

AN APPLICATION OF THE AGENCY THEORY TO CO-OPERATIVE HOUSING DELIVERY IN LAGOS STATE

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ABSTRACT

The purpose of this study is to determine the level of alignment between co-operative leaders and members in the key housing supply decision-making process. The study utilises the Agency Theory as the theoretical framework. The research design is quantitative, with a survey of 600 co-operative leaders and 300 co-operative members, identified through systematic random sampling and captive audience sampling strategies respectively. The survey instrument was a close-ended questionnaire that measured variables relating to housing decision making processes. The underlying hypothesis guiding this study was that there are no differences in the responses of co-operative leaders and co-operative members with respect to the level of member involvement in land acquisition decision-making. Analysis was carried out using independent sample t-tests. It was discovered that co-operative members reported lower levels of member involvement in the process of land acquisition. This implies some weakness in the internal governance of co-operative societies, and it is recommended that co-operative governance is strengthened by regulatory bodies, co-operative leaders improve their engagement with members and thirdly that academia support the sector by translating and communicating co-operative governance theories to action points.

Key words: Agency Theory, Co-operative Governance, Co-operative Housing, Housing Development, Housing Supply.

1. INTRODUCTION

1.1 Background to the Study

Co-operative societies have long been utilized by households to address problems they are incapable of solving individually. From its origins by the Rochdale Society of Equitable Pioneers in the UK in 1844, cooperative membership has spread to other countries including Nigeria. As of 2012, Nigeria had about 82,460 co-operative societies of various categories with over 1.4 million members in 605 local Governments (Enhancing Financial Innovation and Access EFINA, 2012).

As corporate entities addressing both social and economic problems of various magnitudes, Co-operative Societies can mobilize funds from both formal and informal sectors. They also can turn this over to private finance organizations for conversion to investment capital. In economies where low levels of domestic savings contribute to the low levels of capitalization of financial institutions (UN-HABITAT 2005), cooperative societies also serve as important housing finance partners. In various countries, they are institutions that have been useful in improving housing supply, housing affordability, residents control and participatory decision-making.

They are also capable of providing secure, long term and affordable housing based on cost-price rent, or at below-market rents, in exchange for their initial investment (Haffner and Brunner, 2014). These features account for why 12% of Pakistan's housing stock, 26% of Poland's, 22% of Sweden's, 10% of Germany's and for Turkey, 8% affordable housing stock are attributed to the co-operative sector (Elliot, 2010; Kadriu & Wendorf, 2011; Komar, 2011; Muncker, 2012; Remacle, Lyben & Laurent, 2012).

In developing countries such as Nigeria, co-operatives could be the basis for the organization of key workers, staff housing and informal trade associations (Nubi 2006). In Egypt, Kenya, India and Malawi, co-operatives have been supported by the state and international organizations to provide self-built housing for members (FinMark Trust, 2008; Mtafu, 2007) and in supporting urban regeneration (Nallathiga, 2007). Unfortunately, in Nigeria, the situation is not the same. While literature shows that although the number of registered co-operative societies in Lagos State rose from 1,040 in 2013 (Lawanson & Oyalowo, 2016) to 2,516 in 2015, only 14 are currently registered as housing co-operatives. On the other hand, other types of co-operatives (as such agriculture, community, thrift and credit co-operative societies) are known to be involved in housing issues. However, probably because of the dearth of empirical studies and systematic data on the structure and workings of these activities, these efforts have not attracted significant policy attention in the state.

Interestingly, the study of the cooperative sector as an alternative housing provider has engendered renewed interest amongst researchers (Czischke, 2017). There are also studies on the activities of co-operatives in housing supply in Nigeria. For instance, Adeboyede and Oderinde (2013), Ibem and Odum (2011), Oyewole (2010) have studied the role of cooperative societies in housing finance and land assembly components of the housing development value chain in Ibadan, Ogbomoso, Oyo and Enugu. Also, in advocating for the institutionalization of co-operatives societies in the housing supply in Nigeria, other researchers such as Danmole (2004), Ndubueze (2009) and Nubi (2008) have provided a descriptive appraisal of the co-operative system. These studies agree that as recommended in the National Housing Policy, cooperative societies should have a more impactful role in housing supply in Nigeria. However, these studies have not shown a detailed analysis of co-operatives and a housing supply that is based on theoretical postulates, and importantly, they have not examined the role of co-operative governance in the effectiveness of co-operative societies in housing supply, which the current study seeks to address.

