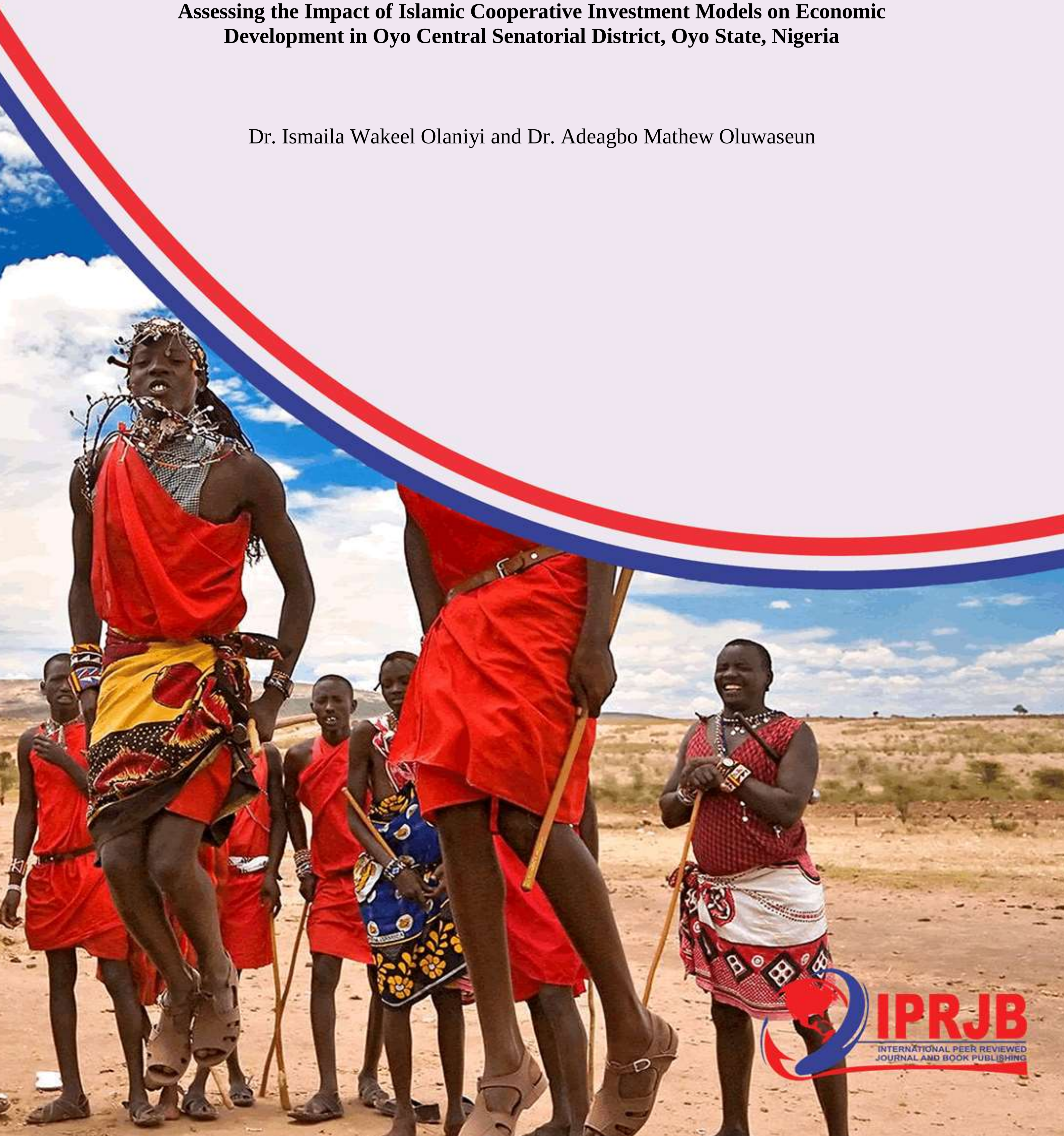
Journal of
Philosophy, Culture and Religion
(JPCR)

Assessing the Impact of Islamic Cooperative Investment Models on Economic Development in Oyo Central Senatorial District, Oyo State, Nigeria

Dr. Ismaila Wakeel Olaniyi and Dr. Adeagbo Mathew Oluwaseun



IPRJB
INTERNATIONAL PEER REVIEWED JOURNAL AND BOOK PUBLISHING

Journal of Philosophy, Culture and Religion

ISSN 3007-9322 (Online)

Vol.9, Issue 1, No. 4, pp 51 - 64, 2026

www.iprjb.org

Assessing the Impact of Islamic Cooperative Investment Models on Economic Development in Oyo Central Senatorial District, Oyo State, Nigeria

Dr. Ismaila Wakeel Olaniyi
Department of Islamic Studies, Oyo State College of Education, Lanlate

Dr. Adeagbo, Mathew Oluwaseun
Department of Economics, Oyo State College of Education, Lanlate

Article History

Received 27th May 2026

Received in Revised Form 30th June 2026

Accepted 28th July 2026

How to cite in APA format:

Ismaila, O., & Adeagbo, O. (2026). Assessing the Impact of Islamic Cooperative Investment Models on Economic Development in Oyo Central Senatorial District, Oyo State, Nigeria. *Journal of Philosophy, Culture and Religion*, *9*(1), 51–64. https://doi.org/10.47604/jpcr.3889

Abstract

Purpose: This study examined the impact of Islamic Cooperative Societies' (ICSs) investment models on economic development in Oyo Central Senatorial District, Oyo State, Nigeria.

