't feel safe taking part in outdoor cooperative events or activities	5	5	35	55	60	4.00	Agree
3	Insecurity in the community has reduced my level of participation in cooperative activities	15	15	20	55	55	3.75	Agree
4	I avoid taking leadership roles in cooperatives due to fear of being targeted.	5	10	30	55	60	3.97	Agree
5	Poor security reduced my willingness to engage in cooperative activities	5	10	25	50	70	4.10	Agree

From table 4.2.3, Participation in cooperative activities is also shown to decline under conditions of insecurity. Respondents indicated that they feel unsafe attending meetings, joining outdoor events, or even taking leadership roles in the cooperative. The strongest agreement was that poor security generally reduces their willingness to participate in cooperative activities at all. This shows that insecurity does not only affect money-related decisions but also discourages the sense of unity, trust, and active involvement that a cooperative depends on. When members reduce participation, decision-making becomes weaker, leadership responsibilities are avoided, and the cooperative loses its collective strength. Over time, this lack of participation can affect transparency, accountability, and the ability of the society to achieve its objectives.

4.3 Test of hypothesis

Hypothesis One:

H_0: Insecurity does not significantly affect the savings behavior of members of credit and thrift cooperatives in Nnewi North Local Government Area.
H_1: Insecurity significantly affects the savings behavior of members of credit and thrift cooperatives in Nnewi North Local Government Area.

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Table 4.3.1: Correlation Analysis for Insecurity and Savings Behaviour

Correlations			
		Insecurity	Savings Behaviour
Insecurity	Pearson Correlation	1	.754**
	Sig. (2-tailed)		.000
	N	160	160
Savings Behaviour	Pearson Correlation	.754**	1
	Sig. (2-tailed)	.000	
	N	160	160
**. Correlation is significant at the 0.05 level (2-tailed).			

Source: Field Survey/ SPSS ver. 22 computation, 2025

The analysis of the relationship between insecurity and the savings behavior of members of credit and thrift cooperatives in Nnewi North Local Government Area revealed a strong positive correlation ($r = 0.754$, $p = 0.000$), indicating that there is a significant relationship between insecurity and savings behavior. The survey responses provide practical insight into this relationship. Many members reported that insecurity makes it difficult to save regularly, while others expressed fear of losing their savings due to security threats. Some respondents admitted to delaying their savings contributions, and several indicated that they have reduced the amount they save or no longer trust that their savings are safe. These responses collectively demonstrate that insecurity not only disrupts the frequency and amount of savings but also undermines members' confidence in the safety of their funds.

This finding aligns with the Perceived Risk Theory, which asserts that individuals' financial decisions are strongly influenced by their perception of potential risks. In this context, the increasing insecurity in Nnewi North elevates perceived risks, leading members to adjust their savings behavior as a protective strategy. The result underscores the need for cooperative management and policymakers to implement measures that address security concerns, build members' confidence, and foster consistent participation in savings schemes.

Hypothesis two:

H_0: Insecurity does not significantly affect the investment decisions of members of credit and thrift cooperative in Nnewi North Local Government Area.

H_1: Insecurity significantly affects the investment decisions of members of credit and thrift cooperative in Nnewi North Local Government Area.

Decision Rule: Reject the Null Hypothesis if Sig. (P-value) ≤ .05

Table 4.3.2: Correlation Analysis for insecurity and Investment decisions of cooperative members.

Correlations

		Insecurity	Investment Decisions
Insecurity	Pearson Correlation	1	.722**
	Sig. (2-tailed)		.000
	N	160	160
Investment Decisions	Pearson Correlation	.722**	1
	Sig. (2-tailed)	.000	
	N	160	160

Correlation is significant at the 0.05 level (2-tailed).

Source: Field Survey/ SPSS ver. 22computation, 2025

The analysis of the relationship between insecurity and the investment decisions of members of credit and thrift cooperatives in Nnewi North Local Government Area revealed a strong positive correlation ($r = 0.722$, $p = 0.000$), indicating that there is a significant relationship between insecurity and investment decisions of the members. Many members reported that they are afraid to invest in cooperative projects because insecurity might disrupt them. Others doubted the success of cooperative investments due to the unstable security situation, while some expressed fear that cooperative assets could be destroyed during crises. Several members admitted to delaying or canceling investments, and a number stated that they no longer contribute to long-term cooperative investments because of insecurity.

