



Capacity Building in Cooperative Organization: Ground for Change

**A. Emejulu Gerard¹, Nwachukwu Oforbuike Francis²,
Okafor Ogochukwu Esther¹ and Taiwo Olabisi Abdulahi^{1*}**

¹*Department of Cooperative Economics and Management, Nnamdi Azikiwe University, Awka, Anambra State, Nigeria.*

²*National Open University of Nigeria, Enugu State Study Centre, Nigeria.*

Authors' contributions

This work was carried out in collaboration among all authors. Author AEG designed the study, author NOF wrote the protocol and wrote the first draft of the manuscript. Authors OOE and TOA managed the literature searches. All authors read and approved the final manuscript.

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ABSTRACT

The concept of capacity building in cooperative society exist in all aspect of cooperatives activities and it is the important strategy that enable cooperative society and its members to perform effectively well in line with their goal and cooperative principles. For any cooperative society to perform very well and be able to compete favorably, it must invest reasonable amount of money to develop the ability of its members, employees and the society itself.

Keywords: Capacity; building capacity; cooperative organization and ground for change.

1. INTRODUCTION

Concept of cooperative is as old as human beings; it is when people co-exist in an environment in pursuit of common goals, and this

can be traced back to our ancestors who believed that there is strength in unity as it said in Yoruba (Agbajowo la fi nso aya) and Igbo language (Igwebuiké) that is, they believed that working together as a group has a great

*Corresponding author: Email: ao.taiwo@unizik.edu.ng;

advantage when compare to working alone. As they used to hunt, farm and fishing in groups. The concept of cooperation is quite different from what it used to be in the olden days, because now its activities cut across social, economic and political sphere which has direct effects on people's wellbeing, business and the entire society (environment) at large. According to [1] the cooperative model has been adapted to numerous and varied business and as a consequence of this diversity.

ICA 1995 cited in [2] defined cooperative as an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise. Cooperative as a business owned and controlled by the people who use it service for their mutual benefit [3]. Similarly, [4] sees cooperative model that provides the best alternative when compare to any other business models. In the same vein, [5] of the opinion that, cooperative are based on the values of self help, self responsibility, democratic, equality, equity and solidarity. He further stressed that, cooperatives sustained the tradition of their founding fathers as they believe in the ethical values of honesty, openness, social responsibility and caring for others. Marot and Dun [6] shared the same opinion with [7] as they observed that cooperatives have a set of beliefs and values in which cooperative is built on, which all the stakeholders are striving to control their own destiny through joint efforts.

As a result of this cooperative organisations should be given special focus because of it potentials as it can blend effective activities (business, capital mobilization and efficient provision of services etc.) with socioeconomic goals and contribution to economic and social cohesion and inclusion, which is an economic model that is not based on specialization and maximization of shareholders value, this allowing investment in people, the environment and the real economy [8]. Cooperative organisation have proven to be more resilient to the financial crisis, maintaining more direct and indirect jobs, able to create new alternative economic vehicles (enterprises) to combat poverty, realize social and economic inclusion and create general interest with social service, Spear and Bidet; Barzaga, Defourney and Nogales as cited in [8].

Capacity is the ability of an organization to perform, while capacity building is how to

develop and strengthen this ability (capacity). As [9] affirmed that capacity building is a multidimensional and dynamic process that improves the ability of organization to meet its objectives or perform better in a competitive environment. Similarly, [10] agreed that, capacity building activities are designed to improve the performance of an organization.

As to the role and effect of capacity building, [11] opined that there are underlying agreement that capacity building is about change (both long term and short term) which involves making things better by adding values, developing new asset, ideas and talents. Similarly, [6] believed that building organizational capacity is critical to sustaining organizational effectiveness over the long term and they also stated that the approach to capacity building should be holistic and focus on meeting organizational performance needs.

Capacity building is a relational process that can take place at different levels, which include individual level; organization level and at society or community level. However, this study is seeing capacity building from the perspective of organization with reference to cooperative organizations. That is, referring to the activities that are designed to improve the performance of cooperative organizations, by strengthening its resources, management, investments as well as enhancing the satisfaction of members welfare. Cooperative organisation is an economic model which its primary objective is not based on the profit maximization rather on maximization of members' welfare, thus allowing investment in people, the environment and the real economy. Similarly, [8] agreed that cooperative organizations do not have profit as a paramount motive and thus capable of providing a form of business structure that allows economic and other sustainable societal considerations to count and flourish.