Methodology: Drawing on the principles of Islamic finance and cooperative theory, the study adopted a survey research design. Primary data were collected from 300 registered members of selected Islamic Cooperative Societies across four Local Government Areas through a structured questionnaire developed by the researchers. Data were analyzed using descriptive statistics and simple linear regression techniques.

Findings: The findings revealed that Islamic Cooperative Societies in the study area predominantly utilize investment models such as Murābaḥah, Muḍārabah, Mushārakah Mutanāqiṣah, and Ijārah. These models have contributed significantly to enterprise development, business sustainability, income generation, and employment creation among members. However, the effectiveness of these investment mechanisms is constrained by inadequate knowledge of Islamic finance principles among members, limited capital resources, weak record-keeping practices, and insufficient institutional support. The study concludes that Islamic Cooperative Societies constitute viable instruments for promoting grassroots economic development through *Shariah*-compliant financial intermediation.

Unique Contribution to Theory, Practice and Policy: To enhance their developmental impact, the study recommends the formulation of comprehensive Shariah-compliant business plans, regular capacity-building programmes on Islamic finance, improved transparency and accountability mechanisms, and stronger capital mobilization strategies.

Keywords: *Islamic Cooperative Societies, Islamic Finance, Investment Models, Economic Development, Enterprise Development*

JEL Classification: *G23, O16, O17, M13, L31*

INTRODUCTION

Economic development is largely dependent on the effective mobilization and allocation of resources for entrepreneurship development, financial inclusion, income generation, and employment creation. In developing economies such as Nigeria, where poverty and unemployment remain persistent, cooperative societies have emerged as important instruments for grassroots economic empowerment and social transformation. Among these institutions, Islamic Cooperative Societies (ICSs) provide an alternative financial framework. Based on Shariah principles, it offers interest-free financing and ethically guided investment opportunities. Islamic cooperative investment models are distinguished by their prohibition of interest (*ribā*), emphasis on risk-sharing, promotion of ethical investments, and commitment to social justice. Beyond enhancing the financial well-being of individual members, these models seek to contribute to broader economic development through enterprise financing, wealth creation, and job generation. Despite their potential, however, many Islamic Cooperative Societies operating within Oyo Central Senatorial District have not fully realized their developmental objectives, particularly in the areas of investment expansion and business development. This situation has prevailed despite the residents' general lack of access to financial services in the state. The EFInA 2023 Access to Financial Services Survey is Nigeria's latest nationally representative survey on financial inclusion. It reports that74% of Nigerian adults are financially included and that 26% remain financially excluded. Although this report does not entail a state-by-state break-down, the National Bureau of Statistics, 2023 report indicated that approximately 22.1% of Oyo State residents are multidimensionally poor. This places Oyo among the states with the lowest poverty rates in Nigeria and below the national average of 63.0%. (National Bureau of Statistics, 2023). Islamic cooperatives can engender financial inclusion and contribute to poverty alleviating strategies in the state if channeled appropriately.

Islamic Cooperative Societies represent cooperative organizations whose activities are governed by Islamic principles while simultaneously addressing the economic, social, and cultural needs of their members through collectively owned enterprises (Adegbite and Shittu, 2017). In Oyo South Senatorial District, some of the registered ICSs include Masha'allah CICS Ltd, Oyo, Ramadan, CICS Ltd, Oyo, Al-Yasar CICS EAUE, Al-Amin CICS Ltd, Ojoo, Ibadan, FCE (SP) Muslim Staff CICS Ltd, Oyo, 2 Division Nigerian Army Muslim Staff CICS Ltd, Odogbo, Ibadan, Muslim Community CICS Ltd, Orogun, Al-Haq IFCICS Ltd, Moniya, Yasro FI CICS Ltd, Shasha and ISAN Trust Fund CICS Ltd, Alakia, Ibadan. According to Adebayo and Ajani (2018), these societies are characterized by strict adherence to Shariah principles, avoidance of interest-based transactions, collective ownership, ethical investment practices, mutual assistance, and community welfare. In addition to promoting financial inclusion, Islamic Cooperative Societies advance members' welfare through Islamic social finance instruments such as *Zakat*, *Sadaqah*, *Infaq*, and *Waqf*. Their operational structure encourages collective decision-making, accountability, and equitable distribution of benefits among members.

