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Impact of Inflation on Savings and Investments of Cooperative Societies in Awka South Local Government Area

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ABSTRACT

This study is to ascertain the impact of inflation on savings and investments of cooperative societies in Awka South local government area. The researcher set to determine the effect of inflation on member's savings, member's investment and roles of cooperatives in addressing issue of inflation in the study area. To guide this study, three research questions and two hypotheses were formulated in line with the objectives of the study. The study was anchored on International Fisher Effect Theory by Irving Fisher (1930). The study employed a descriptive survey design, the instrument for data collection was questionnaire constructed for the study and calibrated with the 5-point Likert ordinal measurement and rating scale. The population of the study was 268 selected cooperatives members in Awka South local Government Area of Anambra State. The sample size used was 161 cooperative members using Taro Yamane formular. Adopting a judgmental sampling technique, 161 questionnaires was distributed, and 127 copies of questionnaire were completed and returned and used for this study which represent 78.9% response rate. Research hypotheses were tested using Z-Test. The finding revealed that there is a significant effect of inflation on member's savings in the study area, had a p-value 0.0107 ($p < 0.05$). With a p-value 0.0170 ($p < 0.05$) indicating there is a significant effect of inflation on member's investment in the study area. In view of the findings, the study therefore, recommends that stakeholders and cooperative societies in the study area carefully consider and actively manage the impact of inflation on members' savings. Implementing strategies such as diversified investments, inflation-adjusted interest rates, and financial education initiatives can help mitigate the adverse effects of inflation, ensuring the preservation and growth of members' savings over time. Cooperative societies should adopt proactive measures to safeguard and enhance investment portfolios. Strategies may include diversifying investments across asset classes, regularly reviewing and adjusting investment policies in response to inflationary trends and providing members with financial literacy programs to empower them in making informed investment decisions resilient to the challenges posed by inflation and also, to sustain and enhance these initiatives.

Keywords: Inflation, Savings, Investment and Cooperative Society.

INTRODUCTION

Background of the Study

Economic growth, inflation control and employment are the three important purposes of macroeconomics. Inflation is seen as an economic problem in developed countries in the second half of the 20th century. Inflation with effects on economic growth, employment, income distribution and wealth as well as social and political conditions of a country can influence its entire dignity. During the last three decades, the rate of inflation of Nigeria has been two digits. Therefore, Inflation, with the two-digit value rates, has been among the structural problems of Nigerian economy which has affected economic performance in Nigeria. Banking system, as an important effective factor in economic performance, has also been under the influence of inflation. Inflation posits negative effects on distribution of incomes, consumption, distribution of resources, productivity and governmental budget; it can also result in decrease of production and deviation of production facilities towards undesirable activities among other things (Mohammad & Mahdi, 2010). Furthermore, according to Mwaniki (2018) the economic performance in a country is judged by the stability in macroeconomic variables which include foreign exchange rate, rate of inflation, consumer price index, Money Supply, stock market index and interest rates. It is the expectation of policy makers at both the macro and micro levels in an economy that these variables would remain stable and favourable to sustain business growth. Moreover, it is the wish of potential and existing investors that these macroeconomic elements remain favourable so as not to threaten the returns of their securities.

As far as the effect of inflation on financial sector is conceived, the literature demonstrates that inflation affects the capacity of financial sector for optimal allocating of resources. That is, as inflation rate increases, true yield rate of money and assets decreases. Also, the increase of inflation rate has a negative effect on the performance of financial sector through the market credits and in turn, on the performances of banks and capital markets and finally on the long-term economic growth. With respect to the effects of inflation on savings, it can be mentioned that in general, all individuals who save a part of their incomes in banks are directly damaged by the inflation and their assets decrease in proportion with money value decrease. As a result, people try to change their cashes and savings to more reliable and stable forms such as land, jewelry, antiques, art collections, foreign currencies, etc. that causes decrease in economic growth rate (Mohammad & Mahdi, 2018).

According to Ezuem & Nguevaga (2023) the year-on-year inflation rate in Nigeria has reached 20.52% in August 2022, and this is 3.52% higher than August 2021. The cause of this can be traced to the disruption in food supply, cost of import which is caused by the fall in the value of Nigerian currency and the cost of production, (NBS 2022). The three factors that are assumed to be the cause of the double-digit inflation in Nigeria appear to be very genuine because the country suffers disruption in food supply due to the displacement of rural dwellers who are the major food producers by bandit, kidnappers, Boko Haram terrorist/insurgencies and related groups, ethnic crises and flooding. Hence, the quantity of farm produce has reduced drastically. Moreover, the value of Naira stands at above N700 to dollar in October 2022, and most goods consumed in Nigeria are imported including the refined petroleum where the dollar is used as the medium of foreign exchange. At this end, there is no way an importer can import goods and sell at loss. Hence, the continuous increase in price.

