

RETHINKING INVESTMENT OF ISLAMIC COOPERATIVE SOCIETIES: IMPETUS FOR ECONOMIC STABILITY IN NIGERIA

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Abstract

Generally, Cooperative Societies have often tried to champion the course of enhancing members' economic status through provision of interest-based loans and all forms of business engagements. However, Islamic cooperatives having been barred from interest-based transactions are mandatorily inclined to engage in halal based investments. This paper investigated various forms of investments through which Islamic Cooperative Societies (ICSs) can contribute towards Nigeria's economic stability. The paper adopted a descriptive survey, which involved the use of secondary data for the purpose of describing the role of Islamic Cooperative Societies in promoting economic stability in Nigeria. The paper posited that Islamic Cooperatives often play increasingly important roles of job creation, enhancing good living standard and facilitating economic growth and social development which are basic ingredients of economic stability. The paper concluded that Islamic Cooperatives should remain strictly committed to their investment principles of justice and fair play. It recommended among others that ICSs should formulate adequate investments plans; ensure commitment to effective mobilization of fund from halal sources; provide adequate training to its investment managers and other members in order to effectively play their roles of promoting economic stability.

Keywords: Halal investments, Islamic Cooperatives, economic stability, Nigeria.

Introduction

Man in both ancient and modern times have often seen individualism as a challenge rather than strategy. They have preferred the application of cooperation to solve both personal and societal problems. Economic problems because of its implication for human survival are especially handled with all manners of communal efforts. The term cooperative is derived from the word cooperation, itself derived from the Latin word "co-operari", where the word "co" means "with" and "operari" means "to work". Cooperation thus means

working together. So those who work together with some common economic objectives usually form a society which is termed a “cooperative society” (Gibson, 2015). The word ‘cooperative’, coined from ‘cooperation’ therefore connotes any alliance of two or more persons, working together to achieve some aims. Such cooperation may be on a formal or an informal basis; it may also be economic or non-economic in nature (Gibson, 2015). Al Bori (2006) submits that

the Cooperative Societies are associations of persons, small producers or consumers, who have come together voluntarily to achieve some common purpose by a reciprocal exchange of services through a collective economic enterprise, sharing their common risk and with resources to which all contribute.

In this, there are a number of ideas. The ideas of freedom, of democracy, of mutual responsibility in economic life, and the ideas of an ethical approach to that life. According to the tenets of Islam, the establishment of cooperative societies is divinely ordained and commanded. Qur’an 5 verse 2 enjoins Muslims to cooperate in good and righteousness and not to connive to perpetrate or create rancour and chaos in the society.

وَتَعَاوَنُوا عَلَى الْبِرِّ وَالتَّقْوَىٰ وَلَا تَعَاوَنُوا عَلَى الْإِثْمِ وَالْعُدْوَانِ وَاتَّقُوا اللَّهَ إِنَّ اللَّهَ شَدِيدُ الْعِقَابِ

...And cooperate with one another in virtuous conducts and reverence, and do not cooperate with one another in sin and hostility. And revere Allah. Allah is severe in retribution.
Ali (1989)

The establishment of Islamic cooperative societies is thus a religious duty which is bound to attract reward in this life and the hereafter. Cooperation is so important in Islam that Allah asks the believers to hold fast onto one another by the rope which Allah (stretches out to them), and that they should not be divided amongst themselves. Before cooperatives were formally established, there were many forms of cooperative societies, although their activities were affected by so many challenges.

The first successful cooperative society was Rochadale Equitable Pioneer which was established in 1844 in England. The Thrift and Credit Cooperative Society was also founded in the 19th century due to the poor financing ability of peasant farmers. Kamat (2018), citing the International Labour Organisation (ILO) fact sheet, submits that the number of cooperative societies have grown tremendously around the world. There are about 800 million members in over 1000 countries. Even though this statistic does not exclude cooperative societies in Africa, the ILO posits that there are few studies on cooperatives in sub-Saharan Africa and Nigeria in particular. This position gives credence to the claim of some scholars that cooperative activities are not unknown to Africans. Adetunji (2005) asserts that there were various indigenous modes of cooperatives before the advent of the conventional system in Nigeria.