1.2 Purpose of Study

Like other corporate entities, governance dictates the direction of the organisation and sets standards for efficiency in both general and strategic operations. It is worthwhile therefore to examine the efficiency of the governance of co-operative societies as one means of ascertaining whether there is a linkage with the societies' capacity for undertaking housing development of a meaningful scale to contribute to the housing stock in Lagos, and indeed in Nigeria. While this study is drawn from a larger one that addresses multiple issues relating to the limited participation of co-operative societies in housing supply in Lagos State (Oyalowo, 2018), this paper is focused on the governance of co-operative societies as it forms the basis for efficient decision-making in all the key stages of housing delivery. The objective of the study reported in this paper is to ascertain the level of alignment of co-operative leaders and members in key housing supply decision-making processes. The research question the study addresses is 'What are the differences between co-operative leaders and members in housing decision making processes?', while the hypothesis is 'there are no differences in the responses of co-operative leaders and co-operative members with respect to the level of member involvement in land acquisition decision-making'. The study is limited to the land acquisition phase of the housing supply value-chain which is the first stage where housing suppliers affirm their commitment to further steps in housing development.

The paper is structured as follows: In the section following this introduction, a review of the literature on housing supply value-chain and the nature of cooperative societies are presented. After this, theories of co-operative governance, in general, are discussed, followed by a review of the Agency Theory of Co-operative Governance. In section three, the study design is explained, with the results of the field work presented and analysed. A final section concludes.

2. LITERATURE REVIEW

2.1 Nigerian Housing Development Value-Chain

The term 'housing supply value chain' is a synonym to other terms such as housing supply process, housing development value chain and housing development process. These terms relate to the stages inherent in the process of housing supply: land acquisition, financing, infrastructure development, construction and accessing the capital market for sustained growth. These stages are similar in many countries (Nubi 2010), although with vast differences in structure, maturity, regulations and key actors. The land development industry works through chains of land acquisition processes to supply raw land (or developable land) to the housing market, with recognition of entitlements on lands and government regulations. This process termed the horizontal development process is integral to the next stage, which is the vertical development stage.

In the vertical development stage, the housing development industry comes to the fore, with infrastructure development processes, such as road construction, water provision, electricity supply, and so on being carried out, producing improved lots. Further vertical development processes lead to the construction of the desired residential units in their various categories: duplexes, bungalows, multi-tenanted, terraces and so on. This process produces rentable housing spaces or units for owner-occupation. In well-advanced systems, these units, by way of their asset or mortgage value are turned over from their origin as primary constituents of the capital market to the secondary capital markets where their finances are securitized and traded on the stock exchange. This is achieved in the financial/capital asset management industry. It is noticeable that throughout the process, finance plays an integral role, providing avenues for the acquisition of all inputs in the value chain.

A distinct character of all processes of the housing supply value chain is that each stage is imbued with risks, opportunities and constraints which all interact to produce the unique character of the housing market. As envisioned by both researchers and government, potential housing suppliers (Danmole (2004), Adeboye and Oderinde (2013),) Ndubueze (2009), Nubi (2008), Ibem and Odum (2011) and Oyewole (2010), co-operative societies need to also have the capacity to identify and mitigate risks. This is the function of corporate governance and by extension, co-operative governance.

2.2 Co-operative Societies Overview

There are many definitions of Cooperative societies. They have been defined as 'private member-oriented enterprises that operate on the principles of democracy and market economy' (Federal Ministry of Agriculture and Rural Development 2002).

On his part, Mulaymin (1997) describes a cooperative as "a combination of the economic strength of individuals to accomplish projects which they cannot individually, or which group action would be more successful, in the best possible manner and at cost price.' Co-operative enterprises are defined as enterprises that provide the organizational means whereby a significant proportion of humanity is able to take into its own hands the task of creating productive employment, overcoming poverty and achieving social integration (Kariuki, Karimi and Mutembei, 2017).

Therefore, features of a cooperative society are that it consists of a group of people who have voluntarily come together to enhance their quality of life by working together for the interest of all to address needs that require significant capital. Co-operatives are formed when workers seek to exert control over their labour-power, or even where consumers seek to increase their purchasing power; in both cases, they strive for the economic advantage of their members. A common theme that also underlies these definitions is the fact that the cooperative group is a democratic one, where every member has a right of say and a right to vote. In the governance of co-operative societies, therefore, it is expected that members

and leaders are able to reach decisions of mutual benefit through collaboration and consensus, and the exercise of the voting power where necessary. It is also expected that satisfying members' needs (which is the basis for coming together as a group) are given the highest priority. All of these are important in their activities in the housing sector where every step is imbued in risks that have to be mitigated by strategies that are agreeable to all members. There is a difference between co-operative housing and housing cooperatives. Whereas housing co-operatives are specifically set up for the purpose of addressing the housing needs of its members, and in some cases, non-members as well (including management); co-operative housing is a term that is used to capture any form of intervention in housing supply by any type of co-operative society, through direct construction for renting or sales, at the market or subsidized rates, for the benefit of members and non-members alike. Because of the dearth of housing co-operatives in Lagos and Nigeria (Oyalowo, 2018), this study is focused on co-operative housing.