In the view of [12], capacity building is an endogenous process (formed from within) that involves the main actors taking responsibility for the process of change. Indeed the concept of cooperative members and management committee members has become that driver that drive changes through various capacity building activities in cooperative societies. Therefore, capacity building in cooperative organizations becomes essential in the era of globalization which cooperative must adjust to in order to be a competitive business model or else they will gradually stagnate and eventually go into

moribund. According to [13], capacity building seeks to improve the performance of organization because capacity building is a system-wide, planned effort to increase cooperative performance through purposeful, planning and actions. Meanwhile, to be competitive, cooperative organizations must be efficient both in terms of price and technical efficiency. [7] stated that, for cooperative to be efficient in achieving its objectives there is need for capacity building and many successful cooperatives prospered and carved visible niche in the business world encountering the pressures of investors owned firms because they reformed their ways of doing business.

2. CONCEPT OF CAPACITY

Capacity has a broad meaning, for some people it is referred to growth and development of the potential or the ability to act or function. [14] sees capacity as the people, institutions and practices that enable an organization to achieve its organizational goals. [13] sees capacity as what makes an organization strong, while a task force in Washington DC as cited in [13] defined capacity as the degree to which an organization can marshal resources to accomplish clearly defined goals and objectives. Resources was seen in this definition as both human and non human resources who are imperative to every organization's performance.

Society for Participatory Research in Asia as cited in [2] defined capacity as a multidimensional and complex attribute that covers the totality of an organized effort. In Latin America, capacity is defined as increasing organizations autonomous management to strengthen their organization, Bombarolo and Coscio as cited in [13]. He further stated that capacity is the ability to mobilize resources and achieve objectives. It is everything necessary to construct the relationships required to achieve an organization's vision, mission and goals. According to [15] gave a distinction in the terms used for capacity at different levels; these levels are competencies and capabilities. Competencies refers to a broad range of collective skills of organizations or system which can be both hard (policy analysis; technical analysis; financial resource management; human resource, etc) and soft (the ability to earn legitimacy; to adopt; create meaning and identify blocks of an organization's overall capacity to perform. Also, [1] suggested that capacity is that emergent combination attributes, assets,

capabilities and relationship that enables a human system to perform, survive and self renew.

3. CONCEPT OF CAPACITY BUILDING

It has been argued that capacity building remains a concept characterized by vagueness and generality [16]. Current definitions of capacity building differ in detail. However, all the recent definitions of capacity building are centered on the understanding that capacity building efforts need to be considered from a systems perspective that recognizes the dynamics and connections among various actors and issues at different levels, as part of a broader unit rather than a loosely connected factor [17].

World Bank as cited in the work of [14] opined that capacity building entails the ability to identify and analyze problems; make rational choices; formulate solutions and implement actions designed to achieve set objectives. In the same vein Ani, Akintola and Muhtar as cited in [14] all gave different definitions of capacity building, but they shared the same opinion on the definitions of capacity building and their definition focused on the ability to formulate plans, identify problems and select viable options, execute, monitor and evaluate implementation of plans that enhance sustainable development. Also, according to [9] affirmed that capacity building is a process that improves the ability of a person, group; organization, or system to meets its objectives or to perform better. They further stated that capacity building is a multidimensional and dynamic process which should lead to an improvement in performance at each level and contribute to sustainability. [10] added their voice and opined that capacity building most often refers to those activities that are designed to improve the performance of an organization by strengthening its leadership, management, or administration. They further stated that four key elements play a significant role in determining the scope, design and ultimate success of any capacity engagement: 1) the desire outcome or defining goal; 2) the change strategy selected to help realize that goals; 3) the champions guiding the efforts, be the internal or external and; 4) the resources – time, energy, and money invested in the process.