Cooperative or “co-op” is unlike any other type of legal business structure. A cooperative is a legal business structure that is owned and governed by, and functions for, the benefit of those who use its services. Cooperatives are owned by those who work for it, are served by it, or both. Furthermore, Cooperatives (also called associations) are made up of customers, providers, or both, in order to fulfill a common economic, social, or cultural necessity or an objective in markets that are unattractive to other businesses. The members are all owners and managers in the business, sometimes called user-owners. Each receives a share of the cooperative’s earnings, has voting power to guide the direction of the firm, and contributes in some way to the co-op’s business activities. All members receive the benefit of the co-op, usually cost savings, though the goal is not to pursue profits.

Although its role is important at different levels (namely households, companies and government savings), these three entities however are closely interlinked (Onwumelu, Ogundipe & Anunobi, 2020). Saving lead to higher investment and ultimately to higher economics growth (Odhiambo 2019). Saving can be an essential tool for economic growth and ultimately lead to poverty reduction in rural area. Saving is defined as gross national income less total consumption plus net transfer World Bank (2017). People save for many reasons. Saving is the portion of income not spent on current expenditures or as income that is not consumed immediately by buying goods and services. Because, a person does not know what will happen in the future, money should be saved to pay for unexpected events or emergencies. Without savings, unexpected events can become large financial burdens. Therefore, savings helps an individual or organizations to be financially secured (Lisa & Jeffers, 2009 in Tefera, Biniyam & Amen, 2019).

Statement of Problem

Inflation has been one of the major economic factors that distort not just Nigerian economy but other national economies which the developed ones are not exempted. The problem of inflation in Nigeria has lingered for many decades and it seems to be unresolved despite many studies conducted to make a way out of it. Due to the depreciation of value of Naira, there is an increase in transportation cost, foodstuffs, rent, input materials, cost of services and other goods. This tends to be affecting government employees more negatively because their wages remain constant despite the continual increment in prices. Hence, the cost of living is high while the standard of living is low. Since, disruption in food supply is one of the causes of inflation, and the cause of the disruption come as the result of unrest and abandonment of agricultural sector, government should be sincere with security and agricultural loan should be given to the right personnel in order to boost agricultural out. On the part of cost of import, locally made goods and raw material can substitute the imported one so that cost of production can be reduced so as dollar will not be involved in the transaction (Ezuem & Nguevaga, 2023).

Also, given the problem inherent in the formal sector, the informal saving association if properly developed would not only facilitate the financing of economic development but would also necessitate the need to put in place a coherent economic policy that will be capable of providing the much needed environment and also the need to encourage Nigerians to change their current attitude towards savings thereby placing the right saving culture in institution and regulating agent who influences the decision of household, firm and government. This therefore, alongside other factors have been the building block towards this study to help unravel the hidden impact of inflation on savings and investments in cooperative societies.

Objective of the Study

1. Determine the effect of inflation on members’ savings in the study area
2. Examine the effect of inflation on member’s investment in the study area.
3. Determine the roles of cooperatives in addressing issue of inflation in the study area.

Research hypothesis

$\boldsymbol{H_{o1}}$**:** There is no significant effect of inflation on member’s savings in the study area.

$\boldsymbol{H_{o2}}$**:** There is no significant effect of inflation on member’s investment in the study area.

REVIEW OF RELATED LITERATURE

Concept of Inflation

Inflation is a rise in prices, which can be translated as the decline of purchasing power over time. The rate at which purchasing power drops can be reflected in the average price increase of a basket of selected goods and services over some period of time. The rise in prices, which is often expressed as a percentage, means that a unit of currency effectively buys less than it did in prior periods. Inflation can be contrasted with deflation, which occurs when prices decline and purchasing power increases (Fernando, 2023). In simple terms, inflation refers to the general increase in the prices of goods and services in an economy over time. When inflation occurs, the purchasing power of money decreases, meaning that the same amount of money can buy fewer goods and services. Inflation is measured using an inflation rate, which is the percentage increase in the average price level of a basket of goods and services over a specific period, usually a year. It’s commonly expressed as an annual percentage.