2.3 Co-operative Societies and Housing Provision

The governance of co-operative societies is a very important factor in the ability of co-operative societies to survive in the housing sector. As explained by Alaghbari, Salim, Dola, and Ali (2009), Nubi (2006) and Oyalowo (2018); governance issues are internal issues such as financial management, representativeness, member satisfaction, financial probity and so on; all of which reflect the co-operative's structure for decision-making and promotion of members' interest in the housing sector. This places responsibility for inclusiveness, participation and satisfactory service by the co-operative management. These responsibilities are particularly important for engagement in the housing sector, which is notable for its complexity and the many risks associated with each step of the value chain earlier discussed.

In general, housing supply is eventually determined by the decision of landowners/real estate developers to invest in direct housing construction. In deciding to invest, they are conscious of their ownership of the development risks involved in the process of housing construction, constantly revise their expectations about the path of house prices and also act on the decision to develop a given parcel in the current time or at a later time. In many cases, decisions are taken to limit investment to a specific step of the process to defray development risks to other parties. As there is no special housing development market for cooperative societies in Nigeria (as is the case in other countries) which provides subsidies against costs and cushions against development risks, they operate in the same market conditions as private sector real estate developers which are specialised at handling these risks. There is therefore a very urgent need for co-operative societies to operate at levels of efficiency that comes from high-quality decision-making which is also in line with democratic and inclusive governance that they are associated with. This is where the issue of governance comes to play.

Kennedy, Jermolowicz, Lambert, Reilly and Rotan (1995) note that co-operatives are governed by a board of directors elected democratically from among members, which takes care of general operating policies. Co-operatives operate at cost or on a not-for-profit basis and since they exist to provide services to members, they are charged only the actual cost of running the business. Proceeds generated in excess of actual costs are refunded to members or kept in the co-operative as a resource of reserve funds, or a combination of both.

Governance in co-operative societies is thus particularly important, given their dual role as both economic and social entities, as well their democratic orientation. The democratic principles of the election of leaders are critical and decision-making on the use of financial resources which are collectively held has to be done in a participatory manner that is fair and satisfactory to the shareholders-that is, the members. These dimensions influence the scope and success of cooperative societies in an equally nebulous, yet multi-faceted housing market. It has also influenced recent research into co-operatives as studies tend towards the internal or micro-aspects of organizing and sustaining co-operation; understanding issues of

member commitment and efficient operations and new directions in economics (Torgerson, Reynolds and Gray, 1998). From these, a body of literature, as well as theories has emerged. One of these is the Agency Theory.

2.4 Theories on Co-operative Governance

Recently, Cornforth (2012) and Hannan (2014) utilised corporate governance theories in explaining the internal workings of cooperative societies. Oyalowo (2018) provides an in-depth discourse of these theories. In this study, the stakeholder theory, the resource dependence theory and the agency theory are identified as important corporate governance theories that can be applied to understand and improve co-operative governance.

2.4.1 The Stakeholder theory: When applied to corporate governance, the stakeholder theory advocates that organizations should be responsible to a range of groups of stakeholders in society rather than organizational owners alone. Co-operative governance based on the stakeholder theory, therefore, implies that representatives of stakeholders should be on cooperative boards and that this will ensure a greater response to broader social interests. Cornforth (2012) advocates for the utilization of the theory in balancing the internal stakeholders of co-operatives such that the interests of women, youths and vulnerable members of the society is served.

However, for a stakeholder to be on the co-operative board, he or she has to be a member of the co-operative. This creates an inherent tension since co-operatives are often “self-selecting” entities drawn up for a specific purpose: to satisfy interests that are mutual to its members. Hannan (2014) also observes that if applied to organizational governance, there is a potential for self-seeking behaviour of stakeholder representatives who may contrive to promote the interest of their group to the detriment of others. However, Cornforth (2004) notes that the function of a co-operative board would therefore be to mediate, negotiate and resolve the conflicts inherent in this multiplicity of interest-seeking. Whether the board would have the capacity to do this remains questionable, however.