In Yorubaland for example, there were various forms of cooperations before the advent of the present conventional and Islamic cooperative societies. These styles include *àáró* (the system of working for each other by turns); *òwè* (a club or a company summoned to assist one of their members in manual labour); *èbèsè* (a corporal assignment given to colleagues in preparation for an occasion); *àròkodóko* (the system of working for each other by turns adopted by those whose farms are nearer to one another); *èsúsú* or *èésú* (banking), *àjo* (contribution), *ojà àwìn* or *àràdosù* (purchase on credit basis), *owó èlé* (borrowing on interest basis). Apart from these, there were other associations which were distinguished based on the profession of the members. Examples of these associations are: *egbé pàràkòyí* which connotes a society of elders whose duty is to take care of the markets and development of businesses; *egbé olówò* (businessmen association) which signifies business groups, e.g., pepper sellers' association; etc. (Adetunji, 2005).

Modern cooperation for economic reason -in Nigeria- began with the formation of the Ibadan Agricultural Society and the Agege Planters' Union in 1904 and 1907 respectively. This resulted in the formation of the first cooperative movement in Nigeria- the Gbedun Cooperative Produce and Marketing Society Limited which was founded in 1937. Subsequent cooperatives were later formed across Nigeria (Femeen, 2015). The main features and functions of these cooperative societies as outlined by Fehmeen (2015) are epitomised by these words: "These institutions are owned by their members, and they function according to democratic rule and government rules where profits are reinvested or shared among members".

However, the failure of conventional cooperative societies to meet Muslims required standard of economic transactions spurred many Muslims to establish what is now known as Islamic cooperative societies. Many of the conventional cooperatives are often driven by profit motives and such profits are earned from interests levied which is forbidden in Islam.

On the contrary, members of ICSs are expected to be provided with interest-free loans (*Qard Hasan*) and the cooperatives are required to embark on Shari'ah compliant investments. This is because Islamic economic system prohibits interest, be it simple or compound. At the same time, it encourages the development of businesses and the act of investment among Muslims. Islamic cooperative society therefore is a form of cooperative endeavour through which Muslims come together with the aim of subjecting the practices of conventional cooperative practices to the dictates of Shariah so as to accomplish their individual and collective duties by pooling their resources together to fulfill their economic, social and cultural needs and aspiration through a jointly-owned enterprise which is controlled using the Shari'ah principles (Ajani, 2016). This definition serves as a pointer to the six major features of an Islamic cooperative society as identified by Buchori (2009). They include:

- i. Acknowledging members' ownership right in business capital
- ii. Prohibition of Interest-based transactions
- iii. Allowing profit-motives and products that are *Sharī'ah* compliant.
- iv. Freedom of business and economic endeavours within the ambit of Islamic law.
- v. Acknowledgement of members' common rights and
- vi. Promotion of Islamic institutions like *Zakat*, *infaq*, *Sadaqah* and *waqf*.

Islamic Cooperative societies are thus regarded as possessing a unique feature of driving economic stability by assisting the low income earners to team up and raise capital for micro enterprises. However, in the Nigeria context, much of the contributions of Islamic Cooperative Societies are still geared towards giving multipurpose loans that are essentially for consumption. These cooperative societies also make use of some Islamic financial products, albeit in a wrong way for various forms of investment. This is occasioned by their poor understanding of these products. Beside this, many of their investments are usually marred by challenges of moral hazards. Even when investment operations are successfully conducted, regular accounting and auditing are often jettisoned due to the assumption of righteous behaviour on the part of Muslim participants and this is further aggravated by the tendency to use religion as a shield against scrutiny.