[18] believed that if capacity is the ability or potential to mobilize resources and achieve objectives, then capacity building is a long term process by which organizations develops this

potential into reality. Instead of being conditioned by the environment, organizations are now expected to influence the environment. He further stated that organizations need systematic, ongoing capacity building if longevity is to be combined with effectiveness. In the view of James as cited in [13] he sees capacity building as an explicit outside intervention to improve an organization's performance in relation to its mission context, resources and sustainability. Meanwhile, [13] suggested that capacity building is a process of interdependent relationships to build an organization's future to pursue its mission, attain its vision and goals and sustain its existence. He further stated that capacity building is about pushing boundaries in developing and strengthening an organization and its people so that it can better able to serve not only its target market but to consider the impact of all stakeholders.

[12] affirmed that capacity as the ability of people, organizations and society as a whole to manage their affairs successfully while capacity building is the process whereby people, organizations and society as a whole unleash, strengthen, create, adapt and maintain capacity over time. Also, Gosses as cited in [12] gave some definition and descriptions which he sees capacity building as a concept that entails the sustain a tension of the abilities of individuals, institutions and societies to perform functions, solve problems and set standard in order to achieve objectives. In the view of [19] capacity building involves much more than enhancing the knowledge and skills of individuals. But it (capacity building is refers to intentional, coordinated and mission driven efforts aimed at strengthening the management and governance of organizations to improve their performance and impact which occurs through organization development activities, such as leadership, strategic planning, programme design and evaluation, board development, financial planning and management and others (Light et al. 2002).

4. CAPACITY BUILDING ACTIVITIES IN AN ORGANIZATION

Building organizational capacity requires a lot of activities that drive change. These activities and tools, programs or plans designed to achieve and sustain both long and short term goals of the cooperative organization. [20] believed that capacity building activities are the heart of organization, and these activities are designed to

advance an organization's ability to deliver programs as well as adapt, expand and innovate. They suggested capacity building activities that may be appropriate for organizations to engage in depending on the resources available, assessed needs and action plan, these capacity building activities include: strategic planning; organizational planning; accountability systems; leadership and board development; succession planning; collaboration and strategic restructuring; market and communication; human resources management; financial management; business planning e.t.c.

Starvos and Johnson as cited in [18], concluded that organizations need the right governance structure to deliver on its mission and the core capabilities of human resources, finance strategic planning, marketing, technical, management and communication systems. Similarly [21] completed an in depth study of the various strategies and practices adopted by organizations and they offered the following skills needed at the organizational level for success: management; finance; marketing; the IT; training, programme and project management; project reporting with results orientation and sustainability through capacity development.

Building organizational capacity typically involves four steps: diagnosing what is missing or needed in the organization, planning strategies to change situation, educating personnel to carry out change, and evaluating results [7] He further stated that, the process typically identifies problem areas in the organization and outlines steps to resolve the problems. [22] identified several critical components of organizational capacity building activities: access and sharing of information, financial, educational activities, technical, training and project management. Similarly [14] added his own view and of the opinion that, for effective implementation to service delivery, capacity building activities should focus on the following: strategic management; policy development and management; ethics of good governance; performance management; human resources development and management; target setting; bench marking; project management; monitoring and evaluation; entrepreneur development; team building; customer care; effective communication skills; e.t.c. Fisher as cited in [13] opined that organizational autonomy depend on the following capacity building activities, these include, governance; technical expertise, financial diversification, administrative; information

sharing; managerial, leadership; strategic knowledge; service delivery and staff experience in training.

After said and done, different authors [20,23,24, 2,21,18,14], with different studies and views. It was noted that all of them have common components of capacity building activities, these include financial management and diversification; strategic management; human resources management; technical; information sharing and collaboration; project management; business planning. Meanwhile these capacity building activities will be appropriate to be adopted by the cooperative organizations, if really cooperative organisations want to be a potent economic unit and effectively attain their organizational goals they need to develop their capacity. As [25] concluded that, what should be underlying driving forced for capacity building cooperative are efficiency and effectiveness; sustainability of cooperative both short and long run; building confidence, trust and respect for sustainable shared goals; adaptability to changing environment; interaction with external agent; diversification of activities to maximize institutional and member interest; as well as expansion and replication of cooperatives.

