

Guidelines for sustainable women Co-operatives

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A thesis submitted in fulfillment of the requirements  
for the degree of Doctor of Philosophy in the Department of Social Work  
University of the Western Cape.

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## DECLARATION.

I declare that Guidelines for sustainable women co-operatives is my own work; that it has not been submitted for any degree or examination to any other university and all the sources I have used or quoted have been indicated and acknowledged by complete references.

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## ABSTRACT

The number of women joining the formal waged labour market has been visibly increasing since the 1950s to become half of the employees in the developed economies (McAdam & Marlow, 2010; OECD, 2003). Women entrepreneurship has also been growing globally. According to literature, since 2006, there is an estimated 7.7 million majority of women-owned businesses and a further 2.7 million joint-owned other businesses in the United States of America (Weeks, 2016). Literature also indicates that the gender gap is narrowing, and many changes have been identified relating to the status of women and the conditions under which women live (Commission of Gender SA, 2007).

Measures have been put together by governments, and civil society to address challenges facing women and these measures include, amongst others, funding for women and starting co-operatives as a vehicle to job creation and poverty alleviation. It has been reported that in South Africa, most of the newly established co-operatives are registered by black women in townships and the rural areas (DTI, 2012). Despite the support from the South African government, the co-operatives are reported to have a low survival rate.

The aim of this research was to develop guidelines for sustainable women co-operatives using a multiple case study. The Department of Small Business Development (DSBD) is the custodian of all the activities of co-operatives within government and has several agreements with other government departments. However, it was difficult to get the information on how many government departments are having an agreement with the DSBD and the nature of the agreement. Purposive sampling was applied in selecting government directors and fifteen co-operatives interviewed.

The study was implemented in two phases. The first phase was Data Collection, which comprised of three stages:

- **Stage one** - scoping review of the co-operatives,

- **Stage two** - interviews with the directors responsible for co-operatives in the government departments and government agencies mentioned above,
- **Stage three** - seven focus groups consisting of a minimum of three members were conducted. In-depth interviews were conducted with the remaining eight co-operatives. Not all members of the selected co-operatives were available during the visit due to various reasons which included, operational requirements, training, illness and other reasons which were not disclosed. Phase two involved developing the guidelines for sustainable women co-operatives.

The interview with the fifteen selected co-operatives was carried out in the four provinces of Gauteng, Free State, Limpopo and Mpumalanga. The four co-operatives based in Mpumalanga that were recommended for inclusion by SEDA; were already visited and interviewed by the SEDA researchers in 2016.

The data were analysed individually first, and then a cross-case analysis was applied (Khan & Van Wynsberghe, 2008). The cross-case analysis was done to enable the researcher to highlight common and different factors in events, activities and processes as well as to assist the researcher to form a strong opinion on which elements contributed to the success of the selected co-operatives.

Confidentiality of the participants was maintained by identifying the co-operatives alphabetically from A to O. The responses from the directors of government departments were also presented as Organisation A up to H.

The guidelines drawn were presented to the panel of experts for their input.

Key elements emanating from the results were used to formulate the guidelines and are:

- 1) improved relationships where co-operatives should be formed by people who have either worked together before or had known each other before; 2) the size of co-operative should be considered in order to minimise the possibilities of in-fighting; 3) training to be customised 4) mentorship should be available to strengthen co-operative's development; 5) co-operatives needed sector related information upon start-up; 6) ethical values of passion, respect for each other, perseverance and trust for each other should be shared by all; 7) financial support required from relevant stakeholders; 8) co-operatives needed access to

markets for their products/ services; 9) good governance to be maintained for accountability; 10) all the co-operatives, new and old, should undertake training on the importance of organisational structure and be assisted in designing their organisational structures; 11) keeping the information about the co-operatives updated will make it easy for potential assistance to reach co-operatives; 12) a strong national apex body needed to be the real voice of the co-operatives.

The study makes a strong recommendation for the establishment of the Co-operative Development Agency as stipulated by the Co-operative Amendment Act No. 6 of 2013.



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## ACRONYMS

ABSA	Amalgamated Banks of South Africa.
ACB	Agricultural Co-operative Business Chamber.
AEE	Afrikaner economic empowerment.
AFASA	African farmers` association of South Africa.
AIDS	Acquired Immune Deficiency Syndrome.
ANC	African National Congress.
Avbob	Afrikaner Verbond Begrafnis Ondernemings Beperk.
BEE	Black Economic Empowerment.
BBSDP	Black Business Supplier Development Programme.
BRICS	Brazil, Russia, India, China and South Africa.
BWA	Business Women Association.
CHIETA	Chemical Industries Education and Training Authority.
CE	Co-operative Enterprise.
CEO	Chief Executive Officer.
CIS	Co-operative Incentive Scheme.
CIPC	Companies and Intellectual Properties Commission.
CSD	Central Supplier Database.
CSIP	Corporate Social Investment Programmes.
CODA	Co-operative Data Analysis.
COPAC	Co-operative and Policy Alternative Centre.
COPE	South African Co-operative Housing Association.
CSIR	Council for Scientific and Industrial Research.
CVP	Customer value proposition.
GDP	Gross Domestic Product.
DAFF	Departments of Agriculture, Forestry and Fisheries.
DBSA	Development Bank of South Africa.
DEDEA	Department of Economic Development and Environmental Affairs.
DGRV	Deutsche Genossenschafts- und Raiffeisenverband.
DSBD	Department of Small Business Development.

DSD	Department of Social Development.
DRDLR	Department of Rural Development and Land Reform.
DTI	Department of Trade and Industry.
EU	European Union.
EMS	Emergency Medical Service.
EWSETA	Energy and Water Sector Education and Training Authority.
FET	Further Education and Training.
GAP	Good Agricultural Practices.
GEP	Gauteng Economic Propeller.
HR	Human Resources Department.
HIV	Human Immunodeficiency Virus.
ICD	International Co-operative Day.
ICA	International Co-operative Alliance.
ICT	Information and Communications Technologies.
IDC	Independent Development Corporation.
ILO	International Labour Organisation.
KWV	Cooperativeness Wynbouers Vereeniging.
KZN	KwaZulu-Natal.
LCS	Living Conditions Survey.
LEDA	Limpopo Economic Development Agency.
LGBT	lesbians, gay, bisexual and transsexuals.
LIBSA	Limpopo Business Support Agency.
MC	Mondragon Corporation.
MICT SETA	Media, Information and Communications Technologies Sector Education and Training Accreditation.
MOU	Memorandum of Understanding.
MVP	Member value proposition.
NBS	National Building Society.
NCASA	National Co-operative of Association of South Africa.
NCCU	National Community Co-operative Union.
NDA	National Development Agency.



NEDLAC	National Economic Development and Labour Council.
NEF	National Empowerment Fund.
NERPO	National Emergent Red Meat Producers' Organisation.
NGO	Non- Governmental Organisation.
NPO	Non-Profit Organisation.
NHMRC	Australian Government National Health and Medical Research Council.
NQF	National Qualifications Framework.
NYDA	National Youth Development Agency.
NUMSA	National Union of Metalworkers of South Africa.
SA	South Africa.
SAB	South African Breweries.
SABS	South African Bureau of Standards.
SACNET	South African Co-operative Network.
SACCOL	Savings and Credit Co-operative League.
SADC	Southern African Developing Countries.
SALGA	South African Local Government Association.
SANACO	South African National Apex Co-operative.
SANRAL	South African National Road Agency Soc Ltd.
SANTAM	Suid-Afrikaanse Nasionale Trust Maatskappy.
SAPS	South African Police Service.
SASSA	South African Social Security Agency.
SARS	South African Revenue Service.
SAQI	South African Quality Institute.
SDG	Sustainable Development Goals.
SEDA	Small Enterprise Development Agency.
SEFA	Small Enterprise Finance Agency.
SETA	Sector Education and Training Authority.
SHF	Social Housing Foundation.
SMME	Small micro and medium enterprises.
StatsSA	Statistics South Africa.
SWOT	Strengths, Weaknesses, Opportunities, Threats.