According to Remitano (2022) inflation means a continuous rise in the general price level of goods and services in an economy at a given period. It is of primary concern to all stakeholders. Inflation adversely affects the overall growth, financial sector development, and the vulnerable poor of the population. It also induces uncertainty, discourages savings, and promotes consumption. ICICI Prudential Life Insurance (2023) noted that a rise in inflation means an increase in the cost of goods and services. This means that to purchase the same goods and services, you will have to pay more. This is called an increase in the cost of living. This also means that the same amount of money cannot buy you the same goods and services in the future. This is called a reduction in the purchasing power of money.

Savings

Savings according to Sweta (2023) represents an individual’s unspent earnings. It is the amount that remains after meeting the household and other personal expenses over a given period, for example, on a monthly basis. Also, Savings is the balance that remains after meeting of the consumption needs of an individual. Furthermore, savings according to Kagan, Howard & Valasquez (2022) refers to the money that a person has left over after they subtract out their consumer spending from their disposable income over a given time period. Savings, therefore, represents a net surplus of funds for an individual or household after all expenses and obligations have been paid. Moreso, savings are kept in the form of cash or cash equivalents (e.g. as bank deposits), which are exposed to no risk of loss but also come with correspondingly minimal returns. Savings can be grown through investing, which requires that the money be put at risk, however.

According to Creditvilla Group (2023) inflation is a natural phenomenon that occurs when the prices of goods and services increase over time. While it may seem like a small concern, inflation can have a significant impact on your savings and long-term financial goals. First, it’s important to understand how inflation can erode the value of your savings. As prices rise, the purchasing power of your money decreases. This means that the same amount of money will be worth less in the future than it is today. For example, if the inflation rate is 2% per year, 100,000 naira today will only be worth 98,000 naira in a year.

Investment

Investment is defined as the commitment of current financial resources in order to achieve higher gains in the future. It deals with what is called uncertainty domains. From this definition, the importance of time and future arises as they are two important elements in investment. Hence, the information that may help shape up a vision about the levels of certainty in the status of investment in the future is significant. From an economic perspective, investment and saving are different; saving is known as the total earnings that are not spent on consumption, whether invested to achieve higher returns or not. Consumption is defined as one’s total expenditure on goods and services that are used to satisfy his needs during a particular period. The values of investment or saving, as well as consumption, can be determined at the macroeconomic level, or at the individual level, through different statistical methods (Saudi Arabia Capital Market Authority, 2023).

Devon & Shawn (2023) stated that an investment is defined as putting money, time, or effort into something, be it a material or an intangible asset, with the hope that it will generate a profit or advantage in the future.

Cooperative Societies

Cooperative societies play essential roles from the development and socio-economic point of view in the Nigerian tertiary system. Members of cooperatives are steadily shifting from being uni-functional to multifunctional by joining other cooperative societies so as to increase their financial and non-financial strength as well as been able to meet the demand of the market force (Onah, 2014 as cited in Ajayi & Chilokwu, 2021).

The Food and Agricultural Organisation (FAO, 2012 in Nsingize, 2013) defines a cooperative as "an autonomous association of women and men, who unite voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise". The aim of establishing a cooperative is to pursue profits whilst at the same time addressing the needs and interests of the members. Through cooperatives, members are also able to access services, economic opportunities and other non-economic opportunities. According to FAO, the cooperative model is found in different sectors that include agriculture, marketing and financial services and housing.

International Cooperative Alliance (ICA) defines cooperative as an autonomous association of persons unified voluntarily to meet their common economic, social and cultural needs through a jointly owned and democratically controlled enterprise. Similarly, Nweze, 2001 in Ojelade et al (2020) It is a business voluntarily owned and controlled by its member patrons and operates for them and by them on a non-profit basis

A co-operative is a business organization owned by the members who use the services of the co-operative. Control rests equally with all members and surplus earnings are shared by members in proportion to the degree they use the services.

Effect of Inflation on Member's Savings

Inflation can affect the value of member's savings in the long run. When you save, you must save keeping in mind the rising prices of commodities and services of tomorrow. A sum that seems significant today may not seem so many years from now. Therefore, it is suggested to have an additional cushion of investment. This ensures that your member's hard-earned money retains its worth, regardless of time and inflation (ICICI Prudential Life Insurance, 2023).