5. CAPACITY BUILDING IN COOPERATIVE ORGANIZATION

Capacity building is a concept that is applicable to any form of organization especially cooperatives, according to [16] he observed that, capacity as a concept or a field of intervention has seen quite some developments in the last decade, which is firmly anchored in development paradigms and is linked to the development process of individuals, organizations, institutions and societies at large. Surprisingly, the existing studies on capacity building shows that there are limited capacity building studies specifically for cooperative societies whereby, most of the study focused on capacity building in Investor Owned Firms (IOFs); Non Governmental Organizations (NGOs) [9,15,23,26,10,27,24,13,22] etc.

The concept of capacity building in cooperative society recognizes that there are no situation in which capacity does not exist in cooperatives [12]. Meanwhile, the important question is whether the existing capacities are being recognized and whether the existing capacities are capacities that enable cooperative members and their society to perform well in line with their goal and cooperative principles.

According [25] capacity building for cooperatives should be defined in light of the goals of cooperatives which is attaining a set of mutually acceptable goals (economic and social). This definition was in line with the definition of capacity given by [7] which he defined organizational capacity building as a process that help to strengthen the linkages among organization's vision, mission and goals as well as improves their chances for sustainable service delivery. Also, [12] of the opinion that current definitions of what capacity entails vary from performance based type definitions to much more holistic society approaches to understanding capacity. And he believed that, capacity is seen as the ability to perform.

Capacity in cooperative, according to [17] is when cooperative are relevant for the members and, the community and be efficient as enterprises, as such, he concluded that, cooperative must be able to:

- strengthen their corporate profile with the values and principles that make cooperative a distinct form of business;
- rely on solid government;
- promote the development of human resources;
- improve operations to be profitable;
- integrate new skills and innovations in business;
- grow in accordance with the needs of members, communities and the market;
- Articulate and network with communities, other organizations/firms and enterprises.

Costa Pinto further stated that, the development of capacities in cooperative organizations should leave behind some traditional indicators of success in private enterprises, even though cooperatives operate in the same market (environment). This is particularly important as capacity building has had a tendency to focus on the management of the balance sheet and less on the attainment of good results for the members. In the same vein the 2003 International Labour Organization (ILO) report cited in [17] which was stated that the core tools cooperatives need in order to flourish are advice on capacity building and [17] suggested that nobody should question the relevance of capacity building in cooperatives.

Thus, capacity building in cooperative organizational was understood as strengthening the potentials of cooperative organization so as

to enable them perform effectively and efficiently. Therefore, this has become pertinent for the cooperative organization in this era of global market and competitive environment. Also, it is very essential for the cooperative organization to embrace capacity building if they really want to maintain their competitive advantage and have their fair share of the market.

6. EFFECTS OF CAPACITY BUILDING ON ORGANIZATIONAL PERFORMANCE

It is generally understood that building an organization's capacity is its ability to enhance its life; structure and process toward desired results. The review of individual capacity suggests that the performance (effectiveness) of an organization stems from the capability of the individuals which comprise that organization. However, on a larger level, an organization is more than the sum of individual parts [13]. People do not act in vacuum, but as synergistic parts, either adding to or detracting from the whole, thus organizational capacity is a relational process. Capacity building deals with how the individuals of organizations organize themselves and interact with others to deliver the organization's mission and sustain its existence for continued support to those served. In the same vein [28] of the opinion that organizational capacity building is about systematically investing in developing an organization's internal systems (e.g. its people, processes and infrastructure) and its external relationships (e.g. partners and public e.t.c) so that it can realize its mission and achieve greater impact. He further stated that organizational capacity building is not about building bureaucracy, but it is about creating the organizational ability to achieve demanding objectives.

Capacity building seeks to improve the performance of work units, department, and the whole organization [7]. Organizational capacity building is a system-wide, planned effort to increase organizational performance through purposeful reflection, planning and action. In particular, capacity building looks in depth at where an organization stands in comparison to where it hopes to be in future, and develops the skills and resources to get there. [5] further stated that the ultimate goal of capacity building is to enable the organization to grow stronger in achieving its purpose and mission.

Those organizations which are able to capitalize upon the collaborative efforts of its people are able to operate effectively [7]. Meanwhile, he

further stated that organizational capacity building is the internal relational components of the organization so it can better use its resources (i.e. people, time and money) to achieve its mission, attain its vision and goals and sustain over time. This constructed by people, and interactions can take place either inside or outside of the organizations, but to and sustain organizational capacity the knowledge must end up inside organization at some point, and these connections are illustrated by [13].