SOWETO	South Western Township.
SOFUA	Soweto Funeral Undertakers Association.
OECD	The Organisation for Economic Corporation and Development.
PAYE	Pay as you earn.
PET	Polyethylene terephthalate.
PETCO	Name of Recycling Company.
PIC	Public Investment Corporation.
PPE	Personal Protective Equipment.
PRO	Public Relations Officer.
TVET	Technical and Vocational Education and Training.
UCT	University Cape Town.
UIF	Unemployment Insurance Fund.
UN	United Nations.
UNDP	United Nations Development Programmes.
UNISA	University of South Africa.
UNSD	United Nations Statistics Division.
USA	United States of America.
USAID	United States Agency for International Development.
US	United States.
USAASA	Universal Service Access Agency of South Africa.
WDB	Women`s Development Businesses.

# CHAPTER 1

## INTRODUCTION

### 1.1. Chapter Overview

This chapter describes the context of the study and the problem statement. It also covers the main research questions and subsidiary questions. Furthermore, the aim, objectives, research design, the significance of the study, as well as the key concepts of the study, are presented. The thesis outline is presented at the end of the Chapter.

### 1.2. Background and Context of the Study

According to McAdam and Marlow (2010), the number of women joining the formal waged labour market has been visibly increasing since the 1950s to become half of the employees in the developed economies (OECD, 2003). However, the same cannot be reported about women entrepreneurs where they constitute one-third of the self-employed and one-tenth of business owners across the European Union (UN) (OECD, 2003; Global Gender Gap Report, 2007).

Women entrepreneurship is growing. Fernandes (2016), reported that according to 2017 data from the National Association of Women Business Owners, more than 11 million American firms were owned by women, employing nearly nine million people and generating \$1.7 trillion in sales.

Although there is an increasing trend in women who are becoming entrepreneurs, women often face challenges that their male counterparts do not face (Fernandes, 2016). According to Fernandes (2016), most women who start businesses do not have assets. Raising capital becomes harder for women-owned firms as compared to businesses owned by men; thereby limiting women's ability to access funding. The business world is still hugely male-dominated, therefore, suitable business mentors and advisers for women in business are hard to find. As a result, women at times resort to adopting the same stereotypical attitudes as those attributed to males including abrasiveness and competitiveness. Women entrepreneurs are faced with the added responsibility of balancing family

life with their business responsibilities. Women entrepreneurs fear failure. According to the Chief Executive Officer (CEO) of WomenCertified, fear of failure is a possibility of any business venture, and it must not be perceived as a negative as it is something that happens in male-owned businesses as well.

Women face challenges in their effort to become financially independent. The challenges vary from health, education, poverty, violence against women, power and decision making, to unemployment (UNSD, 2013; Heimer, 2007; OECD, 2012; Thorpe, 2013; Omvedt, 2005; Sitterly, 1994; UN, 2010; Schwartz, 2010; The Women Empowerment and Equality Bill, 2013; Gender Statistics in South Africa, 2011 & StatsSA, 2012). Women empowerment programmes have been adopted to address challenges facing women in general and specifically women entrepreneurs. The government of South Africa introduced legislation to promote the development of co-operatives as a vehicle for job creation and poverty reduction (Co-operative Act 14 of 2005) that women can utilise although not meant for women only. Satgar and Williams (2008), reported about 20 successful co-operatives in Africa and South Africa. However, Wessels (2016) in his study of the status of co-operatives in the Free State province, concludes that co-operatives are a costly programme that is failing the policy objectives of government. Despite the apparent failure of some co-operatives in South Africa (Wessels, 2016 & Updated 2016 ICD v5), co-operatives globally are regarded as the only type of business where individuals - including producers, workers and consumers are enabled to pursue their economic needs and aspirations; are better integrated into society and have access to goods, services and benefits that they would otherwise not have (ICA, 2015).

The intention of this research was to learn from successfully functioning co-operatives, irrespective of the gender, or how the co-operative was formed and provide aspirant women co-operatives with researched guidelines that will assist them to be sustainable.

### **1.3. Problem Statement**

The number of women becoming entrepreneurs and starting their own businesses is growing globally. Despite the reported increased trends in women starting their own businesses (Fernandes,

2016), this has not eradicated social problems faced by women. In many countries including South Africa, women still face health issues, single parenthood, poverty, illiteracy, lack of funding to start businesses, balancing family and business life, not having same decision-making powers as men and most importantly, more women are unemployed as compared to men (Fernandes, 2016). In 2018, the unemployment rate of women in South Africa was reported to be 29.5% in the second quarter as compared to 25.3% amongst men (StatsSA, 2018).

Over many years different countries initiated diverse programmes to accelerate efforts to help improve the position of women. The Grameen Bank for the poor in Bangladesh was one such programme (Snyder, 1995). The World Women's Bank was launched in Tanzania in 2009. In 1991, Zanele Mbeki, the former first lady of South Africa, founded the Women's Development Businesses (WDB) with the aim of providing microfinance to impoverished women in rural areas (Marx, 2016). The government of South Africa accelerated efforts in promoting co-operatives (Co-operative Act 14 of 2005).

Although not a new phenomenon in South Africa and globally, and not only meant for women, many co-operatives registered with the Companies and Intellectual Properties Commission (CIPC) are owned by women (Updated 2016 ICD v5). Women made use of the opportunity that came with the advent of co-operatives. In Gauteng, South Africa, co-operatives owned by women have 54.2% or more women shareholders in comparison to 7.2% in co-operatives owned by both men and women (Updated 2016 ICD v5). Co-operatives have between five and ten members although there could be more members in certain instances. Women join co-operatives because of poverty and unemployment in the majority of cases, although there are some who join or start because of financial or personal reasons. The majority of all co-operative members in Gauteng are below the age of 35 years and reside in the townships (COPAC, 2005). Most members, 59%, are in possession of technical diplomas and certificates; whereas 16% have University degrees and 25% have completed either Grade 10, 11 or 12.

Co-operatives need to be sustainable to be job creators, vehicles of income and contributors to the GDP. Satgar and Williams (2008) cited a host of successful and unsuccessful co-operatives in Africa and South Africa. The Department of Small Businesses found that most newly registered co-operatives are owned by black women and their survival rate is very low (Updated 2016 ICD

v5).

Research by Satgar & Williams (2008), indicates that co-operatives can work and that there are successful co-operatives in South Africa. The question is why co-operatives often fail and what lessons can be learnt from the successful co-operatives. The aim of the research was to explore the elements needed to make women's co-operatives sustainable.

## **1.4. Research Questions**

The research sought to answer the following questions.

### **1.4.1. Main research question:**

What elements are needed to develop sustainable women co-operatives?

### **1.4.2. Sub-questions:**

- What are the profiles of successful co-operatives in South Africa?
- What are the reasons for co-operatives' success in South Africa?
- How are sustainable co-operatives managed?
- Why do co-operatives fail?
- What guidelines can be developed to enhance women's co-operatives?

## **1.5. Research Aim**

The aim of the research was to develop guidelines for sustainable women co-operatives.

## **1.6. Research Objectives**

- To determine the profile/status of the co-operatives in South Africa.
- To assess/determine the reasons for co-operatives' success by means of a scoping review.
- To explore and describe how successful co-operatives are managed.
- To explore reasons for the failures of co-operatives.

- To develop guidelines for sustainable women's co-operatives.

## **1.7. Research Design**

This is an applied research which seeks to acquire knowledge on the practical application of the available theoretical base on co-operatives with the hope of contributing in the current problem of failure of women co-operatives in South Africa (Saini, 2016). The research engaged a qualitative research method which assisted in acquiring first-hand information from the people involved in co-operatives. According to Joubish et al. (2011), qualitative research engages in-depth interviews, focus groups, case studies and observations in order to capture beliefs, behaviours and opinions in the natural settings.