2.4.2 The Resource Dependence Theory: This assumes that dependence on critical resources influences the diverse actions of organizations. Dependence creates risks and uncertainty, whose mitigation attest to organizational efficiency and effectiveness (Seo, 2011).

Board members are therefore selected for the level of influence, links and knowledge that they command, with the expectation that they would bring these as resources to improve the performance of the organization. Again, the requirement for members as boards of co-operatives could constraint the applicability of this theory; except where there are internal mechanisms in place to promote members with influence in participation in electioneering with enough support to ensure they win elective positions. As a democratic process, this cannot always be assured. As in the stakeholder theory, there is a need, therefore, that member control is not compromised through the inclusion of resource-rich individuals on the Board.

2.4.3 The Agency Theory of Co-operative Governance: Phillips and Emelianoff established the foundation of application of models such as agency theory to co-operative governance by seeing managers as agents to co-operative members, and co-operatives as principals with appointed directors.

Agency theory is generally applied to the relationship between agents and their principals and the tendency towards optimizing behaviour by the agent towards the principal. Hence it is often applied towards establishing a quantum of rights and obligations in incentive and risk-sharing relationship of the two partners, ultimately seeking to align the interests of the agent with those of the principal (Ortmann and King, 2007, Sykuta and Chaddad 1999). This is the crux of this study in seeking to understand the

relationship between co-operative leaders and co-operative members by ascertaining whether they are aligned in housing decision-making processes.

The theory identifies operations in co-operative society as a plethora of principal-agency relationships between the co-operatives and its workers, its marketers and its managers; all of whom are interested in maximizing their rewards. These may result in the co-operative members becoming residual claimants-receiving the little that is left of their contributors after agents have maximized their rewards. Thus, according to Torgerson et al (1997), a challenge for the co-operative members is to remain the primary beneficiary of group action for which they originally organized and not become the last recipients of benefits.

It is notable that the behaviour of firms are influenced by the dynamics of internal governance; the relationship between owners and managers. In the co-operative sector, these dynamics are made complex by the existence of layers of governance and relationships: members, elected representatives, managers of co-operative investments, external suppliers, regulators and so on. These interactions determine the relationship between the actors and the decision-making apparatus. The social and economic importance of housing and the cost factors in its production would also condition decision-making.

In general, therefore, it is notable that co-operative societies can be deemed as housing providers, in the sense that they can engage in co-operative housing. Indeed, several researchers (has earlier explained) have called for their participation in the housing market. However, these recommendations have been based on the assumption that because they have an organised entity of people who regularly commit funds to savings, thrift and production; they are credible candidates for engaging in housing supply. This study seeks to call this assumption to question by examining at some depth, the internal workings of these societies. This is to be achieved through an examination of decision-making alignment between cooperative leaders and members. The application of the Agency Theory helps in this respect, to ascertain the level of alignment of co-operative leaders (who serve as proxies for co-operative managers in this study) and co-operative members (who are regarded as principals). The unit of analysis as far as the housing sector is concerned is the first stage of the housing supply value chain, which is the land acquisition stage. Thus, variables were generated to ascertain whether members were involved in key stages of the land acquisition stage. These are (i) involvement in land location decision (ii) involvement of members on whether to construct housing on the acquired land (iii) decision making on size of land to purchase, (iv) location of land to purchase (v) whom to buy land from and (vi) price range of land to purchase.

It should be noted that while this study seeks to develop insights into the governance of cooperative societies, it does not intend to empirically test the level of adoption of the theory. The objective is rather to utilize the theory to understand the inner workings of cooperative societies to enable empirical deductions about their capacity to contribute to the Lagos housing sector.

3. RESEARCH METHODS

3.1 Study Population

The study population are 2,516 co-operatives obtained from the 2015 directory of registered co-operative societies in Lagos State. The directory is still the most recent directory in the state.

3.2 Sampling Units, Size and Techniques

The sampling units are the leaders (that is, Presidents) and members of the co-operative societies. Sample size determination for co-operative presidents was achieved using the formulae available online at <http://www.raosoft.com/samplesize.html> and is calculated as 334; using 95% confidence level and 5% margin of error. However, the sample size was increased by 80%; so a total of 600 questionnaires were distributed to co-operative leaders who had been chosen through a systematic random sampling exercise. Of these, 450 were retrieved with 403 being considered fit for analysis. Thus, a response rate of 75% was achieved. The study is therefore based on a survey covering 15% of the total population of co-operative societies in Lagos State. For members, a total of 300 members were purposefully sampled using captive audience sampling since the total number of members of co-operative societies was not captured in the directory. Although all 300 questionnaires distributed were retrieved due to the sampling strategy used, 283 were considered fit for analysis, after eliminating 17 that were not properly filled. For both sample units, a close-ended structured questionnaire design was adopted.