To a greater extent, most empirical studies of inflation and savings relationship, generally observed that individual, households and governments respond to the rising price level of goods and services by cutting back on general consumption and borrowing, thereby increasing their aggregate national saving. Thus, if the positive relationship between inflation and saving no longer holds with COVID 19 and economic shocks, a rising rate of the general price level in the future will not guarantee a higher average rate of household or government saving. This development could hurt the economic growth progression of an individual country or devolved units since reduced general savings tend to slow the future supply of funds for investment and capital infrastructure development in developing countries. However, the traditional economic theory indicates that inflation has no significant impact on average saving, except under certain macroeconomic conditions, to generate readjustments in some components of household wealth increases. This means that the same amount of money will buy fewer goods and services in the future than it does today. Here's how inflation can impact your savings:

1. **Reduced Purchasing Power**

Inflation erodes the value of money. Over time, the amount of goods and services you can buy with your savings decreases, even if the nominal value of your savings remains the same.

2. **Lower Real Returns**

If your savings earn an interest rate that is lower than the inflation rate, your savings' real (inflation-adjusted) returns are negative. In other words, your savings are not growing enough to keep up with the rising cost of living.

3. **Risk to Long-Term Goals**

For long-term savings goals like retirement or education, inflation can significantly impact your ability to meet those goals. Your savings may not grow enough to cover future expenses.

4. **Impact on Investments**

Inflation can affect various investment types. Traditional fixed-income investments (like savings accounts or bonds) may not offer sufficient returns to outpace inflation. Investing in assets that historically provide a hedge against inflation, such as stocks or real estate, might be considered.

Effect of Inflation on Member's Investment

1. **Equities**

When someone makes an equity investment in a cooperative society, they become shareholders with a claim to a proportion of the society's assets and earnings. How the cooperative performs determines the value of its stocks, but this can be affected by economic factors like inflation. When wages are high and the underlying economy is strong, members can still afford to buy a society's products. Rising profits benefit shareholders because they should see a greater return on their investment. However, when wages aren't rising and the economy is weak, members can't afford to buy goods and services. This leads to a fall in both demand and society's profits, with returns to shareholders following suit (Wise, 2023).

2. **Fixed income**

Investing in bonds typically involves lending money to the issuer, usually a big company or the government. The issuer then pays you a fixed income in return. When the bond matures, the issuer repays the original loan. As the interest rate for the repayments is fixed, high inflation will effectively devalue the income you receive. Inflation can also affect the underlying value of the investment. If, for example, you buy a government bond for $100 that pays 3% interest but inflation is above 3%, then the value of the investment will fall. When the government repays the loan at the end of the fixed period, your original $100 will have been devalued by inflation (Wise, 2023).

According to Marshall (2022) it costs more to borrow money these days. Inflation is soaring for all sorts of reasons, and the Central Bank of Nigeria has increased interest rates to bring it back to Earth. The central bank recently raised the overnight interest rate from 18 to 18.5 per cent, the biggest increase since 2000. Luckily, co-ops have tools at their disposal that can help you get through rising interest rates unscathed.

Role of Cooperatives in Addressing Issues of Inflation

According to Ebue, Onyeze & Alisigwe (2018), cooperatives play a role in addressing the issue of inflation in Nigeria. Size and capital base of cooperatives positively affect their role in checkmating inflation in Nigeria. Effective management of cooperatives aid their role in checkmating inflation in Nigeria to a very great extent. There were challenges faced by cooperatives in checkmating inflation in Nigeria. The accounting and book keeping methods of cooperatives in Nigeria were very effective. Leadership affects the performance of cooperatives in checkmating inflation in Nigeria to a very great extent. The rate of performance of cooperative movement in Nigeria is very high. Political and socio-economic factors positively affect the role of cooperatives in controlling inflation in Nigeria. Furthermore, Ebue, Onyeze & Alisigwe (2018), pointed that the government should assist in the growth and development of cooperatives in Nigeria based on their active roles in reduction and control of inflation in Nigeria. The government should use cooperatives as agents in marketing of consumer goods in that way the prices of such goods will be more regulated and thereby reducing the rate of inflation. Also, diverse financial institutions in Nigeria should as well map out a percentage of their profit for financing the development of cooperatives in Nigeria by giving access to credit to consumer cooperatives which may help in provision of consumer goods to people in reasonable prices. The government should provide adequate infrastructural facilities and other basic amenities as these affect the roles of cooperatives in reducing inflation in Nigeria.