Investment refers to the allocation of resources, particularly financial resources, with the expectation of generating future returns and increasing value over time. Within Islamic Cooperative Societies, investment activities are guided by specific Shariah-compliant models that determine the nature of financing arrangements and risk-sharing mechanisms. This work focusses on commercial investment contracts, employing investment models such as *Murābaḥah* (cost-plus financing), *Mushārakah* (equity partnership), *Muḍārabah* (trust-based

Journal of Philosophy, Culture and Religion
ISSN 3007-9322 (Online)
Vol.9, Issue 1, No. 4, pp 51 - 64, 2026

financing), *Ijārah* (leasing), and *Mushārakah Mutanāqiṣah* (diminishing partnership). This study evaluates the impact of these investment models on economic development in Oyo Central Senatorial District, focusing on their effectiveness in mobilizing resources, supporting entrepreneurship, creating employment opportunities, and enhancing the socio-economic well-being of members of ICSs and their communities.

Statement of the Problem

Despite their ethical foundations and developmental objectives, many Islamic Cooperative Societies in Oyo Central Senatorial District have not fully optimized their potential as catalysts for economic development. ICSs have often pitched themselves as equity-based investment vehicles while practically restricting operations to low-risk trade financing (*Murābaḥah*) or basic loans, thereby limiting their capacity to drive genuine local capital formation. Although these societies have achieved notable success in providing interest-free loans and financial support to members, their involvement in large-scale investment and business development initiatives remains relatively limited. Several challenges also hinder the effective implementation of their models. These include inadequate strategic planning, weak organizational structures, limited technical expertise, insufficient training opportunities, poor record-keeping systems, and restricted access to investment capital.

Consequently, the extent to which Islamic cooperative investment models contribute to enterprise development, employment generation, resource mobilization, and overall economic growth remains insufficiently documented. This study therefore seeks to examine the influence of Islamic Cooperative Societies' investment models on economic development outcomes in Oyo Central Senatorial District, with a view to identifying practical strategies for improving their effectiveness and developmental contributions. The choice of the district is because it comprises major urban and semi-urban commercial hubs like Ibadan North, Egbeda and Ona Ara which host a dense network of cooperative federations.

Objectives of the Study

The main objective of this study is to assess the impact of Islamic cooperative investment models on economic development in Oyo Central Senatorial District, Oyo State, Nigeria.

The specific objectives are to:

- Identify the Islamic investment models utilized by Islamic Cooperative Societies in Oyo Central Senatorial District.
- Examine the contribution of Islamic Cooperative Societies to enterprise development and employment generation within the study area.
- Investigate the challenges affecting the effectiveness of Islamic cooperative investment models.
- Recommend practical strategies for strengthening the developmental impact of Islamic Cooperative Societies on the local economy.

Theoretical Framework

This study is anchored on dual theoretical framework- the Endogenous Economic Development Theory and Islamic Economy Theory.

The Endogenous Economic Development Theory posits that sustainable economic growth is primarily driven by internal factors such as local institutions, human capital development, innovation, and community-based initiatives rather than external interventions. The theory emphasizes the importance of mobilizing local resources and leveraging indigenous capacities

Journal of Philosophy, Culture and Religion
ISSN 3007-9322 (Online)
Vol.9, Issue 1, No. 4, pp 51 - 64, 2026

to promote long-term socio-economic development (Bedi, 2016). Islamic cooperative investment models align closely with the assumptions of endogenous development theory. Through the mobilization of members' savings, promotion of community-based investments, and reinvestment of financial surpluses within local economies, Islamic Cooperative Societies create opportunities for sustainable economic growth from within the community. Their operations are further strengthened by their alignment with the socio-cultural and religious values of members, which enhances trust, participation, and institutional sustainability.

The theoretical framework therefore posits that Islamic cooperative investment models, characterized by *Shariah*-compliant financing mechanisms, cooperative governance structures, and risk-sharing arrangements, constitute the independent variable, while economic development serves as the dependent variable. Economic development is measured through indicators such as employment generation, enterprise growth, income enhancement, poverty reduction, and overall community welfare. Accordingly, the study assumes that effective implementation of Islamic cooperative investment models will positively influence economic development outcomes in Oyo Central Senatorial District.

Islamic Political Economy Theory

This study is also anchored on Islamic Political Economy Theory (IPET), which provides a framework for understanding how economic activities should be organized according to the principles of Islamic law (*Shariah*). Unlike conventional economic theories that primarily emphasize profit maximization and individual self-interest, Islamic Political Economy promotes a balance between economic efficiency, social justice, ethical conduct, and equitable distribution of wealth. It views economic development as a holistic process that encompasses material prosperity, moral values, and social welfare (Bedi, 2016).

Within this framework, Islamic cooperative societies operate on principles such as profit-and-loss sharing (*Musharakah* and *Mudarabah*), interest-free financing, risk sharing, mutual cooperation (*Ta'awun*), justice (*'Adl*), and social responsibility. These principles encourage members to mobilize savings, finance productive investments, create employment opportunities, and support entrepreneurial activities while ensuring fairness and inclusiveness. Consequently, investment models adopted by Islamic cooperative societies are expected to contribute to sustainable economic development by enhancing income generation, reducing poverty, promoting financial inclusion, and strengthening community welfare. The theory further argues that economic institutions should serve societal interests rather than merely pursuing financial gains. Therefore, the effectiveness of Islamic cooperative investment models can be assessed not only by their financial performance but also by their contributions to broader development indicators such as employment creation, business growth, improved living standards, and equitable wealth distribution.