This was a multiple case study, which analysed co-operatives individually first, and then applied cross-case analysis which enabled the researcher to delineate the combination of factors that may have contributed to the success of the selected co-operatives (Khan & Van Wynsberghe, 2008).

## **1.8. The Significance of the Study**

The government of South Africa has been criticised greatly for the failure of co-operatives since the enactment of the Co-operatives Act of 2005 (Wessels, 2016). However, there are reported cases of successful co-operatives in South Africa (Satgar & Williams, 2008). The significance of this study was that it investigated the elements that were responsible for the success of co-operatives, irrespective of the gender makeup of the co-operatives. The guidelines that have been developed will assist the government departments responsible for overseeing the co-operatives, as well as other stakeholders in the co-operative movement in South Africa, to close the prevalent knowledge gaps that are, currently leading to the high failure rate, especially, of the women-owned co-operatives as they are reported to be in the majority (Updated 2016 ICD v5). The research will also contribute in introducing co-operatives as a poverty alleviation tool to the teachings of Community Work in Social Work.

## 1.9. Key concepts defined

**Co-operatives:** International Cooperative Alliance (ICA), a co-operative is “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”. The co-operatives derive benefits from collective bargaining power, and they can access the markets for products and services that are produced by members affiliated to them (www.ica.coop).

**Co-operative Enterprise:** According to Mazzarol, Simmons and Limnios (2011, p.5), cooperative enterprise has a dual function of simultaneously serving both an economic and social purpose, “they are too socially focused for mainstream economics and business but too economically focused for non-profit sector”.

**Entrepreneurship:** Entrepreneurship is characterised by “the process of recognising opportunities to build a new product, service or process and finding necessary resources to exploit the opportunity and improving the lifestyles of people. This can be accomplished as an individual or as a team. Effective entrepreneurs are characterised by traits such as creativity, innovativeness, proactivity and propensity” (Parthasarathy & Doboli, 2011, p.461-467).

Martin and Thompson (2010, p.1), put less focus on individual entrepreneurs but more on the social enterprises that they bring about and view it as a “business venture that brings people and communities together for economic development and social gain”. The social enterprise is expected to generate a surplus which can be ploughed back into society. According to Martin and Thompson (2010), there are different types of social enterprises such as community enterprises, social firms, development trusts, credit unions, as well as co-operatives.

**Women Entrepreneurs:** Amit and Ketan (2013), view women entrepreneurs as a woman or a group of women who initiate, organise and run a business enterprise.

**Women Empowerment:** According to the Commission of Gender in South Africa (2007), in general, the gender gap is narrowing, and a lot of changes have been identified relating to the status of women and the conditions under which women live. The recorded changes were reflected in areas such as the legal status of women, women’s participation in political decision making, the



increased ability to own a house, better opportunities to go to school, increased levels of employment of women and their ability to participate in the economy. Despite these changes, many gender-based weaknesses in economic policies were identified (Commission of Gender SA, 2007).

**Business Networking Forums:** Ward (2010), describes a business networking forum as a process of establishing a mutually beneficial relationship with other businesspeople and potential clients and/or customers. It is the platform where aspirant businesspeople wishing to start their own business, as well as those who have already started a business wishing to expand, exchange business information, ideas and support. The trend of engaging in business networking forums is growing globally (The Balance Small Business).

**Sustainable Businesses:** According to LandLearn NSW (2013), the word sustainable could be defined as “an ability or capability of something to be maintained or sustain itself. It is about taking what we need to live now, without jeopardising the potential for people in the future to meet their needs. If an activity is said to be sustainable, it should be able to continue forever” (www.landlearnsw.org.au).

## 1.10. Thesis Chapter Outline

This study report consists of ten chapters:

**Chapter One** captures the general background of the study, the problem statement, the main question, sub-questions, the aim, objectives and the research design, the significance of the study and the definition of concepts.

In **Chapter Two**, the theoretical framework is presented. The Co-operative Enterprise as a business model developed by Mazzarol, Reboud, and Limnios (2011), the preferred theoretical framework for the study is described in detail. The schematic diagram of the business model is presented, followed by the literature review. Challenges facing women when they enter the business world, as well as programmes put in place to address those challenges are discussed. These programmes include policies influencing the position of women in co-operatives in South Africa. The co-operatives, the make of co-operatives, as well as co-operative principles, are introduced.

**Chapter Three** details the co-operative movement in South Africa. The history of the development of co-operatives in South Africa. The changing legislative framework controlling the co-operatives from 1908 to date is presented. Different types of co-operatives, the profile of co-operatives in South Africa, the economic aspects and the failures of co-operatives are detailed. The failures and successes of co-operatives, and why women establish co-operatives and the role of co-operatives as described in the Sustainable Development Goals are discussed.

**Chapter Four** describes the research methodology explored by the study. It describes the research question, the sub-questions, the aim and the objectives, research design, the data collection process, data analysis, as well as the significance of the study.

In **Chapter Five**, the scoping review is detailed, including the process followed and the outcome. The outcome of the scoping review is tabled on the data extraction sheet, which is included as **Annexure A** of the study report.

**Chapter Six** covers the analyses of the interviews conducted with the directors of government departments and some of the government agencies. A thematic analysis of the interviews with the directors is presented in six tables.

**Chapter Seven** starts with the presentation of the profiles of the co-operatives interviewed. This is followed by a cross-case analysis of the co-operatives.

**Chapter Eight** presents the discussion and integration of the analysis of the interviews from the directors and that of the co-operatives with theory.

In **Chapter Nine**, the guidelines suggested by the study have been presented and integrated with the input from the experts in the field.

**Chapter Ten** is the concluding chapter with recommendations. The self-reflexivity, the limitations of the study, as well as recommendations for future research, are also presented.

The next chapter presents the preferred theoretical framework for the study developed by Mazzarol, Reboud and Limnios (2011). Reasons for the theoretical framework, are presented. Different theoretical perspectives that evolved are discussed. The literature is reviewed, exploring

the challenges facing women when they attempt to enter the world of entrepreneurship, as well as programmes that are in place to mitigate some of these challenges.



## CHAPTER 2

### THEORETICAL FRAMEWORK

#### 2.1. Introduction

The chapter begins with the theoretical framework of the study. Several theories prevalent on the co-operative movement are discussed. The Co-operative Enterprise (CE) business model—developed by Mazzarol, Simmons and Limnios (2011) as the preferred theoretical framework for the study is presented. The reasons for this theoretical framework, and a schematic representation is provided.

Furthermore, the researcher reviews the literature further and describes the challenges facing women and some of the obstacles that are prevalent when women attempt to become entrepreneurs. Programmes that governments and other stakeholders put in place to mitigate these challenges are elaborated followed by an introduction on co-operatives, the make of co-operatives and the co-operative principles.

#### 2.2. Theoretical perspectives

Several theorists are associated with the establishment of the co-operative movement since the nineteenth century. Gbargaye (2013), refers to Robert Owen, 1771-1858, who was considered the father of the co-operative movement, whose idea was to form “villages of co-operation” where workers would drag themselves out of poverty by growing their own food, making their own clothes and ultimately becoming self-governing. Francois-Marie-Charles Fourier, 1772-1837, the French social theorist, advocated for a reconstruction of society based on communal associations of producers known as phalanges (phalanxes). The phalanges, according to him, would distribute wealth more equitably than would capitalism and would contribute both to a co-operative lifestyle and individual self-fulfilment. In the USA, Benjamin Franklin together with his friends, started the Philadelphia Contributionship for Insurance of Houses from Loss by Fire in 1752; the first formal business co-operative in the USA (Wilhoit, 2005; Kenkel, 2013).

Dr William King 1786-1865 refined Robert Owen's ideas and made them workable and practical. He believed in starting small and realised that working classes would need to set up co-operatives for themselves because co-operatives would provide services for their members and enhance individual lifestyles (Gbagaye, 2013).