Observations have shown that most ICS members lack the technical know-how necessary for the development of a good business plan. They fail to carry out the important research of identifying products or investments that are marketable. They also fail to take advantage of good business environments and to deploy their capital creatively. In addition to this, the culture of investment and business management is not wholly developed among members of ICSs. A good number of them are not investment-oriented. The fear of risk most often spurs them to quickly wave aside every suggestion of investment from few business-oriented members. Majority of ICS members are only interested in taking and repaying loan.

Islamic cooperatives are also faced with challenges of inadequate investment funds due to members' poor financial conditions. Other challenges connected to ICSs' investments include poor business locations, delay in activating business plans, members poor business skills, members' low patronage of business ventures and their tendency to default on payment for goods bought or services rendered. These challenges hinder the implementation of ICSs' strategies of investment and make it difficult for them to realise their potential for engineering economic stability in Nigeria.

Investment of Islamic Cooperative Societies in Nigeria

Investment is the commitment of funds with a short-term or long-term or time framework, the objective being to secure additional income and growth in the value of funds of an investor. Generally, in order to fully understand the concept of investment, there is the need to clarify certain terms in investment. Such terms include, investor and investee. An investor is the person who invests money in order to make a profit. While the investee is the business entity in which an investment has been made (Pomares, 2017). In the context of this work, investors would be the members of Islamic cooperative society, while the ICS would be the investee. In another way round, if the ICS invest on behalf of her members in another institution, the ICS becomes the investor while the institution becomes the investee. Other clarifications relating to this would be the classification of investors. Investment expert have identified the following types of investors. They include individual investor, institutional investor and government investor.

An individual investor invests personally, usually in small quantities while the institutional investors are the organizations that invest usually on a large scale. The institutional investor is not the beneficiary of profits of investment, but the organization on behalf of whom it has invested (Prachi, 2015). The cooperative societies for example could be regarded as an institutional investor due to its access to large resources and ability to engage on large scale investments which are beyond its individual members. They also possess the advantage of sound decision making as well as identification and access to investment opportunities.

In this regard cooperative societies have been known to engage in various types of investments in order to make more profit and avoid a general collapse of their investment in case of loss. Be that as it may, Muslims are required to conduct investments within the frameworks of *Sharī'ah*. Investment in Islamic cooperative society should not be entirely different from other forms of Islamic investment. The conduct of investment either on individual or institutional basis must abide by certain laid down principles of Islamic investment. Asif (2007) has highlighted some of these principles to include prohibition of interest, risk sharing, using money as potential capital, prohibition of speculative behaviour and sanctity of contracts. They are also required to adopt some Islamic financial products such as *Mushārah* (Joint Partnership), *Muḍārah* (Trust financing), *Mushārah al-mutanāqishah* (Diminishing Partnership), '*Aqd Al-'Ijarah* (Lease Contract), *Shirkatul-Murābahah* (Cost-Plus Sales) and *Bay 'Al-Istiṣnā'* (Manufacturing Contract).

Generally the individual and institutional investors' reward for investment comes through interest taking, dividends or appreciation in the value of the principal capital. But in the Islamic investment, interest taken as a gain of investment is prohibited outright. Profit or dividend taking is the only acceptable means of drawing gains and it is geared towards supporting investors' regular income and to cater for their needs during lean period. The rate of return is also meant to cover the risk of inflation which gradually deplete idle savings, relief the burden of taxation on regular income earners and provide job opportunities as well as income for people upon their retirement (Pomares, 2009). The benefits of investment is not limited to individual gains, it is a catalyst for overall economic development. In the long term, current individual, institutional and government investments determine a nation's future economic gains and productive capacity and ultimately, a growth in the standard of living which are the basic elements of economic stability.

