

An Ethical Evaluation of Savings and Cooperative Societies in Ukum and Katsina-Ala Local Government Areas of Benue State

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Abstract

There are a number of thrifts cooperative societies in Ukum and Katsina-Ala Local Government Areas which provides informal savings and investment avenues for the rural dwellers. However, there are a number of factors that affect the effectiveness of these thrifts and cooperatives such as poor and non-repayment of loans and misappropriation of funds. These challenges border on lack of ethical principles in business. Thus, one of the basic problems confronting business practice among the people of Ukum and Katsina-Ala Local Government is poor ethical principles in business practice. This paper therefore evaluates the ethics of savings and investment of selected thrifts and cooperative societies in Ukum and Katsina-Ala Local Government Area of Benue State. The paper adopts both primary and secondary sources of data collection and employed the descriptive and analytic methods of data analysis. Two thrifts and cooperative societies in Ukum and Katsina-Ala LGAs were sampled for the study. The analysis revealed that thrifts and cooperative societies have positive impact on business practice among the people. It is evident that cooperative societies exist in Ukum and Katsina-Ala LGAs where people save and invest monies in different businesses including farming, trading, purchase of commercial vehicles, motorcycles and in meeting other household needs. However, it was found that there are ethical challenges in managing thrifts and cooperative in Ukum and Katsina-Ala LGAs. These challenges are a result of poor ethical principles which are shown in the conduct of those who take loans without paying back and financial misappropriation on the part of those who own and manage such thrifts and cooperatives. The paper recommends among others that there is need to strengthen the ethical principles of integrity, financial accountability and transparency in Ukum and Katsina-Ala LGAs of Benue State for more effective business activities in the area. People borrowing money should do that with good reason and in a manner that they can repay the loans. Traditional and religious leaders should encourage people in the area to join thrifts and cooperatives, *bams* and *adashi* as ways of raising capital to start new businesses in the area.

Keywords: Thrifts, Cooperative, Ethical principles, Investment, Bam.

Introduction

Economic activities are indulged in as a way of overcoming poverty and improving individual standard of living. This is as a result of the need to fight poverty through economic activities and by consciously saving in order to own money needed for investment. The basis of Tiv economy in the pre-colonial society was subsistence

agriculture, supplemented by an effective network of markets particularly in the Southern and Central part of Nigeria. Tiv take pride in their farming abilities and their subsistence wealth (*Bohannon, 1953:1*). Today, however, their ideas of economic exchange and their traditional methods of investment and economic aggrandisement are being undermined by a new wave of economic system which demands different actions, motives and ideas. There are different ways in which people raise money for businesses in Tiv land. While some relied on salaries/wages to raise monies to start their businesses, others use thrift and frugality as ways of raising capital for their businesses. Thrift and frugality are common ways of raising funds for small businesses among the Tiv of Benue State in the contemporary society. This is equally called daily savings or daily contributions scheme. It is a modern approach to local lenders and borrowers in which they play their local intermediating role of transferring funds from surplus side to deficit end (*Berko, 2015: 25*). Under this scheme, a man or a woman goes about registering willing savers who contribute a stated amount daily. The chief collector saves the money collected on behalf of his clients and issue them with contribution cards in which the amount contributed are recorded. There is usually an agreed date and duration for collection, at the end of which the contributors will collect their money with little amount as interest earned. They can use the money to start micro businesses, thereby helping to make ends meet, hence poverty reduction or alleviation.

Related to this is the issue of saving and investment in business activities. Saving is of great importance in a developing economy like Nigeria. This is because of the direct bearing it has on the level of economic activities of the nation. Similarly, in Tiv society, the degree of progress attained largely depend on what the individuals do with the additional incomes generated year to year from their farming activities and other incomes. This stems from the fact that the growth rate in the economy largely depends on the stock of capital built up by individuals and organisation and the ploughing back of such stocks in form of investment for further improvement of farm organisation. Adequate integration of savings and investment programmes into development strategies is capable of improving resource allocation, promoting equitable distribution of income, and reducing credit delivery and recovery costs (*Adeyemo & Bamire, 2005: 25*).

It must be noted that Nigeria's economy suffers greatly from low capitalisation, it is dominated by millions of small-scale farmer and petty traders who are predominantly subsistence in nature, and they produce primarily for consumption (*Ogungbile and Olukosi, 1991:91*). Small business particularly farmers holders in developing countries face the same problem; the ability to accumulate sufficient capital for new and costly investment is rather limited. Thus, other avenues for financial help are required in order to induce more capital investment in the agricultural sector (*Barau. 1991: 91*). Related to this is the ethics of thrift and frugal behaviour for promoting business practice of saving and investment among the people of Katsina-Ala and Ukum Local Government Areas. Ukum and Katsina-Ala are two distinct Local Government Areas (LGAs) located in the north-central region of Nigeria, within Benue State. These LGAs are home to diverse ethnic communities, with

predominant populations including the Tiv and Jukun people. Both areas are characterised by agricultural economies, with farming as the primary socio-economic activity, contributing significantly to food production for the state and the nation. Katsina-Ala is situated to the northwest of Benue State and was created in 1976, while Ukum, located to the southwest, was established in 1987. These LGAs are known for their scenic landscapes and are integral to the cultural heritage and economic landscape of Benue State. How are the people of Tiv of Katsina-Ala and Ukum Local Government Areas of Benue State adopting the principles of business in their thrift and frugal behaviour for promoting business practice of saving and investing practice? The need to find answers to this calls for this study. This paper therefore evaluates the ethics of savings and investment of selected thrifts and cooperative societies in Ukum and Katsina Ala Local Government Areas of Benue State.