Whereas, according to Johanson (ICA, 1986), the Raiffeisen co-operative movement reflected the personality, conviction, life in the society, and the experience as a farmer of Wilhelm Friedrich Raiffeisen, 1818-1888, of Germany. Raiffeisen was regarded as the principal pioneer of agricultural co-operation whose conceptions of fraternity and mutual aid were the very basis of his thinking and actions. He put great emphasis on the ethical aspects of co-operation and regarded his credit societies as a means for raising people morally and mentally. He believed that Christian brotherhood had to be applied in economic and public life as the only way to improve social conditions and avoid a revolution.

Johanson (ICA, 1986), maintains that whilst Raiffeisen was deeply conscious of the injustices of society, he strongly opposed solutions based on compulsory legislation. He believed that money is a powerful tool to have, but money has the power to undermine society. Raiffeisen was equally critical of capitalism, that if not controlled has the ability to enslave the poor, and that socialism was hostile to religion and wanted to confiscate private property. The chief aim of the Raiffeisen societies, according to Johanson (ICA, 1986), was to abolish poverty and improve the moral and material conditions of their members. He espoused the following principles:

- 1) The principle of self-help as the means to reach his chief aim,
- 2) The resources of the land and population should be utilised and developed, and a sense of public spirit promoted,
- 3) Credit society should restrict its area only to people residing within a society's area of operation,
- 4) Each person could only be a member of one society,
- 5) The right to vote was equal and universal for male members, but women were excluded,
- 6) The credit societies were based on unlimited liability in order to make them solvent but also to stress the need for unity among the members. As a result, he opposed admission-fees and shares and advocated them only when prescribed by legislation, and

7) The conception of the indivisible fund, which provided a guarantee for the permanence of the society.

Theories of co-operatives have evolved since the era of Robert Owen and Friedrich Raiffeisen where co-operatives were viewed as a self-help business form designed to help members to earn income through joint production; to move products to markets and influence price and other terms of trade. Co-operatives became the dominant form of business activity in consumer and farm sectors, creating an economic and social order through the utilisation of federations and other linkages between co-operatives and their allied support groups, such as professional farmers associations and labour unions (Randall, Torgerson, Reynolds & Gray, 1997).

Modern perspectives on co-operatives followed, including the Co-operative Enterprise (CE) as a business model—developed by Mazzarol, Simmons, and Linnios (2011) which has been adopted by this study as its theoretical framework. Below follows a discussion on the Co-operative Enterprise (CE) framework.

### **2.3. Co-operative Enterprise (CE) Framework**

Mazzarol et al. (2011), moved from the premise that, despite being a subject of academic inquiry since at least the 19<sup>th</sup> century, the theoretical foundations of CE remain weak. The framework developed by Mazzarol et al., seeks to address the co-operative at the macro-and micro-environment or ‘system’ level or to capture the two-way relationship between the co-operative and its socio-economic environment (Mazzarol, et. al, 2011; Mazzarol, et. al, 2014).

The framework centres on key elements that promote member value propositions (MVP). These following elements differentiate co-operatives from the investor owned firms, namely:

- 1) Customers/suppliers are also owners/shareholders,
- 2) The price of co-operative’s share capital is generally fixed by its articles of incorporation and are not openly traded,
- 3) Co-operatives can offer members deferred patronage refunds, essentially returning the cost of their transactions with the co-operatives (once the expenses have been deducted),

- 4) Co-operatives can enjoy tax exemptions and may pay no tax or a single tax on income and
- 5) Co-operatives exist for the purpose of delivering value to their members (Mazzarol et al., 2011).

The framework seeks to address the co-operatives at the macro and micro levels. The overall framework comprises of various member-levels:

- (1) Investor: The investor is required to invest financial capital in order to retain membership, equally important is how the investor capital is returned,
- (2) Patronage: The supply chain relationship between co-operatives and members relate to prices paid or received, transaction costs, as well as service quality which will determine continued patronage,
- (3) Owner: The expectation is that members should participate actively in the management of the co-operative,
- (4) Community: The members form part of the community.

At the heart of the member value proposition is the members' willingness to engage with the co-operative. Unlike the customer value proposition (CVP), where the focus is the product produced by the company, the focus with the co-operative is keeping the members together Shah (cited in Mazzarol et al., 2011). Krivokapic-Skoko and Nha (cited in Mazzarol et al. 2011), lists five co-operative values or benefits that members expect from a co-operative which are not attainable from any other type of enterprise. They are:

- 1) Market access and market risk reduction,
- 2) Financial benefits from enhanced pricing,
- 3) Improved productivity from the pooling of resources and bulk purchasing,
- 4) Access to resources such as information, knowledge and technology, and
- 5) Community building opportunities.

Mazzarol et al. (2011) believe that in the co-operative business model the key questions that need to be asked are:

- 1) How does the co-operative deliver value for its members?

- 2) What are the best mechanisms to assemble the co-operative's resources to deliver this value?
- 3) How might this be sustained to ensure that members do not drift away or seek to secure such benefits from other business forms?

Important to the success or failures of the co-operative business model is the governance of the CE. Mazzarol et al. (2011), concludes that corporate governance structures should not be considered in isolation from the more inclusive processes of participation, nor from the operational life of the co-operative. This theoretical framework guided the research process and the development of the guidelines for successful women co-operatives.

### **2.3.1. The rationale for choosing the co-operative enterprise framework**

Co-operatives in South Africa operate along the lines outlined by the model of Mazzarol et al. (2011), where members are investors, community members, patrons, as well as owners of a democratically run enterprise. The study ventured to understand what elements contribute to keeping these members together and what elements contribute to the success of those co-operatives that have been successfully managed for many years. Although co-operatives in South Africa, in most cases, are initiated by government institutions, members in the South African co-operatives share the same values as those outlined in the Co-operative Enterprise Model, relating to market access, financial benefits and improved productivity resulting from pooling common resources together, access to resources and community building opportunities.

**Figure 2.1.** below is the schematic representation of the Co-operative Enterprise Model of Mazzarol et al. (2011) highlighting key elements that promote member value propositions (MVP).