Assessing Economic Stability in Nigeria

Economic stability refers to a situation where all the essential economic resources of a country are available to its citizens, and no economic swings interrupt their daily lives. It helps achieve macro-economic objectives like reducing unemployment, balance payments, price stability, and sustainable economic growth (Odo, Eze & Onyeisi, 2016). Economic stability describes the state where an economy is free from various factors disrupting its smooth functioning and growth. The factors affecting economic stability include inflation, recession, policy changes, political situation, global market, and fiscal deficits. Others include lack of economic growth/recession, high unemployment, long-term structural deficits, lack of confidence in finance and consumer sector and rapid devaluation.

Maintaining stability of the economy would improve job opportunities; enhance people's living standards; contribute to economic growth and development; make the economy healthy and generally alleviate poverty in the society (Ibeanu, 2004).

With an estimated population of over 170 million, Nigeria is endowed with enormous potentials in form of natural and human resources which can guarantee her economic stability if well annexed. The manifestations of economic stability generally reflect in people's access to economic resources and opportunities, including jobs, financial services, property and other productive assets, as well as skills development. Others also include generation of employment and wealth creation through business innovation. These goals are directly linked to poverty reduction in the society.

A stable economy will lift people out of poverty and position them to be involved in making the right decision to elevate their economic status. The exigency of this goal lies in the efforts to overcome the scourge of poverty ravaging Nigeria (whose poverty rate is estimated at 75%) (Ibeanu, 2004). According to the National Bureau of Statistics (NBS, 2017), the country has a GDP of \$488 billion, GDP per capita of \$2688 and maintained a GDP growth of about 6.8 per cent from 2015 to 2020. But the greatest setback of the growth recorded in Nigeria is that it has not created sufficient productive employment to lift a large number of the population out of poverty. The poverty trend in Nigeria is further aggravated due to lack of basic needs for decent life; access to clean or portable water, healthcare services, education opportunities, shelter and housing.

Considering the seriousness of the matter, successive political regimes have come up with one strategy or the other to stabilize the economy with a view to reducing poverty in the country. Some of these programmes include: Operation Feed the Nation (OFN), Green Revolution, Structural Adjustment Programmes (SAP), the reduction of subsidies and deregulation, and other austerity measures. Others also include the establishment of: industrial training centres in selected states of Nigeria, River Basin Development Authority (RBDA), Agricultural Development Programme (ADP), Agricultural Credit Guarantee Scheme (ACGS), Family Support Programme (FSP), Directorate of Food and Rural Infrastructure (DFRI), National Directorate of Employment (NDE), Better Life Programme (BLP), Poverty Alleviation Programme (PAP), and National Poverty Eradication programme (NAPEP). In recent times, N-power and Conditional Cash Transfer Programmes have also been established to reduce poverty, occasioned by high levels of unemployment (Ibeanu, 2018).

The National Economic Empowerment Strategies (NEEDS) in particular, was launched in 2004 as Nigeria's home-grown poverty reduction strategy aimed at poverty reduction, wealth creation, employment generation and value re-orientation. NEEDS is nationally coordinated to collaborate with the States' Economic Empowerment and Development Strategy (SEEDS) as well as the Local Governments and stakeholders in the private sector. The NEED's programme was established to position the private sector as the engine room for growth, with government only being the enabler and facilitator (National Bureau of Statistics, 2019). Long-term capital is expected to be mobilised for investment as intervention for the private sector. However, most of these programmes have failed to

realise their objective due to certain factors. Some of these factors as identified by (Okunroumu, 2016) are itemised below.

1. Lack of targeting mechanisms for the poor and the fact that most of the programmes do not focus directly on the poor. This has done considerable damage to the prospects of poverty alleviation in Nigeria.
2. Political and policy instability have resulted in frequent policy changes and inconsistent implementation which in turn have prevented continuous progress.
3. Perfunctory coordination of the various programmes has resulted in each institution carrying out its own activities with resultant duplication of efforts and inefficient use of limited resources. Overlapping functions which ultimately lead to institutional rivalry and conflicts.
4. Inadequate budgetary provisions as well as management and governance problems have afflicted most of these programmes, resulting in facilities not being completed, broken down and abandoned, unstaffed, and unequipped.
5. Lack of accountability and transparency has made the programmes easy conduit pipes for draining national resources.
6. Lastly, inappropriate programme design reveals the exemption of beneficiaries in the formulation and implementation of the programmes. Consequently, many beneficiaries were not captured or motivated to identify themselves sufficiently with the successful implementation of the programmes.