Financial services sector plays a critical role in economic development through provision of better intermediation and investment options between savings and investments. Specifically, services provided by SACCOs are/will play a crucial role in improving accessibility of financial services. This, however, is realizable only when the SACCOs' financial stability is guaranteed. SACCOs need to generate income which is adequate to cover all of their operational costs, inherent risks, and to enhance institutional capital, dividends and rebates. In this regard, financial practice should be based on sound financial stewardship, solid capital structure, and prudent funds allocation strategy (Joseph & Luke, 2015). Furthermore, for the SACCOs' financial stability on the basis of their comparatively lower fees than other types of commercial banks, which not only helps to increase access of the poor to credit, but also reduces the cost of remittance transfers. There is empirical evidence that over time SACCOs' financial performance is on the gradual rise. In 2008, for instance, savings in SACCOs across Sub-Sahara Africa grew by an average of 31.9 per cent, which is comparable to average saving growth rates for previous years. Loans grew at an average of 12 per cent, which was lower than the growth rates of previous years (World Council of Credit Unions (WOCCU, 2009 as cited in Joseph & Luke, 2015). Further, in the year 2007, loans issued by SACCOs grew by 35.3 percent, while in 2006 loans grew by 21.2 per cent. Growth in new membership has been steady. This also suggests that SACCOs across Africa may be exercising caution in responding to the loan requests of members (WOCCU, 2009 as cited in Joseph & Luke, 2015).

SACCOs in Nigeria, however, face stiff competition from other players in the financial services sector like commercial banks, microfinance institutions, shylocks, pyramid schemes and investment groups. Out of the country's approximated population of 224 million, a significant 141 million people (63%) participate either directly or indirectly in SACCO enterprises. However, despite the significant government initiative to support cooperative movements through legislation, a significant 3457 (51%) of the registered SACCOs by late 2013 were not operational (Kiaritha, 2014).

Theoretical Framework

The theoretical background for this study is anchored on, International Fisher Effect. This theory was developed by Irving fisher in his book The theory of interest (1930). It uses market interest rates to explain why interest rates change over time. The international fisher effect states that exchange rates changes are balanced out by interest rates changes. The fisher theory argues that real interest rates across countries are equal due to the possibility of arbitrage opportunities between financial markets, which occur in form of capital flows. Real interest rate equality implies that the country with the higher interest rate should also have a higher inflation rate, which in turn makes the real value of the country's currency decrease over time (Gopinath & Rogoff, 2014). The relationship between relative interest rates and foreign exchange rates is explained within the interest rate theory of exchange rate expectations. If the international fisher effect holds, interest rates in appreciating currencies tend to be low enough and in depreciating currencies high enough to offset expected currency gains and losses (Keynes, 2016). The International Fisher Effect (IFE), suggests that foreign currencies with relatively high interest rates will tend to depreciate because the high nominal interest rates reflect expected rate of inflation (Gopinath & Rogoff, 2014).

This theory is relevant to the current study in that interest rates fluctuations encourage or discourage levels of borrowing. The capping of interest rates in Nigeria by the Central Bank has increase the bank lending rates to levels far to the lending rates of the SACCOs. The subsequent buying off of loans from the SACCOs by the banks reduces the source of income of the SACCOs.

Empirical Review

According to Ebue, Onyeze & Alisigwe (2018), examined 'inflation in Nigeria; Co-operatives as corrective measures''. The objective of co-operatives in addressing the issues of inflation in Nigeria is to investigate how size and capital base of cooperatives affect their role in checkmating inflation in Nigeria. The findings made was that: cooperatives play a role in addressing the issue of inflation in Nigeria. Political and socio-economic factors positively affect the role of cooperatives in controlling inflation in Nigeria. In conclusion, one of the macroeconomic goals which the government strives to achieve is the maintenance of stable domestic price level. This goal is pursued in order to avoid cost of inflation or deflation and the uncertainty that follows where there is price instability.

Victor, Udo & Abner (2020) in the research "other determinants of inflation in Nigeria" found out that inflation is a continuous macroeconomic concern that has dominated thoughts at major economic fora due to its pervasive effect on the economy. The quantity theory of money isolates money supply as the major cause of inflation. The economic reality in Nigeria contravenes the theory. The study examines other determinants of inflation in Nigeria using the autoregressive distributed lag (ARDL) method on quarterly data from January 1999- December 2018. Findings show that poor infrastructural development, exchange rate, political instability, corruption, and double taxation significantly stimulate inflation rather than just money supply. The results show a causal relationship between other determining factors and inflation. The ARDL result shows a significant long-short run relationship.