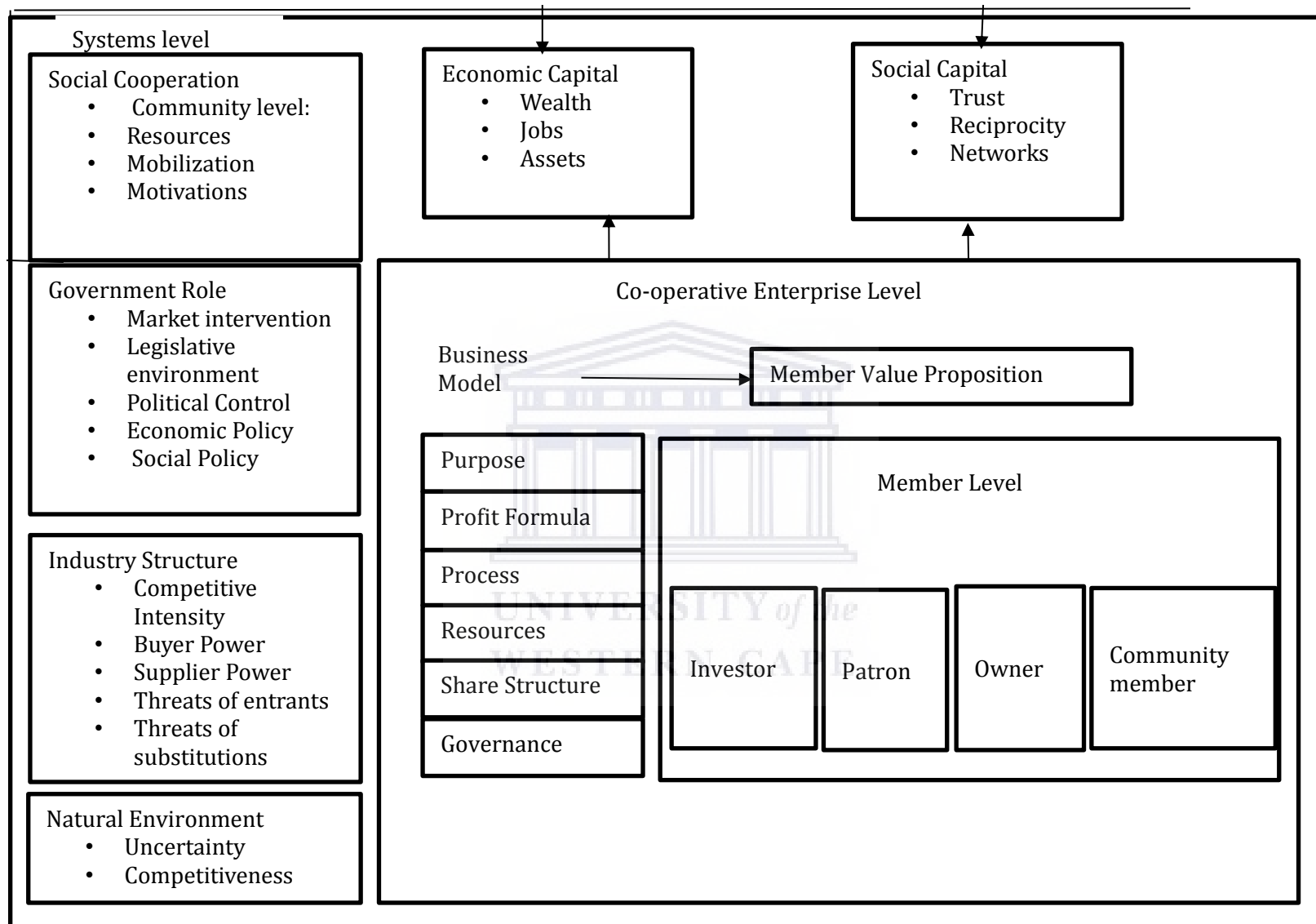


Figure 2.1 Schematic representation of Co-operative Enterprise (CE) – Source Mazzarol, et al. (2011).

### **2.3.2. Summary**

According to Mazzarol, et al. (2011), the member value proposition (MVP) elements in the Co-operative Enterprise Business model, replaces the more common product and customer value proposition of a conventional business model. Of importance in the MVP is the ability to define the job to be done or the co-operative's mission clearly. Delivery of service or products to the members can happen once the expectations, needs and wants of the target members are clearly articulated.

The governance of the co-operatives plays a critical role in the success or failures of the co-operative business model. The following elements of the CE business model were used as part of the semi-structured questionnaire in **Annexure C** to interview the fifteen co-operatives, as well as in the themes presented in the analysis in **Chapter 7**. The elements used are investor, ownership, community member, governance, access to resources, financial benefits and improved productivity.

The next section focuses on the literature review. It highlights the challenges women face when they attempt to become financially independent. The section also highlights programmes that are put in place by governments and other organisations to empower women.

### **2.4. Literature review**

According to Jumani (1991), traditionally, even though there was no machinery, people could produce food and clothing and were to a larger extent self-employed. Individuals or families, including women, were responsible for their own transactions and in very few instances, those that did not have any means of production would work for others. Some were involved in rendering community services like health and religious services. Jumani (1991) highlights that with the first Industrial Revolution, in the 18<sup>th</sup> century around 1760, and the introduction of machinery, the world of work became more complex and demanded mass production of goods. Business transactions involved exchanges with unknown individuals and necessitated written work contracts and dealings. Governments also stepped in to regulate the world of work, while trade unions protected the workers. Despite the changing societal roles, women continue to face social challenges (Jumani, 1991; Britannica.com). These challenges will be discussed in the next section.

## **2.5. Social challenges facing women in their attempt to become financially independent**

The view of the United Nations Statistics Division (UNSD, 2013) is that, although the position of women has changed greatly over the last few decades, they are still facing more challenges than men to become economically independent or to own businesses. Some of these challenges include high levels of illiteracy, lack of access to resources, funding, credit facilities, ability to own property or land ownership, health issues which include HIV/AIDS, discrimination in the organised labour market as well as in informal sector employment, poverty and unemployment. These factors lead to women not being economically active (Gender Statistics SA, 2011).

### **2.5.1. Health**

According to the UNSD (2013), women in some African countries are still plagued with health challenges which include access to prenatal care facilities and the availability of skilled health care workers during childbirth when faced with life-threatening conditions. The highest number of women infected with HIV/AIDS are found in Sub-Saharan Africa, North and Middle Africa in comparison to other countries in the world.

Heimer (2007), believes that AIDS is both an international and a local disease and in Sub-Saharan Africa, key resources such as drugs and money often come from outside Sub-Saharan Africa. Assistance is not easily available in these countries due to poverty, thus delaying women's access to health care. Lack of access to health care impedes their productivity (Heimer, 2007; UNSD, 2013).

### **2.5.2. Education**

The rate of illiteracy of women globally is still a matter that is affecting their personal development, as well as that of the communities in which they live. Due to illiteracy, women miss out on available empowerment opportunities. Omar (2007), is of the opinion that the more literate women become, the more they could be able to make informed decisions on both financial and reproductive matters and help contain the ever-increasing levels of poverty. Omar (2007), has further found that out of the 796 million illiterate adults in the world, two out of every three are women. In Afghan only 15% of the women can read and write, consequently Afghanistan is a country with the second highest infant mortality rate in the world. In Pakistan

only 40% of women are literate, and the situation is worse in the rural areas with only 8% reported to be literate, and this contributes to lower levels of women economic participation (Omar, 2007).

However, in South Africa, according to the Organisation for Economic Cooperation and Development (OECD, 2012), access to primary and secondary education is high with a nearly full enrolment rate for girls at 98.6% and boys at 98.3% between 7 and 15 years. This can be attributed to government policies such as 'no fee' schools and the school nutrition programme. Preference by parents is no longer a contributing factor in lack of school attendance. Despite the available access to schools, in the 2015 OECD rankings, which rates countries on the level of maths and science at the age of 15, South Africa finished second from bottom in the 75<sup>th</sup> place. In the Programme for Student Assessment (PISA) rankings, it was a similar story with the country failing to reach the top 40 for either reading or maths (OECD, 2012; Expatica, 2018).

### **2.5.3. Violence against women**

Thorpe (2013) has established that in South Africa, women and girls are continuously violated emotionally, socially, psychologically, mentally and physically. Women and girls are sexually abused, raped at times by intimate partners, harassed even at places of work, and killed. It is reported that every eight hours a woman in South Africa is killed by her intimate partner. The effects of the violence on women lead to the vicious cycle of women not participating in the open labour market.

Despite all the legislation enacted in South Africa, such as the Domestic Violence Act No.116 of 1998 which is a response to violence against women, statistics on violence against women is not accurate and offences against women continue unabated. Thorpe (2003), therefore suggests that the remedy for addressing violence against women will call for several programmes such as teaching boys behavioural issues that will help respect girls as equals, the importance of bonding in families, helping women not to be dependent on men and how to deal with chemical dependency for both men and women.

### **2.5.4. Power and decision making**

According to the United Nations (UN) (2010), there is still a gender imbalance in positions of decision making. The 'glass ceiling' is regarded as one of the barriers contributing to lack of

access to positions of directorship in private companies by women. The United States Department of Labour defines a 'glass ceiling' as an artificial barrier based on attitudinal or organisational bias that prevent qualified individuals from advancing upward in their organisation into management positions (Sitterly, 1994).

Globally women make up nine per cent of corporate board membership despite studies that have shown that women have different leadership styles that produce results that outperform male counterparts. An example of such a study is that on female hedge fund managers which was conducted by a financial services firm, Rothstein Kas (Schwartz, 2010). Schwartz (2010), further refers to another study conducted in 2007 which demonstrated that where there was higher women board representation, the company had 66% return on invested capital, 52% higher return on equity and 42% higher return on sales as compared to boards with higher male representation.