It is also an obvious fact that most small and medium-scale enterprise (SME) owners have not been adequately captured in the NEEDS programme. Islamic Cooperative Societies for example have not received government intervention and assistance despite the pivotal role they play in poverty alleviation. Lots of seminars and workshops are held on the importance of SMEs, but there is little to show in form of achievement. This is because the necessary conditions for the sprouting of SME's have simply not been met. Hence, the much anticipated employment generation and poverty reduction remain targets which are in fact receding further and further away as the years roll by. Clearly most of these programmes are yet to deliver on their objectives of stabilizing the Nigerian economy.

Involvement of Cooperatives in Securing Stable Economy

In order to involve cooperative societies in micro-credit schemes, to fight against poverty, the federal government of Nigeria established the Family Economic Advancement Programme through the cooperatives. The programme is designed to encourage producers of goods and services to form cooperatives for the purpose of obtaining loans from the government. The goal of this programme was to encourage the design and manufacture of plants, machinery and equipment, and to create employment opportunities through the establishment of enterprises and pilot projects. Consequently, not less than 1,000 cooperative societies were registered in various states across Nigeria (Alufolahi, 2016).

However, most of these anti-poverty government programmes have not been successful, possibly because the systems are always based on cheap credit to the poor in the cooperatives. These credits are also owned and controlled by the government, an indication that the programmes only focus on credit, rather than deposits and investments. By implication, the programmes do not encourage the savings and investment functions of

cooperatives, as the attention of the members and cooperatives has been shifted from participatory efforts to dependence on the government. Islamic Cooperative Societies are not often captured because of their zero tolerance for interest-based loans, and the non-recognition of their peculiarity. This failure to reach most targets of poverty alleviation increases the depth of Nigeria's economic instability and poses a great threat to her development. Hence the need to rethink the investment of Islamic Cooperative Societies and their expected roles of promoting economic stability in Nigeria.

Investments of Islamic Cooperative Societies and their Roles in tackling Economic Instability in Nigeria

The investment of Islamic Cooperative Societies could be conducted using Islamic financial models which are built around the following products:

1. *Mushārahah* (joint venture partnership), in which ICSs and other entrepreneurs engage in partnership business with agreement that both parties contribute capital and share profits or losses according to their predetermined contractual agreement.
2. *Muḍārabah* (Trustee Partnership) which involve ICSs providing fund for entrepreneurs (which may include members, non-members or institutional investors) to execute certain investment projects and the profit is shared between the two parties based on agreed ratio.
3. *Murābahah* (Cost-Plus Sale financing) which involves ICSs purchasing commodities and other items while adding mark-up cost (as profit) before selling to members or non-members.
4. *Ijārah* (Leasing) in which ICSs usually have properties or equipment which they lease out to members and non-members for rent.
5. *Musharaka Mutanqisa* (Diminishing Partnership) which also involves ICSs partnering entrepreneurs among members to fund certain businesses which are gradually taken over by the entrepreneurs through installment repayment of investment capital. (Mufutau et al., 2021).