In the context of Oyo South Senatorial District, Oyo State, Nigeria, Islamic Political Economy Theory provides an appropriate lens for examining how the investment practices of Islamic cooperative societies influence local economic development. It explains that adherence to Islamic financial principles can foster inclusive economic growth by channeling resources into productive sectors, encouraging ethical investments, and enhancing the socioeconomic well-being of cooperative members and the wider community.

LITERATURE REVIEW

Cooperative societies have historically played a significant role in promoting local economic development through collective economic activities, financial inclusion, and community empowerment. As member-owned organizations, cooperatives are established to provide financial services, improve members' welfare, and stimulate grassroots economic growth (Gibson, 2018; Kareem et al., 2019). Islamic Cooperative Societies (ICSs) represent a specialized form of cooperative organization that operates in accordance with Islamic financial principles. Unlike conventional cooperatives, ICSs prohibit interest (riba), promote ethical investments, and encourage risk-sharing through *Shariah*-compliant financial instruments such as *Mushārakah* (partnership financing), *Muḍārabah* (trust-based investment), *Murābaḥah* (cost-plus financing), and *Ijārah* (leasing). According to Adebayo and Ajani (2018), Islamic Cooperative Societies possess considerable potential to serve as effective instruments for poverty reduction and financial inclusion when adequately funded and properly managed. Similarly, Azeez (2018) emphasized the socio-economic benefits of Islamic financial models, particularly when adopted within cooperative frameworks. These studies suggest that Islamic finance-based cooperative systems can facilitate equitable wealth distribution, enhance access to finance, and foster sustainable economic development.

Adebayo and Ajani (2021) further argued that cooperative societies constitute one of the most effective financial institutions for poverty alleviation. Despite the participation of conventional cooperatives in various government-sponsored poverty reduction initiatives, poverty incidence remains persistently high in Nigeria. The authors expressed optimism that the emergence of Islamic Cooperatives could provide a more sustainable solution to poverty-related challenges through the application of Islamic Financial Products (IFPs), particularly *Mushārakah Mutanāqiṣah* (diminishing partnership). Their study examined the extent of poverty in Nigeria and explored how *Mushārakah Mutanāqiṣah*, could be utilized by Islamic Cooperative Societies to improve the economic well-being of their members and the wider society. In a related study, Aminu et al. (2020) and Azeez et al. (2022) assessed the contribution of Islamic Cooperative Societies to socio-economic development in Nigeria. Their study examined the establishment of ICSs as alternatives to conventional interest-based cooperative systems that are inconsistent with Islamic financial principles. The findings revealed that the Islamic cooperative model represents a viable and sustainable alternative capable of promoting financial inclusion, poverty alleviation, and socio-economic development.

Although previous studies have extensively examined the adoption and operationalization of Islamic financial products within cooperative societies, limited attention has been given to evaluating the direct impact of these investment models on measurable economic development outcomes. Most existing studies focus on the theoretical and operational aspects of Islamic financial instruments rather than their practical contributions to employment generation, income enhancement, capital accumulation, and broader economic empowerment among cooperative members. This gap is particularly evident within the Nigerian context. Consequently, the present study seeks to address this deficiency by examining the economic development potential of Islamic Cooperative Societies and assessing how their investment models contribute to members' economic empowerment and overall socio-economic development in Oyo Central Senatorial District, Oyo State, Nigeria.

METHODOLOGY

This study was conducted in Oyo Central Senatorial District of Oyo State, Nigeria. The district comprises eleven Local Government Areas (LGAs) and hosts several active Islamic Cooperative Investment and Credit Societies (ICICSs). The target population consisted of all registered members of Islamic Cooperative Societies operating within the selected LGAs. A purposive sampling technique was employed to select four LGAs - Egbeda, Akinyele, Afijio, and Oyo East, based on the presence and active operation of Islamic Cooperative Societies. From each selected LGA, two Islamic Cooperative Societies were chosen, resulting in a total of eight societies. Subsequently, forty respondents were selected from each society, yielding a sample size of 320 respondents. However, only 300 properly completed questionnaires were retrieved and found suitable for analysis, representing a response rate of 93.75%.

Primary data were collected using a researcher-designed instrument titled Economic Impact of Islamic Cooperative Investment Models Questionnaire (EIICIMQ). The questionnaire was divided into two sections. Section A elicited respondents' demographic information, while Section B contained twenty items designed to assess respondents' perceptions of Islamic cooperative investment practices, employment generation, economic development outcomes, and challenges associated with the implementation of Islamic cooperative investment models. Responses were measured using a five-point Likert scale ranging from Strongly Agree to Strongly Disagree. To ensure the validity of the instrument, the questionnaire was subjected to expert review by three specialists in Islamic Finance and Educational Measurement and Evaluation. Their observations and recommendations were incorporated into the final version of the instrument. Furthermore, a pilot study involving forty respondents from two Islamic Cooperative Societies in Osun State was conducted to ascertain the reliability of the instrument. The internal consistency of the questionnaire was determined using Cronbach's Alpha reliability coefficient computed through the Statistical Package for the Social Sciences (SPSS). The reliability result confirmed that the instrument was sufficiently reliable for data collection and subsequent analysis.