3.3 Study Variables

Six variables were generated to ascertain whether members were involved in key stages of the housing development process. These are:

- (i) involvement of members in land location decision (LandAlloc)
- (ii) involvement of members on whether to construct housing on the acquired land (ConHou)
- (iii) involvement of members on size of land to purchase (SizLan)
- (iv) involvement of members on the location of land to purchase (LanLoc)
- (v) involvement of members on whom to buy land from and (BuyLan)
- (vi) involvement on price range of land to purchase (PriLan)

Both co-operative leaders (agents) and members (principals) were asked to rate the level of member involvement using a 7-point Likert scale ranging from 'extremely high', 'high', 'partially high', 'partially low', 'low', 'extremely low' to 'not at all'. The dataset was subjected to Cronbach's Alpha test of reliability to achieve a highly satisfactory score of 0.940.

4. DATA ANALYSIS

4.1 Co-operative Society Characteristics

From the leaders' responses, we are able to ascertain the characteristics of the co-operative societies in terms of the type of membership, type of co-operative, average number of members.

Table 1: *Co-operative Society Characteristics*

Variable	Leaders (N = 401)		
	Characteristics	Frequency	%
Type of membership	Staff only	173	43.1
	Staff and non-staff	67	16.7
	Trade group	67	16.7
	Not employment-based	65	16.2
	Not stated	26	6.5
	Community based	3	.7
Type of co-operative	Consumer	11	2.7
	Multi-purpose	276	68.8
	Thrift and credit	80	20.0
	Distributive and service	11	2.7
	Housing	5	1.2
	Building	1	.2
	Others	12	3.0
	Not stated	5	1.2
No of members	10-40	129	32.2
Average = 92 members	41-80	89	22.2
	81-120	66	16.5
	121-160	13	3.2
	161-200	27	6.7
	>200	71	17.7
	Not stated	6	1.5

As shown in table 1, 69%, most of the co-operatives were multi-purpose societies, followed by thrift and credit co-operative societies at 20%, housing co-operatives at 1% and building societies at 0.2%. The leaders reported that the average membership size is 92 members. The limited number of housing co-operative corroborates the rationale for focussing on co-operative housing, as mentioned in the literature review section of this paper. Typology of co-operative membership revealed that 43% were solely staff co-operative while 17% were for both staff and non-staff, with 17% trade group co-operatives and 0.7% are community-based co-operatives. This establishes that co-operative societies of different typologies are capable of participating in the housing sector.

Table 2: *Co-operative Leaders' Characteristics*

Variable	Leaders (N = 401)		
	Characteristics	Frequency	%
Designation of Respondent	President	282	70.3
	Vice President	9	2.2
	Treasurer	16	4.0
	Secretary	35	8.7
	Fin Sec	13	3.2
	Others	20	5.0
	Not Stated	26	6.5
Length of Tenure Average = 3.3 years	< 1 year	20	5.0
	1-3	202	50.4
	4-6	109	27.2
	>6	40	10.0
	Not Stated	30	7.5

As shown in Table 2, respondents were mostly presidents (70.3%) and had held the position for between 1 to 3 years (50%); the remaining 29.7% are other members of executive delegated to answer the questions by the leaders so are well suited to answer the questions.

Table 3: *Leaders' Demographic Characteristics*

Variable	Leaders (N = 401)		
	Characteristics	Frequency	%
Gender of Respondent	Male	347	86.5
	Female	54	13.5
Age range of respondent Mean = 44.4 years	<30	6	1.5
	30-40	85	21.2
	41-50	170	42.4
	>50	124	30.9
	Not stated	16	4.0
Highest Education of Respondent	Primary Leaving Certificate	15	3.7
	Secondary Leaving Certificate	26	6.5
	Technical College	7	1.7
	OND	26	6.5
	HND	51	12.7
	B.Sc	134	33.4
	M.Sc/MBA	96	23.9
	Ph.D	6	1.5
	None	6	1.5
	Others	28	7.0
Length of membership with Co-op Mean = 7.9 years	Not Stated	6	1.5
	<1	8	2.0
	1-5	155	38.7
	6-10	113	28.2
	10-15	76	19.0
15-20	49	12.2	

Table 3 above shows that co-operative leaders/respondents are mostly male at 87% and 14% females, with most (42%) falling with the age bracket of 41 and 50. Most leaders (33%) had a B.Sc and 24% had post-graduate qualifications and thirteen (13%) had HND qualifications. They are therefore considered well educated and capable of understanding the questions being asked. Also, respondents had a mean length of membership at 7.9years and so had sufficient grounding in the co-operative affairs.