Organizations must have capabilities to engage in relational process for human interaction. Therefore, in building their organizational capacity it is essential that organizations carry out a critical assessment of their internal capabilities and the methods they use to increase capacity at the organizational level. As [27] argued that, capacity building at the organizational level will determine how individual capacities are utilized and strengthened. [27] refers to capacity building to anything that will influence an organization's performance and these include: Human resources (capacities of individuals in the organization); physical resources (facilities, equipment, materials etc); intellectual resources (organization strategy, strategic planning, management, business know-how, production technology, programme management, process management (problem solving skills, decision making process, communication e.t.c.); Inter-institutional linkage (network, partnership, e.t.c); incentives and reward systems; organizational culture and leadership of managers. But two American authors [28] argued that there are four key elements that shape the ultimate success of capacity building in an organization, which are: 1) the desired out-come in goal of the capacity building activity, 2) the change strategy selected to realize that goal; 3) the champions guiding the effort and 4) the time, energy and money invested in the process. How to approach capacity building in organization is to recognize that the four elements are all inter-related. [28] further stated that the desired outcome should determine the change strategy, which informs who should champion the effort and how much time money it requires, in practice all four are in a dynamic relationship. Also, the resources available will affect the choice of outcome and the champion may influence the chosen change strategy. In separate opinion [28] stated that, the keys to successful capacity building in any organizations depends on: 10 making explicit choices about which elements of organization

required most attention; 2) building a coalition of managers and board members who support those priority; 3) developing a strategy for building element of capacity; 4) marshalling sufficient resources to ensure the changes are significant and sustainable and 5) appointing a champion with sufficient power and authority to oversee the change.

Much of the confusion over which core capabilities are important for organizational capacity building stem from difference in view point of researchers, Muchunguzi and Milne as cited in [13], while some have extensively focused on Non-Government Organizations (NGOs) and some did concentrate on private and public organizations. The question then is: are the core capabilities different between these organizations (NGOs private and public). The research regarding the distinction between core capabilities is iron conclusive on this point. [7] affirmed that facts that the review of literature on organizational capacity building has become clear that by focusing on either NGOs or private or public organization to define core capabilities, a problem has arisen. Specifically, there has been a distinctive bias to the available data. This is the direct result of the fact that almost all the studies conducted are concentrated on profit making organizations and nongovernmental organizations.

Organization supposed to be able to assess itself in order to ascertain how it is currently performing against the seven categories as provided by Business Excellence Framework cited [17] these include:

- Taking an organization wide approach by involving a broad group of people to ensure accurate representation of the sustainability of the organization, and to ensure consistency of direction and broad application of improvement initiatives.
- Identifies differences in perception of performance between different levels of the organization.
- Assessment findings and scores, which can be used to benchmark the organization against others.
- A detailed analysis of strengths and opportunities for improvement, and a supporting action plan to address the priority opportunities.
- Management understands of the self-assessment process that allow the organization to conduct future assessment.

- People knowledge about organization business excellence and its value in driving sustainability in the organization.

According to [22] they observed that, common to all characterizations of capacity building is the assumption that capacity building is linked to organizational performance. According to [12], a need for capacity building is often identified when performance is inadequate or falters. Moreover, capacity building is only perceived as effective if it contributes to better performance of an organization, and in seeking to improve understanding of the effects of capacity building interventions [12].

In the view of [19], capacity building involves much more than enhancing the knowledge and skills of individuals and it depends crucially on the performance of the organization in which they work. He further states that in turn, the operations of particular organizations are influenced by the enabling environment which include the structures of power and influence and the institutions in which they are embedded. Meanwhile, capacity is not about skills and procedures; it is also about incentives and governance. [1] affirmed that, capacity building in an organization is about change that involves making things better, adding value, developing new assets or talents. He stated further that, it is about how best to develop new capabilities (i.e. institutional assets or collective skills) and new competencies (i.e. individual skills and energy or new personal behaviours). These are drivers for affective performance of any organization, and these can take place at many different levels (micro, meso and macro) with different elements or target groups.