Ezuem & Nguevaga (2023) in this study examines the impact of inflation on economics activities in Nigeria from 1981 to 2020. The essence of undertaking this study is to proffer solution to the continuous rise in price and depreciation of value of currency. The result of the study reveals that all the variables exhibit no significant impact on Annual Growth Rate of Manufacturing Value Added and a negative effect except exchange rate which exhibit no significant impact but positive effect in the long run. It was concluded that inflation rate has no significant impact on the economics activities in Nigeria for the period under review.

Gap in Literature

According to the existing and reviewed literature above, there is enough and strong evidence that a gap does exist because no known study has examined the impact of inflation on savings and investments in cooperative societies in Awka South Local Government Area. Hence, this study is set to fill the gap.

MATERIALS AND METHODS

The study adopted survey design. The area of the study is Awka South Local Government Area, Anambra State. Purposive sampling technique was used to select a sample of 161out of 268 members of all the registered cooperative societies in Awka south Local Government Area. The reliability of the research instrument was tested using Chronbach Alpha Coefficient. The data collected from the above sources will be analyzed using simple descriptive statistical tools, such as frequency distribution scale, simple percentage.

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The Z-test will be used in testing the hypothesis already formulated.

DISCUSSIONS AND FINDINGS

A total of 161 copies of questionnaires were distributed to members of the cooperative society within the study area. A total of 127 copies were properly filled and returned, 11 copies were not returned while 20 copies were haphazardly and incorrectly completed, leaving a total of 127 questionnaires to be utilized for this study.

Table 1: Distribution of Respondents' Responses based on Effect of Inflation on Member's Savings.

S/N	**Items**	**SA (5)**	**A (4)**	**UD (3)**	**D (2)**	**SD (1)**	**Total**	**Mean**	**Remarks**
i.	Inflation affects members saving over a long period of time (Long run).	36 (180)	48 (192)	17 (51)	13 (26)	13 (13)	127 (462)	3.64	Accept
ii.	Inflation erodes the purchasing power of savings over time, diminishing the real value of stored wealth and challenging individuals' ability to maintain their desired standard of living	27 (135)	52 (208)	12 (36)	24 (48)	12 (12)	127 (439)	3.46	Accept
iii.	Inflation diminishes real returns on savings by eroding the purchasing power of money, impacting the overall profitability and value of long-term investments.	50 (250)	33 (132)	12 (36)	10 (20)	22 (22)	127 (460)	3.62	Accept
iv.	Inflation affects life long term plan e.g. retirement by significantly not allowing saving to grow enough to cover future expenses.	47 (235)	43 (172)	8 (24)	19 (38)	10 (10)	127 (479)	3.77	Accept
v.	Inflation exerts a negative impact on investments by eroding their real value over time, posing challenges to achieving sustainable returns and financial growth for members.	32 (160)	57 (228)	14 (42)	17 (34)	7 (7)	127 (471)	3.71	Accept
	Grand Mean							**3.64**	

Source: Field Survey, 2024

Table 1 reveals the **Effect of Inflation on Member's Savings,** with the adoption of a five-point Likert scale. The items are regarded as accepted with a grand mean score of 3.64.

Table 2: Distribution Respondents Responses based on Effect of Inflation on Member's Investment

S/N	ITEMS	SA (5)	A (4)	UD (3)	D (2)	SD (1)	Total	Mean	Remarks
i.	Inflation affects how cooperatives performs due to drop in its value of its stocks.	50 (250)	42 (168)	13 (39)	15 (30)	7 (7)	127 (494)	3.89	Accept
ii.	High inflation devalues the income member receives from investing in bonds.	45 (225)	36 (144)	19 (57)	18 (36)	9 (9)	127 (471)	3.71	Accept
iii.	Inflation erodes the real value of equity by diminishing purchasing power, potentially hindering the ability of members to realize optimal returns and maintain the value of their ownership stakes in various assets of the society.	45 (225)	33 (132)	12 (36)	26 (52)	11 (11)	127 (456)	3.59	Accept
iv.	Members can purchase investment shares from their society and receive payment when profit rises instead of taking loan from financial institution.	38 (190)	52 (208)	12 (36)	21 (42)	4 (4)	127 (480)	3.78	Accept
v.	Due to high inflationary trend members are advised to lend money now then leave it to the future.	36 (180)	48 (192)	17 (51)	13 (26)	13 (13)	127 (462)	3.64	
vi.	Inflation erodes the purchasing power of fixed income investments, reducing their real returns and potentially impacting the overall stability of income streams for members/shareholders of the society.	47 (235)	43 (172)	10 (30)	19 (38)	8 (8)	127 (483)	3.8	Accept
	Grand Mean							**3.74**	