RESULTS

Demographic Characteristics of Respondents

Table 1: Demographic Characteristics of the Respondents

Characteristics	Count	Frequency
Gender		
Male	228	76.1
Female	72	23.9
Age		
18 – 29 Years	55	18.5
30 – 39 Years	70	23.4
40 – 49 Years	125	41.9
50 and Above	50	16.2
Marital Status		
Single	49	16.2
Married	251	83.8
Education Qualification		
O Level	06	2.0
NCE/ND	34	11.4
HND/First Degree	150	50.3
Master Degree	91	30.4
PhD	18	6.0

Table 1 presents the demographic profile of the respondents. The results indicate that the majority of respondents were male, accounting for 76.1% (n = 228), while female respondents constituted 23.9% (n = 72). This suggests a higher level of male participation in Islamic Cooperative Societies (ICSs) within the study area.

Regarding age distribution, respondents aged 40-49 years formed the largest proportion (41.9%, n = 125), followed by those aged 30-39 years (23.4%, n = 70). Respondents aged 18-29 years represented 18.5% (n = 55), while those aged 50 years and above constituted the smallest age category (16.2%, n = 50). The findings indicate that participation in ICSs is predominantly concentrated among middle-aged adults who are likely to be economically active and engaged in business activities.

In terms of marital status, a substantial majority of respondents were married (83.8%, n = 251), while only 16.2% (n = 49) were single. Concerning educational attainment, more than half of the respondents possessed either a Higher National Diploma (HND) or a Bachelor's degree (50.3%, n = 150). Respondents with Master's degrees accounted for 30.4% (n = 91), while those holding PhD qualifications constituted only 6.0% (n = 18). This suggests that the respondents were generally well educated, which may positively influence their understanding and adoption of Islamic financial practices.

Islamic Investment Models Utilized by Islamic Cooperative Societies

Table 2: Islamic Investment Models Used by ICSs

Type of Investment	**Perception**	
	Good n (%)	**Poor n (%)**
Qard Hassan (Benevolent Loan)	288 (96.2)	12 (3.8)
Murābaḥah (Cost-plus profit Financing)	242 (80.8)	58 (19.2)
Muḍārabah (Partnership by Trust Financing)	68 (22.5)	232 (77.5)
Mushārakah Mutanāqiṣah (Diminishing Partnership)	241 (80.3)	59 (19.7)
Ijārah (Leasing)	173 (57.8)	127 (42.2)
Summary of Responses	258 (86.0)	42 (14.0)

Table 2 examines respondents' perceptions of the adoption of selected Islamic investment models by ICSs. The findings reveal that *Qard Hassan* (benevolent loan) was the most widely adopted model, with 96.2% (n = 288) of respondents indicating positive perceptions regarding its use. *Murābaḥah* (cost-plus profit financing) followed with 80.8% (n = 242) positive responses, while *Mushārakah Mutanāqiṣah* (diminishing partnership) recorded 80.3% (n = 241) positive responses. *Ijārah* (leasing) received moderate acceptance, with 57.8% (n = 173) of respondents acknowledging its utilization. *Muḍārabah* (trust-based partnership financing) recorded the lowest level of adoption, as only 22.5% (n = 68) of respondents reported positive perceptions of its use. Overall, 86.0% (n = 258) of respondents expressed favourable views regarding the adoption of Islamic investment models by ICSs in the study area. This finding demonstrates a high level of commitment by the societies to Shariah-compliant investment practices, particularly those involving benevolent lending and trade-based financing mechanisms.

Journal of Philosophy, Culture and Religion
ISSN 3007-9322 (Online)
Vol.9, Issue 1, No. 4, pp 51 - 64, 2026
www.iprjb.org

Contribution of ICSs Investment Models to Enterprise Development and Employment Generation

Table 3: Contribution of ICSs Investment Models to Enterprise Development and Employment Generation

ICS Benefits	ICS Investment Strategies Benefits	
	Yes n (%)	No n (%)
Provision of capital that helps members expand their businesses.	25 7 (85.6)	43 (14.4)
Improvement in the survival rate of small businesses in the area.	281 (93.7)	19 (6.3)
Contributed to job creation in the community.	220 (73.3)	80 (26.7)
Enhancement of members' entrepreneurial skills.	275 (91.7)	25 (8.3)
Increase in members' income levels.	275 (90.8)	28 (9.2)
Summary of Results	225 (85.0)	75 (25.0)

Table 3 presents respondents' perceptions of the socioeconomic benefits derived from ICS investment activities. The results indicate that the most significant contribution of ICS investments was the improvement in the survival rate of small businesses, as affirmed by 93.7% (n = 281) of respondents. Similarly, 91.7% (n = 275) reported that ICS investments enhanced entrepreneurial skills among members, while 90.8% (n = 275) indicated that participation in ICS investment schemes contributed to increased income levels. Furthermore, 85.6% (n = 257) agreed that ICSs provide capital that enables members to expand their businesses.