According to [15] study on capacity building as cited in [12] change and performance which involved public sector as well as civil society organizations experiences with capacity development, as such he distilled five core capabilities which are: The capability to act; the capability to generate development results; capability to relate, capability to adapt and self renew as well as capability to achieve coherence. Therefore, capacity building implies strengthening these capabilities in an interconnected and holistic manner that will improve the performance of the organizations. Also, [6] concluded that, building organizational capacity is critical to sustaining organizational performance over long period of time. And further stated that, the approach to capacity building should be holistic and focus on meeting

organizational performance needs rather than solely building specific individual capability.

7. EVIDENCE FROM RELATED EMPIRICAL STUDIES

There are a great number of studies on capacity building and its effect on performance of organization. But, evidence from the literature showed that most of these studies were conducted on nongovernmental organizations (NGOs) and non-profit making organizations in America and other European countries, of which they found out that capacity building is very significant to the health, sustenance and performance of the organizations and its environment [9,17,28,6,24,5,2]; as well as [12].

Similarly, Mckinsey as cited in [17] concluded a study on effective capacity building in nonprofit organization in America in collaboration with Harvard Business School and he identified seven key factors of organizational performance that is known as the 7-s framework and these framework proposed that effective organizational change is the relationship between structure, strategy, systems, style, skills, staff and shared values. They further identified that regardless of the type of organization, an organization is thought to have self-renewing capacity when all seven elements (7-s) are aligned. But Costa Pinto (2011) argued that this is a provocative model based on the assumptions that multiple variables affect organizational effectiveness and yet the model doesn't fully define organizational capacity.

In Latin America [19] studied different organizations and they found the core capabilities to develop organizational capacity and these include: the optimal use of human and financial resources, service delivery and administrative procedures. In the same vein Muchunguzi and Milna as cited in [13] a study on organization capacity building activities in Africa where they studied 170 organizations in Kenya, Tanzania, Uganda and Zimbabwe, they found that there are several critical components of organizational capacity building activities which include access and sharing of information; financial management; education; technical training as well as project management.

[22] conducted a study on relationship between capacity building and performance. Capacity building activities was regressed against overall mean (\bar{x}) of organizational performance which gave a strong linear positive correlation

indicating high capacity building was resulted to high organizational performance and this performance was measured in terms of profit ability; revenue enhancement and shareholder value.

With this evidence, it has been confirmed that capacity building is sine-qua-non to every organization if they really want to attain their goals and perform effectively. However, none of the empirical studies was focused on the effect of capacity building on cooperative organizations performance with reference to Africa and specifically Nigeria, and it is aim of this study to fill this important gap.

8. THEORETICAL FRAMEWORK

A theory provides a useful tool for organizing ideas and information. For the purpose of this study, systems theory is considered as most appropriate and applicable. In 1950's Ludwig Von Bertalanffy and Kenneth Boulding provided a foundation for system theory in which till modern days many researchers and scholars are building on that foundation [21]. While some scholars traced the development of systems theory back to Aristotle and most scholars attributed the idea of holism, central philosopher who explained that, the whole was greater than the sum of its part. That is system consist of a number of interrelated and interconnected parts, that once put together, will make the behaviour of the whole different and distinct body than the behaviour of its individual parts [29]. He further stated that, Holism asserts that, we cannot understand the behaviour of the whole by studying the behaviour of its various components. Similarly, Jognson, Kast and Rosenweig defined system, as an organized or complex whole; or as an assemblage or combination of things or parts forming a complex or unitary whole. In the same vein, according <http://pespmc1.vub.ac.be/SYSTHEOR.html> as cited in [29] defined system theory as trans-disciplinary study of the abstract organization of phenomena, independent of their substance, type, or spatial or temporal scale of existence, which investigates both the principles common to all complex entities, and the models which can be used to describe them.