Source: Field Survey, 2024

Table 2 reveals the assessment of the **Effect of Inflation on Member's Investment** with the adoption of a five-point Likert scale. The items are regarded as accepted with a grand mean score of 3.74, indicating that inflation in the study area has a high effect member's investment.

Table 3: Distribution of Respondents' Responses based on Role of Cooperatives in Addressing Issues of Inflation

S/N	ITEMS	SA (5)	A (4)	UD (3)	D (2)	SD (1)	Total	Mean	Remarks
i.	Cooperatives in Nigeria, influenced by their size and capital base, play a significant role in addressing inflation, with effective management and robust accounting methods contributing to their success in checkmating inflation challenges.	47 (235)	38 (152)	10 (30)	17 (34)	15 (15)	127 (466)	3.67	Accept

ii.	Leadership quality has a considerable impact on the performance of cooperatives in controlling inflation, and despite facing challenges, the cooperative movement in Nigeria demonstrates a high rate of effectiveness, influenced positively by political and socio-economic factors.	59 (295)	36 (144)	9 (27)	15 (30)	8 (8)	127 (504)	3.97	Accept
iii.	financial institutions should allocate a portion of their profits to finance cooperative development, while the government's provision of infrastructure and basic amenities is crucial for enhancing the cooperative sector's effectiveness in reducing inflation in Nigeria.	58 (290)	33 (132)	12 (36)	18 (36)	16 (16)	127 (510)	4.02	Accept
iv.	Savings and credit cooperative provision of financial services at lower interest rate help reduce the impact of inflation unlike commercial banks.	47 (235)	42 (168)	8 (24)	19 (38)	11 (11)	127 (476)	3.75	Accept
v.	Cooperatives unlike other types of commercial bank allow access to credit to the poor at reduced cost.	41 (205)	36 (144)	21 (63)	18 (36)	11 (11)	127 (459)	3.61	Accept
vi.	Cooperatives faces stiff competition from other financial providers in making funds available for investment.	32 (160)	57 (228)	14 (42)	17 (34)	7 (7)	127 (471)	3.71	Accept
	Grand Mean							**3.79**	

Source: Field Survey, 2024

Table 3 shows the distribution based on **Role of Cooperatives in Addressing Issues of Inflation** in the study area. The items with a grand mean score of 3.79 are regarded as accepted showing the efforts of the cooperatives in cushioning issues of inflation is high.

Testing Hypothesis

In this section, the research hypothesis earlier formulated was tested using two tailed z-test

Testing Hypothesis One

Questions **i – v** of **Table 1** (Distribution based on Effect of Inflation on Member's Savings) was used to test the hypothesis.

$Z = PQ/\sqrt{nPQ}$

Where:

P = Proportion of positive responses (strongly Agree and Agree)

Q = Proportion of negative responses (Undecided, Disagree, and strongly disagree)

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n = Sample size

Decision rule: Reject the H_o (null hypothesis) if computed value is within -1.96 to 1.96 of table value significance.

H_{o1}**:** There is no significant effect of inflation on member's savings in the study area.

Table 1: Information Obtained from Table 4 To Summarize the Hypothesis Test.

Options	**No. of Response**	**Percentage (%)**
Strongly Agree	192	30.24
Agree	233	36.69
Undecided	63	9.92
Disagree	83	13.07
Strongly Disagree	64	10.08
Total	635	100.00

Source: Field Survey, 2024

P= (192+233)/635 x 100

P=66.93%

Q= (63+83+64)/635 x 100

Q=33.07%

n=635

Therefore;

Z=(0.6693 x 0.3307)/√(635 x 0.6693 x 0.3307)

Z=(0.22133751)/(√425.3362)

Z=(0.22133751)/20.62368056

Z=0.0107

Statistical Decision: The result from the statistical calculation shows a *z*-value of which falls within -1.96 to 1.96 of table value significance at 5%. Hence, we reject the null hypothesis and accept the alternate hypothesis which states that there is a significant effect of inflation on member's savings in the study area.