Employment generation was also identified as a notable benefit, with 73.3% (n = 220) of respondents affirming that ICS investment activities contributed to job creation within their communities. Overall, approximately 85% of respondents acknowledged that ICS investment models had generated substantial socioeconomic benefits, particularly in terms of business sustainability, entrepreneurial development, income enhancement, and employment opportunities.

Challenges Affecting Islamic Cooperative Investment Models

Table 4: Challenges affecting Islamic Cooperative Investment Models

Challenges Statement	Response	
	Agree n (%)	Disagree n (%)
Poor record-keeping reduces the efficiency of ICS operations	205 (68.4)	95 (31.6)
Inadequate government support affects ICS performance.	182 (60.6)	118 (39.4)
Lack of adequate capital limits the effectiveness of Islamic investment models.	220 (73.5)	80 (26.5)
Members have limited understanding of Islamic finance principles.	247 (82.3)	53 (17.7)
Default in repayment affects the sustainability of Islamic financing.	202 (67.3)	98 (32.7)

Table 4 highlights the major challenges confronting the implementation of Islamic investment models within ICSs. The most frequently cited challenge was the limited understanding of Islamic finance principles among members, as indicated by 82.3% (n = 247) of respondents. This suggests that inadequate financial literacy remains a significant barrier to the effective utilization of Islamic financial instruments.

Another major challenge identified was inadequate capital for investment activities, with 73.5% (n = 220) of respondents agreeing that insufficient funds limit the effectiveness of Islamic investment models. Additionally, 68.4% (n = 205) reported that poor record-keeping practices reduce the operational efficiency of ICSs. Loan repayment default was also identified as a critical challenge, with 67.3% (n = 202) of respondents acknowledging its adverse effect on the sustainability of Islamic financing arrangements. Furthermore, 60.6% (n = 182) indicated that inadequate government support negatively affects the performance and growth of Islamic cooperative societies.

Strategies for Establishing Financially Sustainable Investment Practices

Table 5: Establishment of Financially Sustainable Investment Strategies for Islamic Cooperative Societies

Statement	Response	
	Agree n (%)	**Disagree n (%)**
ICSs should formulate a Shariah compliant business plan that contain guidelines and strategies for its proposed investments	293 (97.7)	07 (2.3)
ICSs need to enhance its members' knowledge and inclination towards Islamic Finance through regular seminars, workshops and other forms of training	297 (99.2)	03 (0.8)
ICSs should engage in effective mobilization of fund (by increasing members' investment share) in order to enhance their capital base for investments	251 (83.8)	49 (16.2)
ICSs should appoint Sharia Advisory Committee for their general affairs	286 (95.3)	14 (4.7)
ICSs should maintain high level of transparency and accountability through regular recording, auditing and publication of their investment reports	294 (98.2)	06 (1.8)

Table 5 presents respondents' recommendations for strengthening the sustainability of investment activities within ICSs. The most highly supported recommendation was the provision of regular seminars, workshops, and training programmes aimed at improving members' understanding of Islamic finance principles, which was endorsed by 99.2% (n = 297) of respondents. Similarly, 98.2% (n = 294) advocated for enhanced transparency and accountability through regular record-keeping, auditing, and publication of investment reports. A further 97.7% (n = 293) recommended the development of comprehensive *Shariah*-compliant business plans to guide investment activities.

The appointment of a Shariah Advisory Committee received support from 95.3% (n = 286) of respondents, reflecting the importance of institutional oversight in ensuring compliance with Islamic principles. Additionally, 83.8% (n = 251) recommended increasing members' investment contributions to strengthen the capital base of ICSs. Collectively, these recommendations emphasize the importance of financial education, effective governance,

Journal of Philosophy, Culture and Religion
ISSN 3007-9322 (Online)
Vol.9, Issue 1, No. 4, pp 51 - 64, 2026

transparency, and adequate capitalization in promoting sustainable Islamic cooperative investment practices.