The Problem

The thrift and frugal behaviour of individuals and organisations is often viewed as a responsible and ethical way to manage financial resources. However, the pursuit of saving and investment also has negative consequences, such as the prioritisation of financial gain over social and environmental responsibilities. This raises ethical questions about the balance between the pursuit of financial stability and the broader impact this activity has on society and the environment. One of the basic problems confronting the development of Tiv nation could be attributed to inadequate savings and investment for promoting business activities. Low saving capacity of families is one of the dominant factors responsible for stagnation of human development in Tiv land. In spite of this problem, policy makers are yet to really draw up an adequate and comprehensive rural savings scheme that will ginger people to use their capital productively. Several variables such as current income, permanent income, wealth, interest rates, the price level, demographic characteristics are considered as factors responsible for influencing saving capabilities of individuals. Thus, even with the availability of savings and investment activities through thrift and cooperative societies, some of the managers and organisers of various cooperatives become dubious and thereby deny members opportunity to use their contributions for profitable ventures. Sometimes, members and the officials or cooperatives end up in various court cases and litigations.

Objectives of the Study

The study conducts an ethical evaluation of savings and investment in Katsina-Ala and Ukum Local Government Areas of Benue State, Nigeria. The following are the specific objectives:

- i. To identify some of the registered and unregistered thrift cooperative societies in Katsina Ala and Ukum Local Government Areas of Benue State.
- ii. To examine the ethical issues in business practice of saving and investment.
- iii. To proffer ways of improving practice of saving and investment in the area of study.

Methodology

The study utilizes a qualitative approach, employing two main methods for data collection: oral interviews and observation. Through oral interviews, information was gathered directly from literate and non-literate Tiv respondents from various backgrounds such as farmers, civil servants, businesspeople, traditional rulers, and scholars of economic history. Additionally, observation involved visiting towns, villages, and major markets in Tiv land to assess thrift and frugal behavior in promoting business practices. Secondary data was also utilized, including relevant books, reports, and periodicals. For data analysis, descriptive, analytic, and evaluative methods were employed. Descriptive analysis was used to delineate savings and investment practices in Tiv society, while the analytic method assessed the impact of thrift and frugality on business practices. Furthermore, evaluative analysis was conducted to evaluate ethical issues surrounding thrift and frugal behavior in promoting business practices and investment in the selected areas.

Conceptual Review/Review Related Literature

Savings

Savings in economics is normally considered as disposable income minus personal consumption expenditure. Saving can also be regarded as income that is not consumed immediately by buying goods and services. Income in this concept includes all the earnings from all sources during a year. Anyawu and Oaikhenan (1995) opined that saving is defined as the amount of income per time period that is not consumed by economics units. For the household, it represents that part of disposable income not spent on domestic products or consumption of imported goods and services. For the firm, it represents undistributed business profits (74).

The importance of savings and investments is derived from the fact that economic growth requires an increasing dose of investment fund. These funds translate into capital which in turn transforms various development variables to create the ultimate impact which is economic growth and development. Mobilisation of savings should be an important source of fund for investment in the rural sector. The generality of the rural community have little or nothing to save since there is not enough for consumption. Production is consumption-oriented and it is only the little excess that is passed to the market to earn money to procure other necessities of life. Bime (2008) says, savings goes beyond capital formation to being a catalyst for capital formation and a major determinant of the cost of credits based on the law of scarcity which holds that, 'when the former is low and scarce, it becomes more costly to obtain' (34). The role of saving in economic development is very important and it can be described as a driving force necessary for economic growth and development.

Gedela (2012: 108) observes that from the classical times, saving has been considered as one of the determinants of growth, to lead under developed countries to the path of development, rate of savings must be enhanced. For individuals and households, saving provide a cushion of security against future contingencies, whereas for the nation, savings provide funds needed in the development efforts to achieve higher rate of growth with

relative price stability. Also, in an era of international financial integration, for macroeconomics stability, higher domestic savings are essential. The main reason for savings is to meet the expenses after retirement and to acquire wealth. This idea is not in line with the present study because, some savings are to meant immediate goals like have a successful marriage, for education or buy a car among other things. Ogunyemi (1967: 67) observes that rural communities have been observed to have evolved their own thriving savings and credit systems in the form of "ESUSU" clubs, which are the most prevalent indigenous method of savings in Nigeria. This view is in line with what is done in Tiv society where saving platforms like *Bam*, *adashi* and share bams are good examples of thrifts and ways of savings.

Investment

Investment is an important business practice that stimulates economic growth of any given society. Anyawu and Oaikhenan (1967) see investment as the net capital expenditure on consumer durables, residential constructions (buildings), plants and machinery. Investment from this perspective refers to the purchase of real tangible assets such as machines, factories, or stock of inventories which is used in the production of goods and services for future use as opposed to the present consumption (74). From a broader perspective however, investment can be viewed as the sacrifice of certain present values of consumption for possibly uncertain future values of consumption. It is the commitment of money in order to earn financial return of purchase of financial assets such as stocks or bonds with future end date in mind.

Ajayi (1998:23) notes that, investment could be considered as an act of laying out money now in return for a future financial reward or the sacrifice of something now for the profit of later benefits. The reward in this context may be received in the form of an income flow or by the receipt of a single capital sum or combination of both. Oluwakemi (2012:23) defined investment as both investment in machines and human capital in the form of quality education and training. This view of investment is more inclusive as it covers other means through which investments are done like education, training and manpower training.