These responses highlight that insecurity not only reduces members' confidence in investing but also influences the timing and scale of their contributions. The findings clearly show that as insecurity rises, members become more cautious, less committed, and sometimes entirely withdrawn from cooperative investment activities. This underscores the need for cooperative management and policymakers to create safer and more secure investment environments, reassure members about the safety of cooperative projects, and implement measures that encourage active and confident participation in cooperative investments.

Hypothesis three:

H_0: Insecurity does not significantly influence members' participation in cooperative activities in Nnewi North Local Government Area.

H_1: Insecurity significantly influence members' participation in cooperative activities in Nnewi North Local Government Area.

Decision Rule: Reject the Null Hypothesis if Sig. (P-value) ≤ .05

Table 10: Correlation Analysis for Member Participation Levels and Insecurity

Correlations

		Insecurity	Member Participation
INSECURITY	Pearson Correlation	1	.685**
	Sig. (2-tailed)		.000
	N	160	160
MEMBER PARTICIPATION	Pearson Correlation	.685**	1
	Sig. (2-tailed)	.000	
	N	160	160

**. Correlation is significant at the 0.05 level (2-tailed).

Computation: SPSS ver.22 (2025)

The analysis of the relationship between insecurity and the participation of members in credit and thrift cooperatives in Nnewi North Local Government Area revealed a strong positive correlation ($r = 0.685$, $p = 0.000$), indicating that there is a significant relationship between insecurity and participation of members in cooperative activities. Many members reported that they fear attending meetings because of security threats, while others stated that they do not feel safe participating in outdoor cooperative events or activities. Some respondents indicated that insecurity has reduced their overall level of participation, and several admitted to avoiding leadership roles due to fear of being targeted. Additionally, a number of members expressed that poor security has diminished their willingness to engage in cooperative activities.

These responses suggest that insecurity not only limits physical attendance but also undermines members' confidence and willingness to be actively involved in cooperative functions. The correlation value confirms that as insecurity increases, members' engagement and contribution to cooperative activities decline significantly. This highlights the urgent need for cooperative management and policymakers to address security challenges, implement measures that protect members during cooperative events, and create an environment that encourages consistent and active participation in cooperative activities.

Discussion of Findings

The findings of this study reveal that insecurity has a profound and multifaceted impact on the performance of credit and thrift cooperative members in Nnewi North Local Government Area. In observing members' savings behavior, it became evident that insecurity significantly disrupts regular savings contributions. Many members reported difficulties in saving consistently due to fears of theft, armed attacks, or other security threats. Some respondents admitted to reducing the amounts they save or even withdrawing their savings entirely because they no longer trusted that their funds would be safe. These observations align with the findings of Okafor, Udemmadu & Ezeudu (2023), who noted that insecurity negatively affects the willingness of cooperative members to save and participate actively in financial schemes. Similarly, Okezie (2021) reported that perceived threats and unstable security environments reduce trust in cooperative institutions, leading to diminished financial engagement.

Regarding investment decisions, the study revealed that members are often hesitant to commit to cooperative projects due to insecurity. Observations from respondents indicated that many fear that investments could be disrupted, mismanaged, or destroyed during periods of insecurity. Some members admitted to postponing or canceling planned investments, and a few reported withdrawing entirely from long-term cooperative initiatives. This finding is consistent with Abdulahi and Chidiebere (2025), who found that insecurity in southeastern Nigeria significantly reduces members' participation in cooperative investment ventures, as individuals prefer to avoid potential losses. The cautious behavior observed among cooperative members reflects a protective strategy against perceived financial risk, emphasizing the importance of safe operational environments for sustaining investment activities.