According to Omvedt (2005), South Asia is regarded as countries that have powerful women politicians in the world. Examples include Chandrika Kumaratunga, the former president in Sri Lanka; Sonia Gandhi, a politician in India; Benazir Bhutto, who was a prime minister in Pakistan and Khaleda Zia, the first woman to serve as a prime minister in Bangladesh. However, the membership of women in the parliaments of these countries ranging between 6% and 8%, paint a different scenario. Several obstacles to women's equal participation in governance in South Asia were identified by Omvedt (2005) and are embedded in social and cultural patterns. In the case of India, the extreme form of patriarchy which is linked to the caste system requires a high degree of control over sexuality; and generally, over the independence of women. Another obstacle relates to the intensely competitive nature of politics itself where politics is regarded as a lucrative source of income and power which men attempt to control (Omvedt, 2005).

Political positions remain skewed in favour of men although countries like South Africa have made remarkable progress in changing the landscape by implementing a quota of 50-50 representation. South Africa has also seen large increases in the numbers of parliamentary seats occupied by women, and it is becoming a country with one of the highest proportions, 45% of the members of parliament are female. Yet women are still underrepresented in senior management positions especially in the private sector and they represent only 13% in the boards of listed companies (OECD, 2012; The Women Empowerment and Equality Bill, 2013).

### **2.5.5. Poverty**

The World Bank (CARE, 2013), views poverty as,

Poverty is hunger. Poverty is lack of shelter. Poverty is being sick and not being able to see the doctor. Poverty is not being able to go to school and not knowing how to read. Poverty is not having a job, is fear for the future, living one day at a time. Poverty is losing a child to illness brought about by unclean water. Poverty is powerlessness, lack of representation and freedom.

According to the UN (2013), women constitute 70% of the 1.3 billion people in the world who live in poverty. One person in the world dies every second because of hunger-related causes and children are the most affected. The vicious cycle of poverty and the lack of money to buy food leads to health problems that could eventually cause death from hunger-related causes. Poverty prevents women from starting their own businesses. They do not have the funding to start their own business (Poverty.com, 2007).

According to Statistics South Africa (StatsSA, 2012), females in South Africa, had a higher poverty headcount 27.3% than males 25.2% during the survey period when using the food poverty line. National poverty headcount ratio is the percentage of the population living below the national poverty lines. The results indicate that the poverty headcount for females was 2.1% higher than that of males. The poverty gap for males was also lower than that of females, indicating that males living below the poverty line were closer to the poverty line compared to females living below the same poverty line. The poverty gap is the average shortfall of the total population from the poverty line (Poverty Profile of South Africa: StatsSA, 2012; [www.indexmundi.com](http://www.indexmundi.com); [www.investopedia.com](http://www.investopedia.com)).

### **2.5.6. Unemployment**

Unemployment is still one of the challenges facing women today. However, the UN (2013) reports that globally, in more developed countries, the level of participation of women in the labour market between 1990 and 2010 was 52%. This growing trend of women participation in the labour market was accompanied by a corresponding narrowing of the gap between men and women participating in the labour market.

In South Africa the rate of unemployed women in 2011 was 2.9% higher than that reflected nationally and women's participation in the economy was lower than that of men. StatsSA further reports that more white men than black men tend to be employed with 72.6% white

men 56.1%, white women, 42.8% black men followed by 30.8% black women (Gender Statistics in South Africa, StatsSA, 2011)

Globally governments and civil society continue to respond appropriately to the challenges cited above. The following section will highlight some of the women empowerment programmes aimed at addressing challenges such as those cited above.

## **2.6. Women empowerment programmes**

Schuler & Rottach (2010) define women's empowerment as women's acquisition of resources and capacities and the ability to exercise agency in a context of gender inequality. Furthermore, that empowerment is a process, which is accompanied by constant change and it needs to be measured. The pace at which the social, economic and political changes have been occurring, necessitates the continuous change of empowerment indicators. The measurement of empowerment must change accordingly and adapt to keep up with this phenomenon that is difficult to achieve. At the same time the measurement of women's empowerment is also fraught with the existence of economic inequality and makes it difficult to develop indicators that apply equally to all women.

In their study of Bangladeshi women, Schuler & Rottach (2010), compiled a list of indicators representing women's capacities and resources necessary to measure the level of women's empowerment which include the following:

- 1) Access to media and phone which includes the ability to listen to the radio and watch television,
- 2) Economic security as measured by ownership of productive assets,
- 3) Education - highest level of education attained,
- 4) Legal awareness - measured by knowledge of property rights,
- 5) Political awareness - measured by knowledge of names and roles of the female representatives from her area,
- 6) Self-efficacy - measured by articulateness and confidence in speaking with outsiders, and
- 7) Social support - measured by the ability to receive help or visits when sick.

Schuler & Rottach (2010), further highlighted a list of indicators representing women's agency and this list includes:

- 1) Engagement in paid work outside the home,

- 2) Involvement in major household decisions,
- 3) Management of family assets and ability to make investments,
- 4) Mobility to go to markets if needed,
- 5) Participation in a microcredit or savings programme. Political participation, and ability to join with others in protest against social injustice.

According to Hunt & Nomm (2016), women's economic empowerment is a global policy priority, captured in related targets for all countries in the Sustainable Development Goals (SDGs) such as SDG 5 which relates to achieving equality and empowering all women and girls. However, achieving equitable economic empowerment is a continuous struggle for women globally. A study by McKinsey Global Institute (Hunt & Nomm, 2016) suggests that gender parity overall has the potential to boost global gross domestic product by between \$12 trillion and \$28 trillion by 2025. However, according to Hunt & Nomm (2016), despite the prospects of growth, this does not translate into gains in women's wellbeing, and needs concerted, targeted efforts that prioritise women's specific needs, preferences and experiences to achieve women's economic empowerment.

Hunt & Nomm (2016), further assert that women's economic empowerment must focus on the social, economic and political factors that directly and indirectly affect women's equal access to and control over economic resources. Furthermore, that women's economic empowerment is inherently a political process that requires changing established norms, structures and power. Hunt & Nomm (2016), advance the following recommendation in addressing women's economic empowerment:

- 1) Earmarking funding: the need to increase the gender-specific financial resourcing across all relevant sectors,
- 2) Supporting women's organisations and building coalitions which include government, private sector, international institutions and civil society. Women's rights organisations and movements are essential to generate an overall shift in culture and practice,
- 3) Adapting support to the realities of empowerment processes. It is necessary to develop, 'politically smart' and flexible approaches, and
- 4) Listening to women. The views and experiences of women are important, so too are developing good quality, comprehensive data, which includes marginalised and 'hard to reach' women, and ensuring this data directly informs policy and practice.



According to Omvedt (2005), the countries in South Asia have taken steps to remedy the gender inequalities in politics. The main method chosen is that of quotas in electoral bodies - generally referred to as a reservation. In India and Bangladesh, the practice started in 1993, whereas in Pakistan since 2000, 33% of the seats in local village governmental institutions are reserved for women. Furthermore, as a principle, women have been included in all the programmes of the management of natural resources at the level of community management. However, the method of quotas to increase women's political participation is still met with a lot of resistance.

Some countries have implemented women empowerment programmes in order to deal with challenges faced by women. Women empowerment programmes vary according to the purposes for which they were established. Some could be as broad as the programmes run by the United Nations Development Programmes (UNDP, 2013) on a global level and national programmes in some countries with the purpose of ensuring that women have an equal voice in matters not only of government participation but also matters of civil society.

According to the former USA President, Bill Clinton, women performed 66% of the world's work and produced 50% of the food yet earned only 10% of the income. Furthermore, women hold only 1% of the property, and he thus felt that the empowerment of women was critical in changing the landscape. It is only through women's participation in the economy that they will be enabled to have the right on how they want to control their lives and participate in critical decision making. Empowerment of women can thus also be achieved through making funds available to assist institutions aimed at assisting women (FAO, 2013).