System theory are divided into two categories namely; 1) closed system theory propounded by Nobert Wiener a distinguished mathematician and engineer and Ross Ashby a neurosurgeon; 2) open system theory (General system theory), was proposed by Ludwig Von Bertalanffy a

biologist. But, for the purpose of this study open system theory, also known as General System Theory (GST) was used as it distinguished itself from closed system theory because of the following considerable tenets as stated by [29];

- a) Open system (GTS) has a good relationship with the external environment as it focused on the interchange between the system and its environment. Organization (system) behaviour is a response to the threats and resources available in the environment in which they exist.
- b) Closed system has a few variables while open system typically deals with a more complex set of inter-relationships. Costs and quality are viewed from closed systems as internal variables that need to be managed within the boundaries of a firm. While in an open system cost and quality are viewed as externally driven variables that must be managed by understanding the environmental influences on these variables.
- c) Closed systems use error-controlled regulations, which are after-the-fact. While open system used anticipatory control, that is they regulate by anticipating errors before they occur and taking corrective measures before output. This form of regulation is called feed forward control, and if cost is to be managed as an open system, and it should be controlled before a product is produced and not after.
- d) Purpose of regulation. Unlike closed systems, open systems are not interested in returning a system back to some predetermined stable state. Open system recognize that the purpose of regulation is to adjust and move the system on a dynamic path and seek continuous improvement and not just stability. They are said to achieve a dynamic equilibrium.

Thus, these justified the use of open system theory or General System Theory (GST) as a framework, means that the researcher viewed cooperative society as business organizations much like biological organisms that exist in an environment and has good relationship with its external environment as Johnson, Kast and Rosenzweig in [2] viewed business organization as a man made system which has a dynamic interplay with its environment which include:

customers, competitors; labour organizations, suppliers; government and many other agencies e.t.c. And the researcher sees the concept of interrelated sub-systems and suggests that, cooperative organization should be seen as a system that comprises so many interrelated components.

9. FRAMEWORK FOR CAPACITY BUILDING IN COOPERATIVE ORGANIZATION

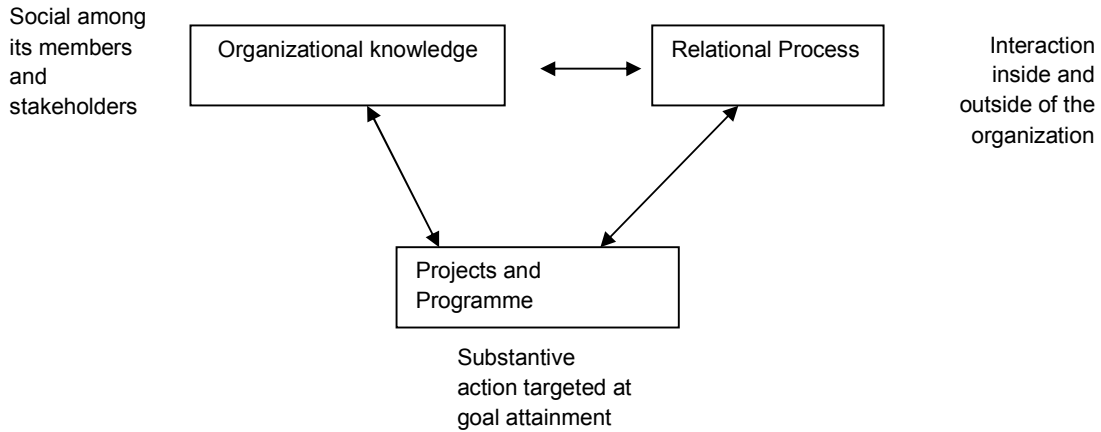
After all said and done, it is very necessary to come up with a framework that capacity will be built on in a typical cooperative organization. Therefore, capacity building in cooperative organization is all about building its propensity to perform effectively. For any cooperative to perform with efficiency, they need to recognize some elements' of capacity building activities which are interconnected and inter dependent elements. And these elements enhance cooperative performance and sustainability.

Therefore, the diagram below illustrate framework for capacity building in cooperative society.

With the above framework, members' welfare satisfaction, service delivery, concern for community, growth and development are used to measure performance of a typical cooperative organization. These are also goods, mission and vision of every cooperative. They are the driving forces that give cooperative organization its sense of direction and purposes. More especially, they are the primary reasons for the existence of cooperative organizations. Also, for the cooperative organization to achieve these purposes, they require the capacity building activities which will serve as inputs. Therefore, with the help of the cooperative leadership and governance that serves as processor on drivers that will marshal these capacity building activities with the available resources of the cooperative to achieve efficient outputs/outcomes (performance). As such, these outcomes will now be used to compare with the already set goals, so as to assess if the cooperative has satisfied the welfare of its members, how effective service was delivered to the users and owners of the cooperative and what is the rate of return on equity; investment; assets and as well as surplus.