Keynes (1936) notes that, investment refers to real investment which adds to capital and equipment. It leads to increase in the level of income and production by increasing the production and purchase of capital goods. Investments thus, includes new plants and equipment, construction of public works like dams, roads, buildings, net foreign investment, inventories, stocks and shares of new companies. Kiranand Rao sees investment in numerous kinds of assets is a challenging activity that attracts people from all walks of life. It is the employment of funds with the aim of earning income or capital appreciation (21). The motivation of an investor to invest is complex and depends upon a number of factors.

Researchers across different countries have analysed the behaviour of investors and have attempted to enhance our understanding of why people manage investments in different

ways. Oluwakemi (2012) opines that, it is believed that decisions of an investor were based on modern portfolio theory and the efficient market hypothesis. However, researchers have proved that most of the investors do not pick their stocks and portfolio based on the three criteria of modern portfolio theory - expected return, standard deviation and correlation. Analysis of their portfolio revealed that they hold few stocks and fail to diversify. In fact the investor's portfolio practices, preferences, risk perceptions, intentions, pattern of investment, their awareness level, factors affecting their investment behaviour and the problems faced by them need to be examined in order to understand their saving and investment behaviour.

Kuntz (1999) talks of communities' investment as alternative investments where the investors often placed money in cooperatives, community owned businesses and community loan funds. This example of investment pointed out by this author is in line with the saving and investment culture that is evolving in many communities in Ukum and Katsina Ala Local Government Areas where communities come together to start their own saving and investments as a way of encouraging and promoting business activities in the area. These savings and investments provide sources of capital to many members of the communities who start or expand their businesses. This view is indeed very relevant to the present study.

Investing is a way of multiplying the wealth God has entrusted to us not only to provide for our current and future needs but also to impact and further God's work on earth. Investing in the Biblical sense is about being good stewards or caretakers of the blessings that we have been given. In Matthew 25:14-28, Jesus Christ commended the stewards for multiplying their talents. God called them "faithful" and as a reward, He entrusted them with more talents.

The Concept of Thrift

The word thrift comes from the word thrive, to live and grow and flourish. For many people in the 21st century, though, the word thrift has been diminished to imply miserliness. This modern view of thrift as dusty and quaint, though, exists in a modern social context that includes a landfill that can be seen from space and a world recovering from a great recession caused, most will agree, by unsustainable investment and borrowing practices. It is time, then, that thrift is dusted off and seen for what it is: a means of working for a sustainable future.

If the word itself has been forgotten, the practice of thrift has been resurrecting itself in the past several years. The practice of thrift can be seen in widespread recycling programmes, the proliferation of credit unions, community gardens and co-operative workspaces. Bicycle commuters and car-sharing programmes are thrifty. Public art is thrifty. These diverse practices all embody the ethic of thrift because thrift means hard work, it means using personal and public resources wisely, and it means investing in our individual futures and the futures of our various communities. It means using what we have wisely to improve

our lives so we learn to thrive and to come together to make the world a better place for everyone (Xu & Lo, 2018).

The practice of thrift has three basic pillars: industry, frugality, and generosity. The ethic of thrift teaches that by working hard, saving and spending wisely and giving back, people can create a bountiful and fulfilling life for themselves and their families and communities.

Co-Operative Societies

Generally, a cooperative may be defined as an association of persons who pool their resources together on mutual basis to solve specific socio-economic problems, which may include income generating activities. A cooperative may also be defined as a self-help organization. These associations may be formed by either producers or consumers (Otto & Ukpere, 2011: 6). The initiative to form such cooperatives usually arises from one or two people. These initiators then play an advocacy role and enlist other people to the co-operative. Often, the initiators become the key drivers of these projects and reap the consequent benefits as managers of these ventures. There are several types of co-operative societies in Nigeria. These according to Otto (2009) include: Multipurpose co-operative societies, Marketing co-operative societies, Consumers co-operative societies, Processing co-operative societies, Industrial co-operative societies, Supply/purchasing co-operative societies, and Credits and thrift co-operative societies. Co-operative societies in Nigeria operate at three levels: the primary, secondary and tertiary. The primary societies operate at the level of a community, the secondary society operate at the level of the local government area, while the tertiary or apex co-operative organization operates across the local government areas but within the state (Abia, 2000).

All such co-operatives perform functions that are practically related. The core function is to improve access to credits at critical moments or more succinctly, financial intermediation. Principally, such co-operatives aim at making it easier for people (especially people with low income) to save, thereby increasing the amount of money available for lending to members. Loans and credits are provided to members at much more traditional and easier conditions than the methods adopted by commercial banks and other financial institutions (Otto, 2009: 26). The thrift and credits co-operative is the earliest of cooperatives to have been formed worldwide and also in Nigeria. Co-operative associations are registered with the states co-operative division of the ministry of commerce in the relevant state of domicile. The ministry may differ from state to state since co-operatives are governed through the specified laws of a state. For instance, the cooperative societies in Benue state are governed by section 7 (1) of the co-operative operatives' law, cap 45 of the Benue state of Nigeria law of 1996 including all its amendments since then. In some states, the cooperatives division is in the Ministry of Trade and Industry (for example, Rivers State). In Benue State, as at 2020, there were over 500 registered co-operatives with several others operating without due registration. In Ukum and Katsina Ala Local Government Areas, there are over 46 Thrifts and Co-operative Societies while many are not part of this figure because they are not registered (Benue State Ministry of Commerce, Trade and Industry, 2020). To operate

legally as a thrift and credit co-operative, at least two levels of registration are mandatory; a) the general registration as co-operatives, which is done at the ministry; b) specific registration as a credit association, which is done at the courts and unions of other such bodies. These registration requirements, especially the second level of registration are better handled by professional consultants or experts including lawyers.

