

EFFECT OF FINANCIAL MANAGEMENT PRACTICES ON THE EFFICIENCY OF COOPERATIVE SOCIETIES IN SOKOTO STATE, NIGERIA

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(TETF/DESS/UNI/SOKOTO/ARJ/01)

Abstract

This paper examines the role of financial management practices in enhancing the efficiency of cooperative societies in Sokoto State, Nigeria. Cooperative societies are central to the promotion of grassroots development, yet many remain weak and inefficient due to poor financial management. This study focuses on two core financial management decisions; investment and financing decisions and their effect on two key dimensions of efficiency: productivity efficiency and allocative efficiency. Guided by Agency Theory, Resource-Based View, and Transaction Cost Economics, the study employed a cross-sectional survey design, with data collected from 279 members of cooperative society's management from 254 active registered cooperative societies with the ministry of commerce as at 2024. Partial Least Squares Structural Equation Modelling (PLS-SEM) was used to analyze the data. Findings indicate that investment decisions insignificantly influence productivity efficiency, while financing decisions does not affect allocative efficiency.

Keywords: *Financial management, efficiency, cooperative societies.*