### **2.6.1. A unique fund for women**

In 1976 a special global fund was set aside for a Decade for Women 1976 -1985 in order to encourage existing organisations or institutions to do more to contribute to efforts that are meant for the development of women in areas that will make them more self-sufficient in order to create more women-specific institutions (Snyder, 1995).

In Bangladesh, the Grameen Bank was started in 1976 initially as the Bank of the Poor. The main objectives of the bank, amongst others, were to encourage women participation, provision of self-employment opportunities to the unemployed, extending banking facilities to all irrespective of gender and preventing the exploitation of the poor by money lenders (PERSGA, 2013).

In Africa, Ghana has been part of the World Women's Bank since 1998. Tanzania was the first African country to have a Women's Bank in 2009 and Ethiopia launched a Commercial Bank in January 2013 (Women's World Bank, 2013).

### **2.6.2. Business networking forums**

More women are making use of women's business networking forums to empower themselves with information and knowledge on how to manage their businesses. Some of the business networking forums are managed by private individuals, whilst some are the initiatives of government departments. In South Africa, some women's networking platforms are privately managed like Fine Women Business Network and Businesswomen Association (BWA) who organise workshops which empower women on amongst others; marketing skills and social media and they organise exhibitions where women showcase their businesses (Fine Women, 2013).

### **2.6.3. Policy to facilitate gender equality in the workplace**

Over many years policies were formulated to accelerate efforts that would help change the position of women. The United States Agency for International Development (USAID), (cited in Bishop-Shambrook 2000), has identified seven basic elements that should be in place for gender issues to be institutionalised within an organisation. They are:

- 1) Awareness of the importance of gender issues in the areas of interest to the organisation,
- 2) Commitment to addressing gender issues in the organisation's activities,
- 3) Capacity for formulating gender-focused activities,
- 4) Capacity for carrying out gender and social analysis,
- 5) Capacity to implement the findings of gender and social analysis to the organisation's portfolio of activities,
- 6) Capacity for systematic monitoring and evaluation of gender-specific activities, and
- 7) Promotion and encouragement of systematic reporting of gender-relevant lessons learned and subsequent adaptation of the organisation's activities ( Bishop-Sambrook, 2000).

In Africa, Uganda has been one of the forerunner countries in promoting gender equity by introducing targeted measures. The Universal Primary Education scheme was introduced offering free primary education to four children per family - two of whom have to be girls. Affirmative action was implemented to encourage women to enter undergraduate programmes

at Makerere University to overcome some of the imbalances girls experience in accessing education at the establishment. The first University Department of Women Studies in Africa was established, and provision was made in the Constitution for women to have one-third representation on many public bodies. Uganda prepared a National Gender Policy as a follow-up to the Fourth World Conference on Women held in Beijing, and a National Action Plan on Women. Both documents prioritise educating women and girls (Bishop-Sambrook, 2000).

Nkuepo (2010), conducted research which aimed to enhance the capacity of decision makers to mainstream a gender in trade policy in order to identify ways in which trade can respond to women's needs in South Africa. His research was influenced by the Beijing Declaration where international governments adopted gender mainstreaming as a policy instrument in many spheres. Gender mainstreaming was subsequently endorsed by the United Nations (UN) as a maxim of equal rights policy on an international level and then taken up by the EU. Nkuepo's (2010) findings however, highlighted that decision makers need to analyse the impact that gender mainstreaming would have before such trade policies could be adopted.

According to Zhuliu (cited in Nkuepo, 2010), the central elements of gender mainstreaming overlap with human resource management concepts in their goal of equality. Furthermore, it seems to assert the implementation of gender quotas thus also serving the integration of both genders in the economic process even though certain groupings such as men and women still exist under risky conditions, including migrants, and lesbians, gay, bisexual and transsexuals (LGBT) that seem not to be included in the "mainstream" economy.

The Constitution of the Republic of South Africa also advocates and protects gender equity:

- 1) Values human dignity; the achievement of equality and the advancement of human rights and freedoms, non-racialism and non-sexism,
- 2) Creates the basis for the obligation of the public sector, the private sector and civil society to eliminate and remedy gender and race inequalities,
- 3) Guarantees the full and equal enjoyment of all rights and freedoms by people of all genders,
- 4) Provides that legislative and other measures be designed to protect, or advance persons or categories of persons disadvantaged by unfair discrimination, including promoting the achievement of equality, and

5) The Constitution prohibits unfair discrimination by the state or another person against anyone on the ground of gender, race and other factors.

Other legislation put in place in South Africa to address the race and gender inequalities prevalent in the country include:

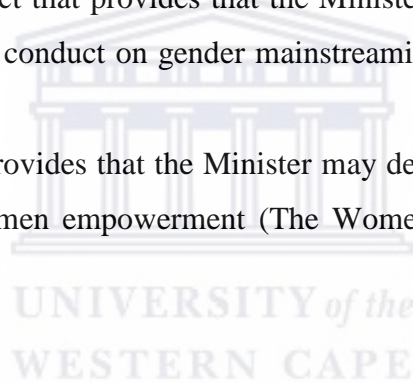
- 1) The Promotion of Equality and Prevention of Unfair Discrimination Act No.4 of 2000,
- 2) The Employment Equity Act No. 55 of 1998,
- 3) The Preferential Procurement Policy Framework Act No. 4 of 2000- that seeks to prevent and prohibit unfair discrimination, inter alia, race, class, gender and people with disabilities and to promote equality, and
- 4) The Broad-Based Black Economic Empowerment Act No. 53 of 2003- that seeks to provide for the implementation of affirmative action programmes aimed at advancing blacks, women and people with disabilities (The Women Empowerment and Gender Equality Bill, 2013).

The Gender Policy Framework was adopted in South Africa in 2000. The objectives of the gender policy framework are to:

- 1) Create an enabling policy environment for translating government commitment to gender equality into a reality,
- 2) Establish policies, programmes, structures and mechanisms to empower women and to transform gender relations in all aspects of work, at all levels of government as well as within the broader society,
- 3) Ensure that gender considerations are effectively integrated into all aspects of government policies, activities and programmes,
- 4) Establish an institutional framework for the advancement of the status of women as well as the achievement of gender equality, and
- 5) Advocate for the promotion of new attitudes, values and behaviour, and a culture of respect for all human beings in line with the new policy (Bishop-Shambrook, 2000).

In addition to the provisions of The Constitution of the Republic of South Africa and other legislation, the South African Women Empowerment and Gender Equality Bill of 2013 makes provision for the following:

- 1) Gender Mainstreaming that provides for the implementation of gender mainstreaming and the submission of plans to the Minister by the designated public bodies and designated private bodies within a year of being designated,
- 2) Measures to empower women and to eliminate discrimination provides that despite any other law, targets of at least 50% of all women of all laws and policies on empowerment should be met. It also provides that all designated public bodies and designated private bodies must develop and implement plans and special measures to protect and advance women as a category which has been disadvantaged by unfair discrimination,
- 3) Enforcement that provides that subject to the Intergovernmental Relations Framework Act No.13 of 2000, the Minister, acting in the interests of women as a group or class of persons may use any dispute resolution mechanisms to address non-compliance with this Act,
- 4) Code of good conduct that provides that the Minister may by notice in a Gazette, publish a code of good conduct on gender mainstreaming and women empowerment and
- 5) A Framework that provides that the Minister may develop a framework on gender mainstreaming and women empowerment (The Women Empowerment and Gender Equality Bill, 2013).



## **2.7. Co-operatives**

Co-operatives are an instrument utilised by many stakeholders to empower women to be economically active. The first formal business co-operative in the USA was founded by Benjamin Franklin in 1752 (Wilhoit, 2005; Kenkel, 2013). Together with his friends, Benjamin Franklin started the Philadelphia Contributionship for Insurance of Houses from Loss by Fire. The city of Philadelphia was plagued by fire and despite the fire prevention measures by the city, the fires continued. Franklin and his friends contributed money to insure each other's property in the case of fire.