Brief History of Thrift and Co-Operative Societies

Thrifts and co-operative societies in Benue State arose as a result of the need for procurement of loans either for business set up or for other financial purposes continued to advance in a rate that is unimaginable, whereas, loan and cooperative society began as a household idea which later expanded even to a cooperative society that is generally recognised and sometimes financed by the government. Initially, thrifts and cooperative societies started in Benue especially among the Tiv people as *ihumbe* (rotating work association) in which labour as a scarce commodity was accumulated and allocated to one member at a time; and then with the spreading of commercial transactions, replaced by money, numerous adoptions and innovations have sprung from the *ihumbe*: one is the transformation into non-rotating savings associations with a permanent loan fund and another one is the daily deposit collection at doorsteps or market premises. In modern Tiv society, cooperative and thrifts are business organisations that are based on democratic control, open and voluntary membership, low-interest rate and patronage refund, member education and cooperation among cooperatives (Orya Bogo, 2022).

Selected Thrifts and Co-Operative Societies in Ukum and Katsina Ala Local Government Areas

There are thrifts and co-operatives, local bams and daily contributions exist that encourage savings and lending to members who want to start or expand their businesses. According to Iorwuese Unongo (2021, August 4), such saving financial institutions are organized by the people in the area to help the people in saving and raising capital for small and medium scale business. Some of the Thrifts and Co-operative societies are Tyosombo Mnyim Thrift and Co-operative Ltd, Iorsue Wada Bam and Co-operative Ltd, Katsina Ala Town, Ukum LGEA Staff Multi-Purpose Co-operative Society Limited, Zaki Ibiam, Friends Savings Co-operative Ltd, Kyado and Unique Bams, Zaki Ibiam (Oral Interview). Men and women from these Local Government Areas raise capital from these thrift and Co-operatives as well as local *bams*. *Adashi* is another common way of saving and raising capital for business practice in the area. The *Adashi* is a form of rotational contributions where members come together and allow contribute members to give one or some members to start businesses or undertake other projects that are useful to them (Saaor Biam, 2021, August 2).

There are a number of Thrifts and Co-operative Societies in Ukum and Katsina Ala Local Government Areas. While some of these Thrifts and Co-operatives are registered with a well-developed constitution, a sizeable number of them are not yet registered. For the sake of this study, only two that are registered and have a well-developed Constitution are

selected. One from each of the Local Government Area: Ukum LGEA Staff Multi-Purpose Co-operative Society Limited, Zaki Ibiam and Tyosombo Mnyim Bam and Co-operative Ltd, Katsina Ala. Even though there are a number of other Thrifts and Co-operatives in the area only these two are featured in the study because they are registered and have a well-developed constitution. The reason for selecting them is due to their accessibility to the researcher and they are among the ones that have a good membership and have made impact in the selected areas.

Profile of Ukum Lgea Staff Multi-Purpose Co-Operative Society Limited, Zaki Ibiam

The Co-operative was established in 2004 with 23 members. However, the Co-operative has 164 members presently. According to the Constitution of Ukum LGEA Staff Multi-Purpose Co-operative Society Limited, Zaki Ibiam says: Members of the Ukum Local Government Education Authority, having viewed with serious concern our socio-economic realities in particular and that of the country in general and realising the importance of savings, credit and marketing for welfare of members' well-being convinced of the need for the establishment of a co-operative society (1). They make and give themselves these Bye-laws.

Profile of Tyosombo Mnyim Bam and Co-Operative Ltd, Katsina Ala

Tyosombo Mnyim Bam and Co-operative Ltd, Katsina Ala was established in 2006 and is registered with the State government. It has 1252 members. Membership is by registration and is only N500.00 per member. For all transactions with the Bam, members are advised to come along with their cards. Bam transactions are held on Sundays between 10:00am and 3:00pm (The Constitution of Tyosombo Mnyim Bam and Co-operative Ltd, Katsina Ala 1).

While minimum deposit is N500.00, minimum amount for loan repayment is N1,000.00 only. All registered members are eligible to obtain loans from the bam but on conditions stipulated in their constitution. The Bam operates for a full year beginning from 1st Sunday of August to last Sunday of July of the following year. This trading year is divided into two segments with the first segment beginning from 1st Sunday of August to last Sunday of December of the same year while the second half is from 1st Sunday of January to last Sunday of July of the following year. Customers who make deposits in the first segment usually enjoy 10% dividend on such deposits, the dividend is usually paid at the end of the trading year. Customers who however collect their deposits before the end of the trading year stand the risk of losing the dividend that accrues to members on their deposits at the end of the trading year (The Constitution of Tyosombo Mnyim Bam and Co-operative Ltd, Katsina Ala 2). Customers who collect loans in the first segment are expected to pay such loans within this segment. Where this is not possible, 10% is charged on the balance of the said loan as well as an application fee of N500.00 to facilitate the transfer of such loans into the second segment.