The judicious application of these investment models and others will contribute immensely to the achievement of the following gains of economic stability:

Mitigating Effects of Inflation and Price Instability on Members

Inflation is the overall rise in prices over time which reduces the purchasing power of consumers. In the same vein, when there is constant fluctuations in prices of goods, inflation becomes difficult to control (Marshall, 2015). Islamic Cooperative Societies can help to mitigate these effects through some of her investments. For example, the ICS through the use of *Murabahah* product, buy consumable goods at a wholesale prices and sells at a retail price to their members after adding a reasonable mark-up cost as profit. The profit is later shared by members as dividends base on their unit of shares. The members are thus afforded the opportunity of beating inflationary trends by enjoying reasonably cheap and stable price of consumable goods and in the same vein, they have the opportunity of engaging in profitable investments through the collective efforts of ICS members. The ICS's zero tolerance for interest-based transactions will also encourage

money supply among members. It will propel members spending capacity when compared to other financial arrangements where exorbitant interests are charged.

Enhancing Members Standard of Living

Standard of living refers to the quantity and quality of material goods and services available to a given population. It depicts the level of wealth, comfort, material goods and necessities available to a certain socio-economic class (Ukpong, 2009). Islamic Cooperative Societies have often played the role of improving their members standard of living by helping members to boost their income through profit taken in form of dividend. Through their *Murabaha* investments, members have enjoyed regular supply of food staples and beverages which are paid for (by members) in installments. Many members have also possessed household equipments, electronic gadgets such as television, mobile phones, computer, radio, washing machines, etc (Orisakonko, 2013). Members have been enabled to purchase plots or acres of land, build houses and purchase cars through the investment of ICS. This and many others are life enhancing projects which contribute immensely to government's mission of promoting economic stability.

Provision of Employment Opportunities

Islamic Cooperatives Societies (ICSs) provide locally needed services, employment, circulate money locally and contribute to a sense of community or social cohesion. They can provide their employees with the opportunities to upgrade their skills through workshops and courses and offer youth in their base communities short and long-term employment positions. Through these the ICS complement government's efforts of facilitating economic development. The ICS contribute to the rate of employment in many ways. They become employers of labour by appointing competent and qualified people to oversee their investments. These employees do not just enjoy the wages of their job; they are equally opportuned to gain inestimable experience in the handling of investment and business dealings. An Islamic Cooperative Society creates jobs in those enterprises with which it maintains commercial relations. The ICS, by consistently giving patronage to wholesalers and suppliers who feed their businesses contributes to the state's economic stability. The owners of such business will remain employed throughout the period of patronage and their workers will remain gainfully employed. Beside this, the ICS may also create employment opportunities for her members and non-members alike. Using its *Mudarabah* product, the ICS may fund members' personal investments. In this arrangement, the ICS are the financiers (*rabul mal*) while the entrepreneur being funded is regarded as the *mudarib*. The two parties would share the profit based on an agreed ratio.

Promoting Sustainable Economic Growth

Sustainability in investment refers to the effects which investors have on the environment or society. A sustainable investment strategy aims to positively impact the society, thereby helping to address some of its most pressing problems. It requires that organisations focus on more than just profits, but make contributions to their environment (Abel, 2016). Brian (2015) comments on the importance of values, vision and purpose-driven investments. He suggests that strategic planning would require that organisations think about and agree on the foundational principles of their businesses. Some of the most common values espoused by ICSs include absolute commitment to democratic principles, promoting projects that

foster self-help and mutual-help among members, encouraging profit-making rather than interest-taking, transparency and accountability in all transactions, impartiality in the treatment of shareholders and customers, as well as promoting equality and equal rights among member of ICSs. These are a few of the guiding principles and unique strategies which they must utilise in their quest to promote economic empowerment in the society.

In order to further enhance their roles of promoting economic stability, Islamic Cooperative Societies would need to abide by certain strategies. These strategies will include the formulation of business plans, adequate mobilization of funds, adherence to Islamic investment ethics and effective management of their investment. All these can be further discussed as follows:

Formulation of Viable Investment Proposals

The first investment strategy of any business undertaking is to formulate a plan. In this regard, the ICS would need a comprehensive investment plan if parts of its objectives are to embark on investments. It is the blueprint for a successful business. It should flesh out strategic plans, develop marketing and sales plans, create the foundation for smooth operations of the investment being proposed. A business plan of an ICS is expected to possess the basic ingredients discussed below.