Factors Associated with the Socioeconomic Benefits of ICS Investment Models

Table 6: Factors Associated with Socioeconomic Benefits of Investment Models of Islamic Cooperative Societies in Oyo State

Characteristics	**ICS Investment Strategies Benefits**		**p-value**
	Yes n (%)	**No n (%)**	
Gender			<.001
Male	202 (88.4)	26 (11.6)	
Female	53 (74.1)	19 (25.9)	
Age			<.001
18 – 29 Years	53 (95.5)	3 (4.5)	
30 – 39 Years	68 (96.4)	2 (3.6)	
40 – 49 Years	90 (71.7)	35 (28.3)	
50 and Above	44 (90.7)	5 (9.3)	
Marital Status			.003
Single	46 (94.8)	2 (5.2)	
Married	219 (83.1)	43 (16.9)	
Education Qualification			.043
O Level	05 (83.3)	2 (16.7)	
NCE/ND	33 (97.1)	1 (2.9)	
HND/First Degree	77 (85.2)	14 (14.8)	
Master Degree	124 (82.1)	27 (17.9)	
PhD	15 (86.1)	2 (13.9)	

Table 6 revealed the analysis of association between respondents' demographic characteristics and the socioeconomic benefits derived from ICS investment models. The findings revealed a statistically significant associations between respondents' benefits and their gender ($p < 0.001$), age ($p < 0.001$), marital status ($p = 0.003$), and educational qualification ($p = 0.043$). Male respondents were more likely to report benefiting from ICS investment activities than female respondents. Similarly, differences in perceived benefits were observed across age categories, marital status groups, and educational levels, suggesting that socioeconomic and demographic factors influence the extent to which members benefit from cooperative investment activities.

Journal of Philosophy, Culture and Religion
ISSN 3007-9322 (Online)
Vol.9, Issue 1, No. 4, pp 51 - 64, 2026
www.iprjb.org

Logistic Regression Analysis of Factors Influencing Participants' Benefits

Table 7: Summary of Odds Ratio and p-value of the Analysis of Factors influencing the Participants' Benefits in the Islamic Cooperative Societies Models of Investment

Characteristics	Odds Ratio (95% Confidence Interval)	p-vlue
Gender		.003
Male	1	
Female	0.32 (0.15 – 0.67)	
Age		.751
18 – 29 Years	1	
30 – 39 Years	1.23 (0.34 – 4.52)	
40 – 49 Years	0.36 (0.11 – 1.24)	
50 and Above	4.58 (1.98 – 10.61)	
Marital Status		<.001
Single	1	
Married	0.07 (0.02 – 0.30)	
Education Qualification		.183
O Level	1	
NCE/ND	2.60 (0.30 – 22.56)	
HND/First Degree	2.35 (0.33 – 16.78)	
Master Degree	2.01 (0.53 – 7.56)	
Phd	3.51 (1.00 – 12.29)	
General Disposition of ICSs Members to the use of Investment Models		.014
Good	1	
Poor	0.35 (0.15 – 0.81)	

Table 7 summarizes the logistic regression results examining factors influencing participants' likelihood of benefiting from ICS investment models. The analysis revealed that gender, marital status, and members' disposition toward Islamic investment models were significant predictors of investment benefits. Female respondents were significantly less likely to benefit from ICS investment activities compared with male respondents (OR = 0.32, 95% CI: 0.15–0.67, $p = 0.003$). Similarly, respondents with poor perceptions or dispositions toward Islamic investment models were less likely to experience benefits compared with those who held positive perceptions (OR = 0.35, 95% CI: 0.15–0.81, $p = 0.014$).

Marital status also emerged as a significant predictor, with married respondents exhibiting lower odds of reporting benefits compared with single respondents (OR = 0.07, 95% CI: 0.02–0.30, $p < 0.001$). Although age and educational qualification showed variations in odds ratios, their overall effects were not statistically significant in the regression model ($p = 0.751$ and $p = 0.183$, respectively). Therefore, these variables may not independently predict the likelihood of benefiting from ICS investment models when other factors are controlled.

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Summary

The study demonstrates that Islamic Cooperative Societies in Oyo South Senatorial District actively utilize several *Shariah*-compliant investment models, particularly, *Murābaḥah, Muḍārabah, Mushārakah Mutanāqiṣah, and Ijārah*. These investment models contribute

Journal of Philosophy, Culture and Religion
ISSN 3007-9322 (Online)
Vol.9, Issue 1, No. 4, pp 51 - 64, 2026

significantly to enterprise development through enhanced business survival, increased income generation, entrepreneurial capacity building, and employment creation. However, challenges such as inadequate knowledge of Islamic finance, insufficient capital, poor record-keeping practices, repayment defaults, and limited government support continue to hinder the effectiveness of these investment schemes. The findings further highlight the importance of member education, institutional transparency, *Shariah* governance, and improved capitalization as critical strategies for ensuring the sustainability of Islamic cooperative investments.

Conclusion

This study established that members of Islamic Cooperative Societies (ICSs) in Oyo South Senatorial District exhibit a positive disposition toward the adoption of Islamic investment models. The findings further revealed that members have derived substantial socioeconomic benefits from participation in ICSs. These benefits include the receipt of dividends, acquisition of assets and properties, business expansion, and improved entrepreneurial capacity. In addition, the activities of ICSs have contributed to employment generation and the empowerment of entrepreneurs through business transactions and investment partnerships. These findings corroborate previous studies, which indicate that the expansion of Islamic Cooperative Societies can enhance members' welfare, alleviate poverty, promote financial inclusion among unbanked Muslims, and contribute significantly to human capital development in Oyo South Senatorial District.