Comparatively, the two selected Thrifts and Co-operatives: Ukum LGEA Staff Multi-Purpose Co-operative Society Limited, Zaki Ibiam and Tyosombo Mnyim Bam and Co-

operative Ltd, Katsina Ala have some differences in their modes of operations. Tyosombo Mnyim Bam and Co-operative Ltd, Katsina Ala has a more strict policy on giving loans to members in order to check defaulters, while Ukum LGEA Staff Multi-Purpose Co-operative Society Limited, Zaki Ibiam has a more developed constitution on membership.

Ethical Issues in Thrift and Frugal Behaviour in Savings and Investment in Ukum and Katsina-Ala Local Government Areas

Thrifting and frugal behaviour are essential aspects of business practice in UKUM and Katsina-Ala local government areas, as they involve cost-cutting measures to ensure sustainable economic growth. However, ethical issues arise when these practices compromise the rights and welfare of stakeholders, including employees, suppliers, and customers. This section explores ethical issues in thrift and frugal behaviour in business practice in Ukum and Katsina-Ala local government areas.

Employee Welfare: One ethical issue that arises from thrift and frugal behaviour in business practice is the potential impact on employee welfare. In an effort to reduce costs, some employers may opt to cut corners on employee welfare measures such as health insurance, pension schemes, and paid time off. This practice could have a negative impact on the health and wellbeing of employees. Apeinem Kyura (2021, August 12) is of the opinion that employee welfare is a crucial ethical issue that arises from thrift and frugal behaviour in business practices in Ukum and Katsina-Ala Local Government Areas. It is essential for businesses to maintain a balance between profit maximisation and the welfare of their employees. Thrift and frugality may lead to a reduction in employee welfare and morale, leading to increased turnover and reduced productivity. The cost-cutting measures implemented by businesses to reduce expenses may have a negative impact on employee welfare. These measures could include reduced employee benefits, low wages, and limited training opportunities, among others. Employees may feel undervalued and unappreciated, leading to a lack of motivation and a decrease in work quality. This can create ethical dilemmas for businesses that prioritise cost-cutting over employee welfare.

Employee welfare is a fundamental ethical issue that businesses must address. It is a moral obligation for businesses to provide their employees with a safe and healthy work environment, fair wages, and access to training and development opportunities. Failure to provide these basic amenities can lead to poor employee performance, increased absenteeism, and high employee turnover, which can negatively impact a business's bottom line. Businesses must recognize that employees are their most valuable asset, and investing in their welfare and development will result in increased productivity and profitability. In addition to promoting ethical business practices, investing in employee welfare can also enhance a company's reputation, attract and retain top talent, and increase customer loyalty. Conversely, businesses operating in Ukum and Katsina-Ala Local Government Areas must strike a balance between thrift and frugality and employee welfare. They should prioritise investing in their employees by providing them with a safe and healthy work environment, fair wages, and training opportunities. This will not only

promote ethical business practices but also increase productivity and profitability, enhance the company's reputation, and attract and retain top talent.

Supplier Relationships: Another ethical issue that arises from thrift and frugal behaviour is the impact on supplier relationships. Some businesses may opt to cut corners on supplier payments and contracts to save money, which could lead to disputes and a breakdown in the relationship between suppliers and the business. Thrift and frugality in business practice are important principles that can enhance profitability and efficiency. However, these principles can also raise ethical issues, particularly in the area of supplier relationships. The Ukum and Katsina-Ala Local Government Areas in Nigeria are no exception to this. Langa Dominic (2021, August 12) is of the opinion that one ethical issue that arises from thrift and frugal behaviour in business practice is the exploitation of suppliers. Thrifty businesses may be tempted to demand lower prices from suppliers, leading to reduced margins for these suppliers. This can have adverse effects on the suppliers' ability to sustain their businesses and can lead to exploitation, particularly if suppliers have little bargaining power. Another ethical issue that arises from thrift and frugal behaviour in business practice is the use of unethical sourcing practices. To reduce costs, thrifty businesses may be tempted to source goods from unethical suppliers who engage in practices that violate human rights or environmental standards. This can have severe consequences for the affected communities, and it can also tarnish the reputation of the businesses that engage in such practices.

A further ethical issue that arises from thrift and frugal behaviour in business practice is the withholding of payments from suppliers. Thrifty businesses may withhold payments to suppliers for extended periods to improve their cash flow position. This can have detrimental effects on suppliers, particularly if they have to borrow funds to sustain their operations while waiting for payments from these businesses. Moreover, thrifty businesses may use their bargaining power to force suppliers to accept unfair contractual terms that may lead to further exploitation. For instance, thrifty businesses may demand longer payment periods or reduced prices, leaving suppliers with little room for negotiation. This can have negative effects on the suppliers' operations and the overall business ecosystem (Ashioron Gwer, 2021, August 20).

The forgoing supposes that while thrift and frugality in business practice can enhance profitability and efficiency, they can also lead to ethical issues, particularly in supplier relationships. Businesses in the Ukum and Katsina-Ala Local Government Areas need to adopt ethical business practices that prioritise the well-being of their suppliers and the wider community. This can be achieved by engaging in fair and transparent sourcing practices, paying suppliers on time, and establishing equitable contractual terms that promote mutually beneficial relationships.