Table 4: Members' Socio-Demographic Characteristics

Members (N = 283)			
Variable	Characteristics	Frequency	%
Gender	Male	188	66.4
	Female	95	33.6
Employment	Junior level employed	47	16.6
	Middle level employed	57	20.1
	Senior-level employed	133	47.0
	Self-employed	26	9.2
	Not stated	20	7.1
	Age	Less than 30	19
Mean = 41.4 years	30-40	106	37.5
	41-50	97	34.3
	Above 50	57	20.1
	Not Stated	4	1.4
Highest educational qualification	Secondary school	31	11.0
	Technical college	12	4.2
	OND	47	16.6
	NCE	9	3.2
	B.Sc/HND	122	43.1
	Post Graduate	52	18.4
	Others	10	3.5

Reflecting common gender disparities in the employment sector, 66% of respondents are male and 34% were female. Most of the respondents were senior-level employees in the formal sector (47%), while 20% are middle-level employees and 17% are junior-level employees. Nine percent (9%) of those surveyed were in the informal sector. This spread reflects the wide acceptability of co-operatives across income classes and the potential it has for reaching people across income classes. The data further gathered also provides evidence of housing affordability across income classes. The respondents are mature people mostly between 30 and 50 years (71.8%) and the mean monthly income at N96,023.00. These are captured in Table 4.

As shown in the same table, 34% of respondents had been members of their co-operative societies for over 5 years; 29% had been members for between 1-5 years; while 32% have been members for over 10 years. Most of the respondent members belonged to staff co-operatives (59%) that are mostly multi-purpose societies (80%) and most had been members for over 6 years.

Respondents were asked various questions about the role their co-operatives play in housing finance and development. Responses indicate that in the past three years, more proportion of co-operative members (33.5%) had acquired loans for housing-related purposes (24% to build their home and 9% to assist in house rents) than for any other purposes. A total of 1.4% had sought cooperative loans to pay their children's school fees, while 11% had taken loans to support their business activities (3.2% to start a

business and 7.8% to improve existing businesses). This supports the literature that co-operatives contribute to housing and livelihoods more than any other need. Co-operatives satisfy the housing need of 33% of respondents, and 22% seek co-operative funds for improving their businesses. Respondents were asked about their homeownership status. Twenty-eight (28%) of respondents were owner-occupied, 59% are rented apartments, 2% lived in staff quarters, 6% lived in their family houses, while 3% squatted with relatives. This shows a high housing need across the respondents and supports secondary data on the rental status of Lagos residents.

Table 5: *Members' homeownership characteristics and co-operative Financing*

Variable	Members (N = 283)		
	Characteristics	Frequency	%
Co-operative membership	Short term	82	29.0
	Medium term	96	33.9
	Long term	92	32.5
	Not stated	13	4.6
Category of co-operative	staff coop	167	59.0
	non-staff	50	17.7
	Not stated	66	23.3
Type of Co-operative	Consumer	5	1.8
	Multi-purpose	227	80.2
	Thrift and credit	43	15.2
	Housing	5	1.8
	Building	2	.7
	Others	1	.4
Financial Account	Savings with co-op	147	51.9
	Current account with commercial bank	99	35.0
	Savings account with commercial bank	32	11.3
	Account with micro-finance bank	1	.4
	Not stated	4	1.4
Purpose of recent co-op loan	To build own home	70	24.7
	To pay house rent	25	8.8
	To pay children's' school fees	4	1.4
	To help with health care	1	.4
	To start a business	9	3.2
	To improve business	22	7.8
	To finance travelling	1	.4
	To finance celebrations	6	2.1
	Others	5	1.8
	Not applicable	2	.7
	Not stated	118	41.7
Current Accommodation	None	20	7.1
	Owner-occupier	79	27.9
	Staff quarters	6	2.1
	Squatting	9	3.2
	Family house	17	6.0
	Rented apartment	166	58.7
	Not stated	6	2.1

However, as shown in table 5, further questions for non-homeowners showed that 69% of those living in a rented apartment are currently building their homes.