1. The plan should be as objective and logical as possible. What may have seemed like a good idea for a business can, after some thought and analysis, prove to be unfeasible because of heavy competition, insufficient funding, or a non-existent market. Sometimes, even the best ideas are simply ahead of their time (Fisher, 2016).
2. The plan should be able to serve as a guide for the business' operations for the first months and sometimes years, creating a blueprint for ICS's investment committee to follow.
3. The business plan should communicate the ICS's purpose and vision, describe management responsibilities, detail personnel requirements, provide an overview of marketing plans, and evaluate current and future competition in the marketplace.

A good investment plan delves into each of the above areas highlighted, but it should also accomplish other objectives. Most of all, a good business plan should be convincing. It should prove a case; it should provide concrete and factual evidence showing that the ICS's business idea is in fact sound and reasonable and has every chance of success.

Mobilisation of Funds for Cooperative Investments

Islamic Cooperative Societies offer unique opportunities for low income earners to become involved in large scale investments. Through "cohesive unit action", they can pool their resources together to execute capital intensive but profitable investments. The main funds which can be used for investment include the share capital which is subscribed to by every member, either once or in instalments (at every sitting). The fund generated through this source is then used to conduct business operations and profit generated is shared at annual general meetings by members.

Giving adequate training to Managers of ICSs's Investment

Islamic Cooperative Societies should provide adequate training for their investment committees and other members. The training which could be provided through seminars, workshops and public lectures should focus on ethics and methods of Islamic investments; the application of Islamic financial products to Islamic cooperative investments and entrepreneurship education. The world economic forum (WEF, 2018) has in fact asserts that investment and entrepreneurial skills, attitudes and behaviours can and should be learned. And that like education, it is a life-long experience. This is hinged on the fact that many Small and Medium Enterprises have high mortality rates and are bedevilled by gross under-performance due to low level of investment skills and entrepreneurial education and training which limits their ability to plan and invest appropriately. In as much as I.C.S. orientates members to become investment conscious , it must equally give entrepreneurial education and training to enable them plan and implement innovative investment plans and survive in the world of business. Islamic investments should be particularly given attention because of its unique features.

Proper Management of Islamic Cooperative Investments

Investment management refers to the handling of financial assets and other investments - not only buying and selling them. Management includes devising a short or long-term strategy for acquiring and disposing the objects of investments (Abel 2016). The principal objective of investment management is to meet particular investment goals for the benefit of clients whose money ICSs have the responsibility of overseeing. Investment management services include asset allocation, financial statement analysis, stock selection, and monitoring of existing investments.

Islamic Cooperative Societies must approach issues of investment with constant devotion. Qualified and reliable investment managers should be appointed and saddled with the responsibility of managing investments. In addition, the manager should ensure that all idle funds are invested in profitable businesses and new Islamic financial products are explored if proven to be beneficial. When an ICS has become absolutely excellent in one product, creating a niche for herself in that area, and dominating that niche in terms of quality goods and services, she could be named in accordance with the product which she most effectively utilise. For example, an ICS which specialises in *Muḍarabah* contracts and has expertly executed the contract over a period of time could be named 'Al-'aqd ul *Madarabah* Investment Cooperative Society'. This strategy is based on the principle that the ability to focus single-mindedly on one thing at a time is absolutely essential to success in a world that is full of activity.

Conclusion

From the foregoing, it could be concluded that investment is the main driving force of every Islamic Cooperative Society. It cannot solely rely on saving and allocation of loans among members in order to secure her funds from being eroded by inflation and other manifestation of economic instability. ICSs must play their new roles as agents in the quest for economic well-being of their members and other peoples in the society. This can be realized through effective planning of their investments, adequate mobilization of funds,

promotion of sustainable investment through total adherence to Islamic investment principles and sound and effective management of their investments.

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