Customer Satisfaction: Customer satisfaction is a critical aspect of business practice in every sector of the economy. Frugal behaviour in business practice can also lead to a reduction in customer satisfaction, which could have long-term consequences for the business. For example, reducing the quality of products or services to save costs could result

in a loss of customers and damage to the business's reputation. However, customer satisfaction as an ethical issue arises from thrift and frugal behaviour in business practice in Ukum and Katsina-Ala Local Government Areas of Nigeria. This issue has become a significant concern for stakeholders, consumers, and regulatory bodies. Thrift and frugal behaviour in business practice refer to cost-cutting measures adopted by businesses to minimise expenses and maximise profits. This behaviour is often achieved at the expense of quality and customer satisfaction. In Ukum and Katsina-Ala Local Government Areas, businesses adopt thrift and frugal behaviour to remain competitive in the market. However, this behaviour often leads to the provision of low-quality products and services, which do not meet the expectations of customers. In the opinion of Joseph Nyiyongo (2021, August 20), customer satisfaction is a critical aspect of business ethics. It is an ethical responsibility of businesses to provide high-quality products and services that meet the expectations of customers. When businesses adopt thrift and frugal behaviour, they often compromise customer satisfaction, which is unethical. This compromise leads to negative consequences such as loss of customers, reputational damage, and legal liabilities. Businesses in Ukum and Katsina-Ala Local Government Areas must understand the importance of customer satisfaction as an ethical issue. They must adopt ethical business practices that prioritise customer satisfaction over cost-cutting measures. This ensures that they provide high-quality products and services that meet the expectations of customers, which leads to customer loyalty, increased profits, and sustainable growth.

Conversely, customer satisfaction as an ethical issue that arises from thrift and frugal behaviour in business practice in Ukum and Katsina-Ala Local Government Areas is a critical concern for stakeholders, consumers, and regulatory bodies. Businesses must adopt ethical business practices that prioritise customer satisfaction over cost-cutting measures to ensure sustainable growth and avoid negative consequences.

Environmental Impact: Thrift and frugal behaviour in business practice can also have an impact on the environment. For example, reducing energy usage to save costs may lead to the use of non-renewable energy sources, which could have negative environmental impacts such as greenhouse gas emissions. The issue of environmental impact as an ethical concern that arises from thrift and frugal behaviour in business practices is a growing concern in Ukum and Katsina-Ala Local Government Areas in Nigeria. The use of environmentally friendly practices and sustainable business models has become increasingly important, as the effects of climate change and environmental degradation continue to become more evident. The use of cheap and unsustainable methods of production and waste disposal by businesses has resulted in severe environmental degradation, which has had significant negative impacts on the environment and local communities (Eje Clement, 2021, August 20).

In recent years, businesses in Ukum and Katsina-Ala Local Government Areas have begun to take action to address the issue of environmental impact. These businesses are adopting more sustainable business practices, such as the use of renewable energy, recycling, and reducing waste. These efforts are aimed at reducing the negative impact of their operations

on the environment, as well as promoting sustainable development in the local communities. The ethical implications of the environmental impact of thrift and frugal behaviour in business practices cannot be overstated. The responsibility for mitigating the impact of business operations on the environment rests with both businesses and individuals. It is essential that businesses take an ethical approach to their operations, taking responsibility for the impact of their activities on the environment. This includes reducing waste, using renewable energy sources, and investing in sustainable business models (Orya Bogo, 2022, January 3).

In addition to the ethical implications of environmental impact, there are also significant economic implications for businesses in Ukum and Katsina-Ala Local Government Areas. The cost of environmental degradation can be significant, with businesses facing potential fines and other penalties for non-compliance with environmental regulations. By adopting sustainable business practices, businesses can reduce their costs and improve their bottom line while also promoting sustainable development in the local communities.

It can be deduced from the above that the issue of environmental impact is an ethical concern that arises from thrift and frugal behaviour in business practices is a growing concern in Ukum and Katsina-Ala Local Government Areas. Businesses must take responsibility for the impact of their operations on the environment, adopting more sustainable business practices, and investing in renewable energy sources. This will not only reduce the negative impact of their operations on the environment but also promote sustainable development in the local communities.

Community Engagement: Another ethical issue that arises from thrift and frugal behaviour in business practice is the impact on community engagement. Some businesses may opt to cut back on community engagement programs to save costs, which could have a negative impact on the perception of the business in the community. According to Samuel Ngibo (2022, January 3), thrift and frugality in business practice have become a growing trend globally, with the aim of minimising cost and maximising profit. However, this trend often raises ethical issues such as community engagement, particularly in areas where businesses operate. In Ukum and Katsina-Ala Local Government Areas, the practice of thrift and frugality in business is prevalent, leading to the emergence of ethical issues related to community engagement. Community engagement is an ethical issue that arises from thrift and frugal behaviour in business practice in Ukum and Katsina-Ala Local Government Areas. This issue arises because businesses often focus on minimising costs, which can lead to neglecting the needs of the community in which they operate. When businesses prioritize their profits over the needs of the community, it can lead to negative consequences, such as environmental degradation and social unrest.

Furthermore, community engagement is important because businesses rely on the community for their operations. Businesses need access to the local workforce, customers, and resources. In Ukum and Katsina-Ala Local Government Areas, Tyosombo Mnyim (2021, August 20) posits that businesses that fail to engage with the community are likely to face challenges such as low sales, difficulty in accessing resources, and negative publicity.

Therefore, community engagement is not just an ethical issue but also a business imperative. Businesses in Ukum and Katsina-Ala Local Government Areas can engage with the community in various ways. For instance, they can involve the community in decision-making processes, provide jobs for the locals, and support community development initiatives. These activities can enhance the relationship between businesses and the community and promote sustainable development.