Member participation was also notably affected by insecurity. Many respondents indicated that they avoided attending meetings, taking part in outdoor cooperative activities, or assuming leadership roles due to safety concerns. Several respondents highlighted that poor security reduced their overall willingness to engage in cooperative functions, leading to lower participation levels. This observation corroborates the study of Okafor, Udemmadu & Braimah, (2025), which found that insecurity undermines the effectiveness of cooperative societies by limiting members' active involvement and weakening organizational cohesion.

The patterns observed in this study can be explained using the Perceived Risk Theory, which posits that individuals' financial and social decisions are heavily influenced by their perceptions of risk. In this context, members' perception of insecurity leads to cautious or withdrawn behaviors manifested in reduced savings, delayed investments, and limited participation. The findings highlight that insecurity is not merely a background factor; it actively shapes cooperative performance by affecting both financial contributions and social engagement.

Overall, the study demonstrates that insecurity in Nnewi North Local Government Area significantly compromises the operations of credit and thrift cooperatives. Members' financial behavior, investment choices, and participation levels are all adversely affected, reflecting both practical and psychological responses to security threats. These findings emphasize the need for cooperative management and policymakers to implement measures that enhance safety, protect members' assets, and rebuild confidence in cooperative structures. Approaches such as secure fund management, collaboration with local security agencies, and risk communication strategies are essential for mitigating the negative effects of insecurity and ensuring the sustainability and effectiveness of cooperative activities.

CONCLUSION

This study examined the effect of insecurity on the performance of credit and thrift cooperative members in Nnewi North Local Government Area, with focus on savings behavior, investment decisions, and members' participation. The findings clearly showed that insecurity poses a serious challenge to the smooth functioning of cooperatives in the area. Members' fear of losing their savings has weakened their saving culture, reduced contributions, and created a general lack of confidence in the cooperative system. In the same way, insecurity discourages members from investing in cooperative projects, as they fear that such ventures may be destroyed or disrupted during crises. Finally, the study also confirmed that insecurity reduces active participation in cooperative activities, as members avoid meetings, outdoor events, and leadership roles due to safety concerns.

In conclusion, the study has shown that insecurity negatively affects the three major areas of cooperative performance. Without regular savings, adequate investment, and active participation, the strength and sustainability of credit and thrift cooperatives are seriously threatened. For cooperatives to thrive in such an environment, there must be deliberate efforts to protect members, safeguard their resources, and encourage their full involvement. Only through these measures can cooperatives continue to serve as reliable financial institutions that support members and contribute to community development.

5.3: RECOMMENDATIONS

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

1. **Encouraging and Securing Members' Savings**

Since the study revealed that insecurity negatively affects the saving behavior of cooperative members, it is recommended that cooperatives should adopt stronger safety and trust-building measures to protect members' deposits. Cooperatives can introduce reliable insurance schemes that guarantee members' funds against unforeseen losses and also partner with reputable financial institutions that have secure systems. At the community level, cooperatives should work hand-in-hand with local security agencies and vigilante groups to ensure that their offices and records are protected from attacks. By improving trust and showing members that their money is safe, cooperatives will be able to restore regular savings and strengthen their financial base.

2. **Strengthening Cooperative Investments**

Since insecurity discourages members from investing in cooperative projects, it is recommended that cooperatives should diversify their investments into safer and less risky ventures that can withstand unstable environments. Investments should also be insured, and members should be given regular updates on how their funds are being used and protected. Government and other stakeholders should also provide an enabling environment for cooperative investments by improving local security infrastructure and creating policies that protect cooperative assets. When members are assured that their investments are secure, they will be more willing to contribute to long-term cooperative projects that promote growth and development.

3. **Promoting Members' Participation in Cooperative Activities**

As the findings showed that insecurity reduces participation in cooperative activities, it is recommended that cooperatives should adopt flexible methods of participation to encourage members' involvement even in times of insecurity. For instance, meetings can be held at secure venues or even through digital platforms when physical gathering poses a risk. Leadership responsibilities can also be rotated in a way that does not overexpose any individual member. In addition, cooperative leaders should engage with community security outfits to provide protection during meetings and public events. By making participation safer and more convenient, members will be encouraged to attend meetings, take leadership roles, and fully engage in cooperative life, which will in turn improve performance.

Ethical Approval and Consent to Participate

Not applicable to this study.

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