The model shows a relationship between cooperative organizational; organizational capacity, and external environment. And as such, cooperative organizational performance should be ascertained in relation to the capacity of the cooperative organization as well as those external variables that have effect on the cooperative organizational performance.

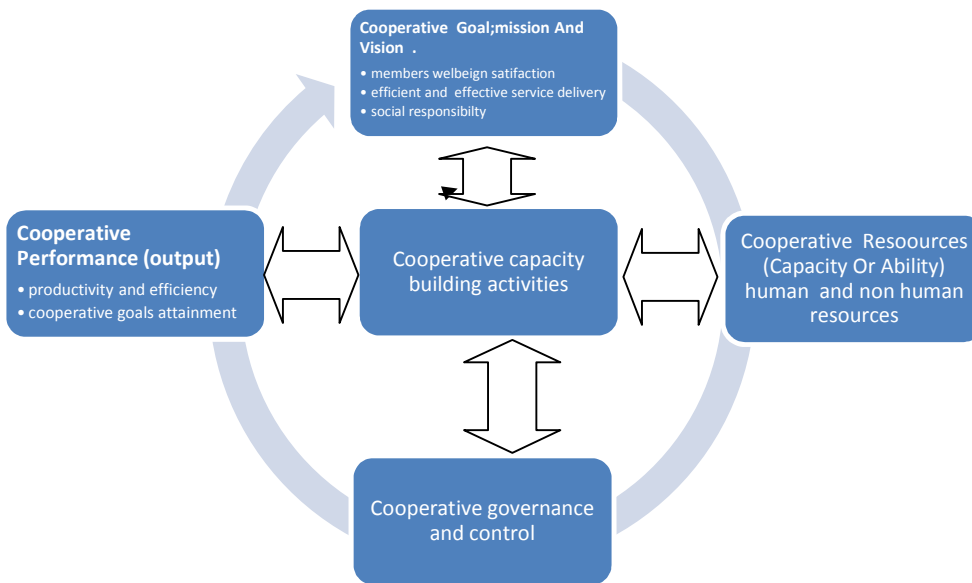
In conclusion the method of measuring organization's performance has to do with the use of financial and non financial measures. The financial measure include, profit, sales turnover, return on assets/investment, returns on equity while the use of non financial measures include, service delivery, customer/shareholder satisfaction, market share and employees turnover.



Source: Adapted from Starvos (2008)

Fig. 1. Capacity building process

Environment



Environment

Fig. 2. Capacity building framework in cooperative society

Source: Taiwo, (2015)

10. SUMMARY

The available and existing literatures and empirical studies focused on capacity building on Non Governmental Organizations (NGOs) and profit making organizations, where most of the studies are conducted in advanced countries. However, there is a limited literature and studies on capacity building in cooperative organization especially in Africa with reference to Nigeria, as such; this creates a vacuum that needs to be filled.

11. CONCLUSION

To develop an economy, cooperative organizations have significant and substantial roles to play. Some of these roles include creating employment opportunities; breaking vicious poverty circle, as well as rural development. In order to enhance cooperative organization's performance so as to retain these cumulative effects, there is need to strengthen the capacity of cooperatives, because capacity building is a veritable tool to the sustenance of the cooperative organizations.

After said and done from different authors [20,13,21,2,14] with different studies and views. It was noted that all of them have common capacity building activities, these include financial management and diversification; strategic management; human resources management; technical; information sharing and collaboration; project management; business planning. Meanwhile these capacity building activities will be appropriate to be adopted by the cooperative organizations, if really cooperative organisations want to be a potent economic unit and effectively attain their organizational goals they need to develop their capacity. As [25] concluded that, what should be underlying driving forced for capacity building cooperative are efficiency and effectiveness; sustainability of cooperative both short and long run; building confidence, trust and respect for sustainable shared goals; adaptability to changing environment; interaction with external agent; diversification of activities to maximize institutional and member interest; as well as expansion and replication of cooperatives.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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