Thrift and frugality in business practice can lead to ethical issues such as community engagement, particularly in areas where businesses operate. Therefore, businesses in Ukum and Katsina-Ala Local Government Areas need to prioritise community engagement as a means of promoting sustainable development and enhancing their reputation. Community engagement is not only an ethical issue but also a business imperative, and businesses that fail to engage with the community are likely to face significant challenges in the long run.

Transparency: Transparency is an important ethical issue in business practice. Thrift and frugal behaviour can sometimes lead to a lack of transparency in business practices, which could lead to distrust among stakeholders. Transparency is an ethical issue that arises from thrift and frugal behaviour in business practice in Ukum and Katsina-Ala Local Government Areas. This issue arises because businesses often cut costs without proper disclosure, leading to a lack of transparency in their operations. When businesses fail to disclose their activities, it can lead to negative consequences, such as reduced trust and credibility, potential legal liabilities, and reputational damage. According to Chiangi Kumaga (2021, August 20), transparency is an essential component of business ethics as it promotes accountability and fairness. Transparency ensures that businesses are accountable to their stakeholders and that their activities are consistent with their values and principles. Therefore, businesses in Ukum and Katsina-Ala Local Government Areas must prioritise transparency in their operations. Lack of transparency in business operations can negatively affect the community in which the business operates. For instance, businesses that engage in environmentally hazardous activities without proper disclosure can lead to environmental degradation and endanger the health of the local population. Similarly, businesses that exploit local resources without proper disclosure can lead to economic exploitation of the community. Transparency should be promoted in business operations by implementing adequate disclosure mechanisms. For instance, businesses can publish their financial reports, environmental impact assessments, and community engagement activities to promote transparency. Additionally, businesses can engage with stakeholders and provide them with relevant information about their operations (Chiangi Kumaga, 2021, August 4).

From the above view, transparency is an essential ethical issue that arises from thrift and frugal behaviour in business practice in Ukum and Katsina-Ala Local Government Areas. Businesses that fail to promote transparency in their operations risk facing significant challenges such as reduced trust and credibility, potential legal liabilities, and reputational damage. Therefore, businesses must prioritise transparency in their operations by

implementing adequate disclosure mechanisms and engaging with stakeholders to promote accountability and fairness.

Fair Wages: Another ethical issue that arises from thrift and frugal behaviour in business practice is the potential impact on fair wages. In an effort to reduce costs, some businesses may opt to pay their employees lower wages, which could lead to exploitation and a lack of fair compensation. The issue of fair wages as an ethical issue arises from the thrift and frugal behaviour in business practice in Ukum and Katsina-Ala Local Government Areas. Thrift and frugality in business practice often result in lower wages for employees, which may lead to exploitation and moral injustice. It is important for employers to ensure that their employees are paid fairly, taking into consideration the cost of living and the value of their work.

According to Terkaa Mfa (2021, August 4), fair wages are essential in promoting a just and equitable society. Employees should be paid a wage that reflects the value of their work and allows them to maintain a decent standard of living. A fair wage should take into consideration the cost of living, the skills and experience of the employee, and the profitability of the company. Failure to provide fair wages can lead to employee dissatisfaction, low productivity, and high staff turnover. In addition, fair wages are a moral obligation for employers. Employers have a responsibility to treat their employees with respect and dignity, and fair wages are a critical component of this obligation. Employees who are paid fairly are more likely to feel valued and respected, leading to increased job satisfaction and loyalty. Employers who fail to pay fair wages are not only breaking their moral obligation to their employees but also contributing to wider social inequality. Fair wages also have economic benefits for businesses and society as a whole. Paying employees fairly can lead to increased productivity, higher staff retention, and improved customer satisfaction. This, in turn, can lead to increased profitability and economic growth. Additionally, fair wages can reduce poverty and improve social mobility, leading to a more stable and prosperous society.

Deducing from the foregoing discussions, fair wages are an ethical issue that arises from thrift and frugal behaviour in business practice in Ukum and Katsina-Ala Local Government Areas. Employers have a moral obligation to pay their employees fairly, taking into consideration the cost of living and the value of their work. Fair wages promote social justice, economic growth, and stability. Employers who fail to provide fair wages are not only breaking their moral obligation to their employees but also contributing to wider social inequality.

Business Ethics: Business ethics are the moral principles that guide the behaviour of businesses. Thrift and frugal behaviour in business practice can sometimes lead to a compromise of these ethical principles, which could have negative consequences for the business and its stakeholders. Thrift and frugal behaviour in business practice are common phenomena in the Ukum and Katsina-Ala Local Government Areas, where small and medium-sized enterprises are prevalent. While this behaviour can promote cost-saving measures, it can also raise ethical concerns, particularly in terms of business ethics. Business

ethics refers to the set of moral principles and values that govern business behaviour and decision-making processes. Therefore, thrift and frugal behaviour can be viewed as an ethical issue that arises in business practice in these areas. Ajoko Terungwa (2021, August 20) observes that one of the ethical issues that arise from thrift and frugal behaviour in business practice is the exploitation of labor. Business owners may seek to cut costs by underpaying employees, which violates their rights and dignity. This issue is prevalent in the agricultural sector, where many workers earn low wages and work long hours in hazardous conditions. Ethical businesses should treat their workers fairly and equitably, and provide them with safe working conditions and adequate compensation.