Testing Hypothesis Two

In this section, the research hypothesis earlier formulated was tested using two tailed z-test.

Questions **i – vi** of **Table 5** (Distribution based on Effect of Inflation on Member's Investment) was used to test the hypothesis.

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$Z = PQ/\sqrt{nPQ}$

Where:

P = Proportion of positive responses (strongly Agree and Agree)

Q = Proportion of negative responses (Undecided, Disagree, and strongly disagree)

n = Sample size

Decision rule: Reject the H_o (null hypothesis) if computed value is within -1.96 to 1.96 of table value significance.

***H_{o2}*:** There is no significant effect of inflation on member's investment in the study area.

Table 2: Information Obtained from Table 2 To Summarize the Hypothesis Test.

Options	No. of Response	Percentage (%)
Strongly Agree	261	34.25
Agree	254	33.33
Undecided	83	10.89
Disagree	112	14.70
Strongly Disagree	52	6.83
Total	762	100.00

Source: Field Survey, 2024

P= (261+254)/762 x 100

P=67.59%

Q= (83+112+52)/762 x 100

Q=32.41%

n=762

Therefore;

Z=(0.6759 x 0.3241)/√(762 x 0.6759 x 0.3241)

Z=0.21905919/(√166.92310278)

Z=(0.21905919)/12.91987240

Z=0.0170

Statistical Decision: The result from the statistical calculation shows a *z*-value of which falls within -1.96 to 1.96 of table value significance at 5%. Hence, we reject the null hypothesis and accept the alternate hypothesis which states that there is a significant effect of inflation on member's investment in the study area.

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SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

Summary of Findings

1. The analysis revealed that cooperative societies gender are more of female to male, majority fell within the age bracket of 31-40 years with the least age being 51 – 60 years. Most members are married (68%), with most members having West African Examination Council Certificate (WAEC) as their highest educational qualification.
2. The analysis also reveals that majority of members have 6-10 years of cooperative experience. Majority of members operate a medium scale enterprise, many of the respondents are known artisans as well as majority has a monthly income range of 10001 – 20000.
3. The respondent accepted the entire questions rose as effect of inflation on member's savings with a grand mean of 3.64 in the study area.
4. The respondent accepted all the questions rose as regards effect of inflation on member's investment with the mean of 89, 3.71, 3.59, 3.78, 3.64 and 3.8 with a grand mean of 3,74 in the study area.
5. With a grand mean of 3.79 the respondents reveal that efforts of the cooperatives in cushioning issues of inflation is high in the study area.
6. The hypotheses of the study were tested using Z-test statistics of analysis. The first hypothesis had a p-value 0.0107 ($p < 0.05$) which revealed that there is a significant effect of inflation on member's savings in the study area, while the other had a p-value 0.0170 ($p < 0.05$) indicating that there is a significant effect of inflation on member's investment in the study area.

Conclusion

In conclusion, the study on the impact of inflation on savings and investments of cooperative societies in Awka South Local Government Area underscores the significance of addressing inflationary challenges. The findings emphasize the need for proactive measures by cooperative societies, such as diversifying investments, adjusting interest rates, and implementing financial education programs. Sustaining efforts to mitigate the impact of inflation is crucial for ensuring the resilience and financial well-being of cooperative societies and their members in the dynamic economic landscape of Awka South Local Government Area.

Recommendations

Having discussed the findings and drawn some conclusions therein, the following recommendations were made;

1. it is recommended that stakeholders and cooperative societies in the study area carefully consider and actively manage the impact of inflation on members' savings. Implementing strategies such as diversified investments, inflation-adjusted interest rates, and financial education initiatives can help mitigate the adverse effects of inflation, ensuring the preservation and growth of members' savings over time.
2. It is recommended that cooperative societies adopt proactive measures to safeguard and enhance investment portfolios. Strategies may include diversifying investments across asset classes, regularly reviewing and adjusting investment policies in response to inflationary trends, and providing members with financial literacy programs to empower them in making informed investment decisions resilient to the challenges posed by inflation.
3. it is recommended to sustain and enhance these initiatives. Continued commitment to implementing inflation-mitigating measures, such as offering inflation-protected investment options, providing financial education to members, and exploring strategic partnerships, will contribute to strengthening

the resilience of cooperative societies and better safeguarding the financial well-being of their members amidst inflationary pressures.

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