Respondents were also asked the reasons for their non-homeownership status. Twenty-three percent (23%) indicate that they have their houses under construction, 18% do not yet own their lands while 12% do not have access to sufficient construction finance to build their homes. A further 1.8% were satisfied with their current accommodation and so were not interested in home-ownership, while 2.5% were loan averse.

Respondents were asked about their sources of housing finance. Forty-two percent (42%) had acquired a loan to support housing construction, while 43% had not. All of these show slightly significant homeownership aspirations across the respondents.

4.2 Test of Hypothesis

The Hypothesis tested was that there are no differences in the responses of co-operative leaders and co-operative members with respect to the level of member involvement in land acquisition decision-making. The differences were ascertained using Independent Sample T-test.

The Independent Sample T-test was adopted as an analytical tool based on Field's (2009) assertion that it is used in situations in which there are two experimental conditions and different participants have been used in each condition. Unlike the dependent t-test which is used to establish differences between pairs of scores that comes from the same participants, the Independent t-test is used to establish the difference in the means of separate participants. As the co-operative leaders are considered as one set of samples, and the co-operative members another, the hypothesis is to ascertain the statistical differences between the responses of these two groups, it is deemed appropriate for this study.

Table 7: Results of t-tests and descriptive statistics for member involvement by Co-operative leaders and Co-/operative members

Member involvement variables	Group						Mean Difference			
	Co-operative leaders			Co-operative members						
	Mean	SD	N	Mean	SD	N	T	Df	Sig.	
Land allocation decision	8.16	1.817	400	5.72	2.033	226	2.441	14.982	425.080	0.00
Whether to construct	8.02	2.085	400	5.36	2.215	226	2.655	14.706	443.909	0.00
Size of land to buy	8.04	2.072	400	5.73	4.599	226	2.312	7.158	277.491	0.00
Location of land to buy	8.19	1.847	400	5.59	2.130	226	2.593	15.289	417.225	0.00
Whom to buy from	8.00	2.12	400	5.58	5.315	226	2.416	6.545	266.068	0.00
Price of land to buy	8.02	2.098	400	5.78	4.583	226	2.234	6.930	279.242	0.00

The analysis on table 7 shows that the t-test statistics ranged from ($t = 14.982$, $df = 425.080$, $p = 0.00 < 0.05$), for land allocation decision-making, and ($t = 14.706$, $df = 443.909$, $p = 0.00 < 0.05$) for housing construction decision-making. Others are ($t = 7.158$, $df = 277.491$, $p = 0.00 < 0.05$) for size of land to buy,

($t = 15.289$, $df = 417.225$, $p = 0.00 < 0.05$) for location of land to buy and ($t = 6.545$, $df = 266.068$, $p = 0.00 < 0.05$) for decision making on whom to buy from and ($t = 6.930$, $df = 279.242$, $p = 0.00 < 0.05$) for decisions on price of land to buy respectively. The test statistics therefore shows that the null hypothesis of no significant difference for all six items is rejected since p-values are less than 0.05. The descriptive statistics indicate that the difference lies in co-operative leaders reporting higher levels of member participation than the members themselves.

4.3 DISCUSSION

As a business unit consisting of a jointly owned and used enterprise with strong democratic and solidarity principles (Gonzales, 2012), cooperative leaders and their proxies have to act in accordance with cooperative principles, protecting members' interests. Thus, there has to be agreement on housing development decisions by the co-operative leaders, who in this study are considered as 'the agents' and the co-operative members, who are 'the principals', following the Agency Theory. Both parties have to agree on specific issues such as where the land to be purchased is located. Here, there are considerations as to distance from work, distance from government infrastructure, even the neighbouring development as well as the desirability of the general environment. Secondly, there are also decisions to be made on whether to construct housing on the land and here, the society has to decide whether to buy the land and allocate to members who would go on to build their homes or whether the co-operative could become a real estate developer, (or even contract this out), thus going beyond merely buying land to building on the land. Third, there are decisions to be made on the size of land to be purchased, which can then be subjected to the realities of the available land in the market. It is probable that a maximum and minimum limit of land size to purchase would be agreed upon. In addition, due to inherent risk factors in land sales, there has to be a decision on whether the co-operative buys land from the informal market or goes through the government by applying for land allocation. In making this decision, the co-operative is conscious of the risky (but faster) process of buying from the informal markets. There has to be a strong commitment and sense of trust amongst the co-operative leaders and their members as they go through these steps which are so critical to the success of the housing supply venture. The complexity of the housing market would also contrive to make these decisions quite challenging given the diversity of interests that the cooperative society represents.