Another ethical issue that arises from thrift and frugal behaviour in business practice according to Ihyomo Amber (2021, August 20), is the use of substandard materials or goods. Business owners may seek to cut costs by using cheaper and inferior materials, which can compromise the quality and safety of their products. This practice can harm consumers and damage the reputation of the business. Ethical businesses should prioritise the safety and well-being of their consumers by using high-quality materials and ensuring that their products meet industry standards and regulations. A third ethical issue that arises from thrift and frugal behaviour in business practice is tax evasion. Business owners may seek to reduce their tax burden by underreporting their income or engaging in other illegal tax evasion practices. This behaviour harms the local economy by depriving it of the resources needed to fund public services and infrastructure. Ethical businesses should pay their fair share of taxes and contribute to the development of their communities. Finally, an ethical issue that arises from thrift and frugal behaviour in business practice is environmental degradation. Business owners may seek to cut costs by engaging in environmentally harmful practices, such as dumping waste into waterways or using toxic chemicals. These practices harm the environment and the health of local communities. Ethical businesses should prioritise environmental sustainability by adopting eco-friendly practices and minimising their ecological footprint (Ihyomo Amber, 2021, August 20).

Thrift and frugal behaviour in business practice can raise ethical issues in Ukum and Katsina-Ala Local Government Areas. Ethical businesses should prioritise the well-being of their workers, consumers, communities, and the environment, and operate in a socially responsible manner. By doing so, they can promote sustainable development and contribute to the long-term prosperity of their communities.

Legal Compliance: Another ethical issue that arises from thrift and frugal behaviour in business practice is the potential impact on legal compliance. Businesses that cut corners on legal compliance measures such as tax payments and safety regulations could face legal consequences, which could damage the reputation of the business and harm its stakeholders. Thrift and frugal behaviour in business practice can often lead to ethical issues surrounding legal compliance. Legal compliance refers to the adherence to laws and regulations that govern business practices in a particular jurisdiction. In Ukum and Katsina-Ala Local Government Areas, where businesses may prioritise cost-saving measures, there is a risk that ethical considerations related to legal compliance may be overlooked.

Andera Tse (2022, January 3) is of the opinion that one ethical issue that arises from thrift and frugal behaviour in business practice is the temptation to cut corners and engage in practices that may be illegal or unethical. For instance, a business may be tempted to avoid paying taxes, disregard environmental regulations, or fail to provide fair wages and benefits to employees. These actions can be detrimental to the community and ultimately harm the business's reputation. Another ethical issue that arises from thrift and frugal behaviour is the risk of violating anti-corruption laws. In some cases, businesses may resort to bribery and other corrupt practices to obtain cost-saving benefits, such as tax breaks or preferential treatment from government officials. These actions not only harm the integrity of the business but can also have far-reaching consequences for the entire community.

Furthermore, thrift and frugal behaviour in business practice may lead to non-compliance with health and safety regulations. For example, a business may choose to use substandard materials or equipment to save costs, putting employees and consumers at risk. Failing to comply with health and safety regulations not only violates the law but also puts the reputation of the business at risk. To end with, thrift and frugal behaviour in business practice may lead to non-compliance with data protection laws. In today's digital age, businesses handle a significant amount of sensitive data, and there are laws in place to protect this data from misuse. Failing to comply with these laws can result in legal penalties, damage to the reputation of the business, and harm to the individuals whose data is compromised (Andera Tse, 2022, January 3).

It is apposite to state here that thrift and frugal behaviour in business practice can lead to ethical issues related to legal compliance. Businesses must prioritise legal compliance and ensure that they operate within the bounds of the law and regulations that govern their operations. By doing so, they can build trust with their stakeholders and contribute positively to their communities.

Conclusion

The paper takes a look at an ethical evaluation of savings and investment of selected Thrifts and Co-operative societies in Ukum and Katsina Ala Local Government Areas of Benue State. The study highlights the positive impact of thrifts and cooperatives on business practices among the local population. It is evident from the research that these societies play a significant role in facilitating savings and investments in various sectors such as farming, trade, transportation, and household needs. However, ethical challenges persist in the management of these thrifts and cooperatives, primarily stemming from issues like loan defaulting and financial misappropriation by individuals entrusted with overseeing these financial entities. The findings underscore the importance of strengthening ethical principles of integrity, financial accountability, and transparency within these communities to ensure the sustainability and effectiveness of thrift and cooperative practices. Moreover, the study recommends several measures to address the identified ethical challenges, including promoting loan repayment discipline among borrowers, organizing seminars on profit-oriented loans for thrift and cooperative managers, implementing regulatory

frameworks to curb fraudulent practices, and encouraging more community members to join thrifts and cooperatives as a means of capital formation for new business ventures. By fostering a culture of ethical conduct and financial responsibility within these savings and investment platforms, the local communities in Ukum and Katsina-Ala LGAs can enhance trust, transparency, and sustainable economic development for the benefit of all stakeholders involved.

Recommendations

The following recommendations are made in the study:

- i. There is need to strengthen the ethical principles of integrity, financial accountability and transparency in Ukum and Katsina Ala Areas in Benue State.
- ii. People borrowing money should made to repay loans.
- iii. Government should organise seminars on profit oriented loans for managers of thrifts and cooperative societies.
- iv. Government should regulate business practices of thrifts and co-operatives to check fraud.
- v. Government should encourage people to join thrifts and cooperatives, *bams* and *adashi* as ways of raising capital to start new businesses.
- vi. Traditional and religious leaders should encourage people in the area to join thrifts and co-operatives, *bams* and *adashi* as ways of raising capital for to start their businesses.

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