Notwithstanding these achievements, the study identified several challenges that impede the growth and sustainability of ICSs in the state. These challenges include members' low investment culture, inadequate knowledge of Islamic finance, the absence of comprehensive business plans, insufficient investment capital, and weak mechanisms for transparency and accountability, particularly in relation to regular auditing and the dissemination of investment reports. Overall, the study concludes that while Islamic Cooperative Societies possess considerable potential to promote sustainable socioeconomic development and financial empowerment among their members, addressing the identified institutional and operational challenges is essential to maximizing their effectiveness and long-term impact.

Recommendations

Based on the findings of this study, the following recommendations are proposed to strengthen the investment operations and overall performance of Islamic Cooperative Societies in Oyo South Senatorial District:

Development of Comprehensive Business Plans

Every Islamic Cooperative Society should formulate a comprehensive business plan that clearly outlines its investment objectives, proposed investment portfolios, applicable Islamic financing models, and operational strategies. Such plans should provide a structured framework for investment decision-making and facilitate effective monitoring and evaluation of investment performance.

Enhancement of Members' Financial and Entrepreneurial Literacy

Islamic Cooperative Societies should prioritize the continuous education and capacity-building of their members in Islamic finance and entrepreneurship. Regular seminars, workshops, training programmes, and awareness campaigns should be organized to improve members'

Journal of Philosophy, Culture and Religion
ISSN 3007-9322 (Online)
Vol.9, Issue 1, No. 4, pp 51 - 64, 2026
www.iprjb.org

understanding of Islamic financial principles, ethical investment practices, entrepreneurial development, and the socioeconomic significance of cooperative institutions.

Strengthening Capital Mobilization Strategies

To improve investment capacity, ICSs should adopt sustainable capital mobilization strategies. These may include increasing members' equity contributions, encouraging additional investment subscriptions, and reinvesting a reasonable proportion of generated profits into viable investment projects. Such measures will enhance the financial strength and sustainability of the societies.

Strict Adherence to Islamic Cooperative and Financial Principles

Islamic Cooperative Societies should ensure that all investment activities are conducted in accordance with the foundational principles of Islamic finance and cooperative practice. Emphasis should be placed on mutual assistance, profit-sharing, ethical business conduct, transparency, accountability, fairness, and equal treatment of all members and stakeholders.

Establishment of *Shariah* Advisory Committees

Each Islamic Cooperative Society should establish a competent Shariah Advisory Committee composed of individuals with sound knowledge of Islamic jurisprudence (*Shariah*) and Islamic finance. The committee should be responsible for monitoring compliance with Islamic financial principles, reviewing investment activities, and providing guidance on emerging *Shariah*-related issues.

Promotion of Transparency and Accountability

To enhance members' confidence and ensure good governance, ICSs should institutionalize regular auditing of their financial and investment activities. Qualified auditors with expertise in Islamic finance should be engaged to conduct periodic assessments. Furthermore, detailed investment and financial reports should be prepared and circulated regularly among members to foster transparency, accountability, and trust, which are fundamental values of Islamic investment practices.

REFERENCES

Abel, A. (2019). *Investment and the value of capital*. Garland.

Adebayo, R. I., & Ajani, M. A. (2021). Islamising cooperative societies in Nigeria: Issues at stake. *Ar-Raniry: International Journal of Islamic Studies, 3(2), 285-304.* https://doi.org/10.22373/jar.v3129812

Adebayo, R. I. and Ajani, M. A.(2018). Exploring Mushārakah mutanaqisah for poverty alleviation: A proposal to Islamic Cooperative Societies in Nigeria. *Pakistsan Journal of Islamic Finance. 20 (2)*, 92 - 98.

Adegbite, T. A., & Shittu, S. A. (2017). The impact of interest-free cooperative societies on human capital development in Oyo State, Nigeria. *World Wide Journal of Multidisciplinary Research and Development, 3(3*), 65-70.

Aminu, A. O., Mai-Idris, A., Abdul-Fattah, A., & Murtala, S. (2021). An appraisal of the impact of Islamic cooperative societies on socio-economic development in some selected states in Nigeria. *International Journal of Islamic Business and Management, 5(1),35-47.* https://doi.org/10.46281/ijibm.v5i1.1263

Azeez, A. O. (2018). Financing small businesses using Islamic bank products. *Journal of Specialized and Professional Education, 2(1)*, 157-173.

Azeez, A. O., & Salako, T. A. (2022). Perception of people in Ijebu-Ode on Islamic banking and finance: Al-Hayat Microfinance Bank Limited in focus. *Ad-Dalil Ogun NATAIS Journal, 2(1)*, 77-106.

Bedi, R. D. (2016). *Theory, history and practice of cooperation*. International Merut Publishing House.

Gibson, R. (2018). *The role of cooperatives in community economic development* (RDI Working Paper Series).

Kareem, R., Raheem, K., Arije, R., & Olabode, B. (2022). Impact of conventional and Islamic cooperative societies on poverty alleviation. *Journal of Sustainable Development in Africa, 20(4)*, 78-93.

N.B.S. (2023). National Bureau of Statistics 2023 Annual Reports