Respondents were asked to assess the level of member involvement on key decisions in the early stages of the housing supply process and these stages were represented by the variables mentioned. The analysis shows that while co-operative leaders believed that they carried members along in land acquisition decisions, members believed they were not sufficiently involved. The statistically significant difference between these sets of responses could imply that there are potential conflicts in the governance system as far as land acquisition issues are concerned.

However, the study cannot provide evidence that the actions of the leaders are detrimental in the long run to the members, or that the actions of the leaders have been self-serving and optimizing returns towards themselves. It does show that there is a risk that the co-operative leaders have not acted in alignment with the needs of the members, and this has been explained by Ortmann and King, 2007; Sykuta and Chaddad, 1999) has been one of the ways by which the Agency theory could be used to analyse the relationship between principals and agents, in this case, represented by the co-operative leaders and their members. This finding implies that the effectiveness of co-operatives activities in the housing sector could be marred by the lack of member involvement in key issues that affect them.

The Co-operative society still depends significantly on its members to actualize its objectives, and housing investment is so capital intensive as to require that all stakeholders including members are included in decision making. Otherwise, uptake of such cooperative interventions as land allocation after purchase,

construction of housing units on allocated land and thereafter, moving into the new house could be slowed down or halted. This is already evident as recent studies (Oyalowo, 2018) show that cooperative members do not carry out immediate construction on the allocated land, rather choosing to hold the land for prosperity sake or looking for alternative sources of finance for its construction. Previous studies (Oyalowo 2018, Oyalowo, Lawanson and Nubi 2018) show that cooperative societies have enough land in their possession to produce over six thousand housing units for Lagosians in absolute terms, but have not gone beyond land acquisition. The perceived lack of involvement by the members may have led to a lack of motivation to invest their funds into housing construction and can then explain why the achievements of cooperative societies in housing supply in Lagos is quite understated.

5. CONCLUSION

The historical role of co-operative societies is to enable groups of people with like interests to come together to satisfy needs that they are unable to meet individually. This is evidenced in literature and practice globally. The study has established that co-operative members have clear home-ownership aspirations. This study has shown that members do rely on their co-operative societies for providing funds for housing and also personal financing needs. Housing investment is highly capital intensive such that households require some form of support in acquiring affordable housing in decent neighbourhoods. It would be expected that housing provision is one need that cooperative societies can efficiently address. This study shows that for Lagos State, cooperative societies of various typologies are involved in the housing sector, and this is a testimony of their readiness to enable access to the funds necessary to achieve home-ownership. However, the role of cooperative societies in the Lagos housing sector is negligible compared to the scale of the problem.

This study has utilized the Agency Theory as a frame to explain gaps in the leadership-membership structure that could affect the effectiveness of cooperative societies in housing supply. As with other business units, the direction of co-operative society investment is dependent on the decision-making structure as encapsulated in their governance framework. However, it has been argued by researchers that, unlike other business units, co-operative societies have a lack of capital market discipline, a clear profit motive and also possess a transitive nature of ownership, as well as non-tradeable equities, all of which reduce the governance strength of the institutions towards optimizing agent obligations and the societies' rights. In utilizing the Agency theory to co-operative governance and the Lagos housing supply sector, this study has shown that there are gaps in the housing decision-making process. Decisions pertained to land acquisition, location, land size, land seller decision making, all of which are crucial first steps in the housing development value-chain are taken without the full 'buy-in' of members. This is evidenced by the co-operative members' reports of lower levels of member involvement in these processes. This suggests that members believed that they are not being involved in housing-related decision making, and as other studies have shown, are not investing in housing construction on their lands and this has generally reduced co-operatives' impact on housing supply.

All of these implies that weakness in the internal governance of cooperative societies need to be addressed if the potentials inherent in these organisations are to be released. The internal governance of co-operative societies can be strengthened by improving the capacity of leaders in managing the expectation of members, and in supporting them to practice the democratic ethos associated with these societies. Co-operative leaders also have to develop improved ways of gaining members' confidence and participation in land matters. There is also a role for the regulatory bodies which could stimulate better governance by providing and educating co-operative societies on issues related to leaders' selection, committee selection, board selection and monitoring protocols that might foster better participatory governance. Finally, borrowing from the theories of co-operative governance (stakeholder theory such as

co-opting influential people into the society to serve as board members and therefore pull their weights in governance is also considered as a strategy for improving the governance of these global organisations. Academia can provide this support by that by translating and communicating cooperative governance theories to measurable action points.

6. REFERENCES

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