A host of agricultural co-operatives followed in the 1800s in the USA. However, the business of the Rochdale pioneers of England is recognised as the first co-operative (Wilhoit, 2005; Kenkel, 2013). The Rochdale Equitable Pioneer's Society was founded in 1844, by a group of 28 weavers and skilled workers in other trades working in the cotton mills in the town of

Rochdale, in the north of England. The workers, faced with harsh working conditions and low wages, were unable to afford the high prices of food and household goods. They created business principles to guide their work and established a shop in which to sell their goods. Initially, there were only four items for sale: flour, oatmeal, sugar and butter. The principles which were founded by the Rochdale Pioneers underpinned the co-operatives' way of doing business, even though they have been revised and updated, they remain essentially the same as those practised by the pioneers in 1844 (Wilhoit, 2005).

According to Wilhoit (2005), the rise of co-operatives globally can be partially attributed to the work of the International Co-operative Alliance (ICA) which was formed in 1895 by E.V. Neale of Rochdale and Edward Owen Greening, who was a supporter of worker cooperation. The ICA was established with the aim of providing information, defining and defending the co-operative principles and developing international trade (ICA, 2013).

ICA defines a co-operative 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” (ICA, 2013). Therefore, according to ICA, co-operatives are businesses that are owned and managed by and for their members. They are member controlled, members participate daily in the operations of the business and they have equal status and say in the business.

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### **2.7.1. The make of co-operatives**

According to Cookson (2016), the co-operative movement in the British Isles had its start with a socialist thinker, Robert Owen who taught the workers to take an interest in the quality of the goods that they produced, and he gave them incentives for quality products at the time when the quality of goods could be judged without the workers' knowledge. As a result, the worker co-operative is still considered socialist because it grew partially from the writings of socialist thinkers.

In answering the question of whether co-operatives are socialist, Renshy (2017), maintains that in one way the answer is yes and in another it is no. Renshy believes that if a co-operative is ordered democratically and owned by all workers then it fulfils the 'collective worker ownership of the means of production'. She says however, if the talk is about the economy

where the goods are produced for a market and therefore being commodities, it is not strictly socialist. Furthermore, according to Renshy (2017), there is a socialist element to worker co-operatives because they breakdown the traditional relationships between the workers and the means of production however the objective of the means of production they are operated for which would be profit in a capitalist system, may not be socialist. She concludes by considering worker co-operative to be a massive step towards socialism because it also breakdowns the traditional relations between labour and property. An economy entirely built on co-operatively owned and democratically organised industries is a socialist idea.

### **2.7.2. Co-operative principles**

According to ICA (2013), the co-operatives are guided by the following seven principles:

- 1) Voluntary and open membership: Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.
- 2) Democratic and member controlled: Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives, members have equal voting rights (one member, one vote) and co-operatives at other levels are also organised in a democratic manner.
- 3) Member economic participation: Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.
- 4) Autonomy and independence: Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including government, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.
- 5) Education, training and information: Co-operatives provide education and training

for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

6) Cooperation among co-operatives: Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

7) Concern for community: Co-operatives work for the sustainable development of their communities through policies approved by their members.

### **2.7.3 Co-operative values**

According to ICA (2013), co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

The ICA is a global apex organisation for co-operatives, which in 2015 represented 284 co-operative federations and organisations across 95 countries. The members of the Alliance are national level co-operative federations, individual co-operative organisations and government offices concerned with co-operatives. The ICA works with global and regional governments and organisations to create legislative environments that allow co-operatives to form and grow. Annually it produces the index of the world's largest co-operative and mutual enterprises. The Monitor demonstrates the economic impact of CEs worldwide (ICA, 2013).

Satgar & Williams (2008), are of the opinion that in Africa, co-operatives evolved through different historical periods from the time of colonialism to liberalisation where in countries like Zambia, co-operatives collapsed and in Tanzania, co-operatives were destroyed by African socialism because they threatened the ruling party. Ethiopia is cited as an African country where co-operatives survived the longest. According to the International Labour Organisation (ILO, 2017), 7% of the citizens in Africa belong to the co-operatives, whereas in countries like Mauritius, Egypt, Ghana, Kenya and Senegal, 10% of the citizens belong to the co-operatives.



## 2.8 Summary

The essence of the Co-operative Enterprise (CE) is that members play a vital role in the member value proposition and it is important for a member to engage with the co-operative (Mazzarol et al., 2011). Members are investors, patrons, owners and community members. However, the governance of the co-operative is of equal importance. Elements of the Co-operative Enterprise (CE) framework have been utilised in the analysis of the interviews conducted with the fifteen co-operatives. This will be discussed in detail in **Chapter 7**. Women trying to start their own businesses as an alternative to challenges such as unemployment mentioned above, are further met with blockages. These challenges relate to a lack of assets that can be used as collateral depending on the type of enterprises they want to start. However, the government of South Africa has implemented strong policies to protect and deal with the rights of women. **Chapter 3** will cover the history of the co-operatives in South Africa, the types of co-operatives, as well as the legislation allowing the co-operatives in the country.



## CHAPTER 3

### CO-OPERATIVES IN SOUTH AFRICA

#### 3.1. Introduction

In this chapter, the history of co-operatives in South Africa is traced from 1892 up to the current Co-operative Act of 2005 which has been controlling the operations of co-operatives in South Africa, as well as the strategy and policies in place. The Co-operative Act of 2005 was Amended by Act 6 of 2013 which came into operation on 1<sup>st</sup> April 2019. The chapter focuses on the prevalent type of co-operatives, the regional profiles of the co-operatives, the economic indicators, the successes and failures of co-operatives, and why women form co-operatives. Lastly, the discussion also focuses on the co-operatives and the Sustainable Development Goals.

#### 3.2. History and policies of co-operatives in South Africa

The first co-operative in South Africa was a consumers' co-operative that was established in 1892, under the Companies Act, this according to Van Niekerk (cited in Ortman & King, 2007). According to Ortman and King (2007), there was no Co-operative Act that existed at the time. During the apartheid government, the co-operative sectors started mostly with the establishment of white-owned agricultural co-operatives. Black people could only work as general labourers employed by the co-operatives because of the injustices of the laws of the country at the time. However, as early as the 1800s, black people participated informally in stokvels, and these stokvels are still in existence today (Thaba & Mbohwa, 2015). According to the National Association of Stokvels in South Africa (NASASA, 2018), the history of stokvels dates back to the early 19<sup>th</sup> century, when English settlers in the Eastern Cape held rotating cattle auctions known as "stock fairs". These became known as "stokvels" by the locals who would pool resources to trade livestock. Stokvels continue to exist as voluntary groups of members brought together by a common cause to draw financial resources for the benefit of the group. Active stokvel groups in South Africa, are estimated to be 810 000. Whereas the stokvel economy is estimated at R49 billion alone, representing over 11 500 000 South Africans.

Several more agricultural co-operatives followed under the Companies Act until in 1908 when the first Co-operative Act was introduced. The “De Sentraal Westelike Co-operative Landbouwen Vereniging” started on 15 May 1909 (Van Eeden, 2009) by 24 farmers was one such co-operative. The co-operatives were managed by the Department of Agriculture (Smith, 2014; Department of Trade and Industry (DTI), 2012). The Co-operative Act of 1908 was substituted by the Co-operative Act No. 28 of 1922, both focussing on agricultural activities. These were substituted by the Co-operative Act No. 39 of 1939, which still concentrated on the agricultural activities. The latter was repealed by the Co-operative Act No.91 of 1981, which made provision for trading co-operatives. According to Thaba & Mbohwa (2015), the South African Democratic Government did not consider the Co-operative Act of 1981 as a suitable vehicle of co-operatives because the Act did not make provision for all races and different types of co-operatives. The government developed the Co-operative Act No.14 of 2005 (Thaba & Mbohwa, 2015; Ortmann & King, 2007) to repeal the Co-operative Act of 1981.

According to Philip (2003), during the apartheid era, the agricultural co-operatives enjoyed huge state subsidies from the government, and they controlled and dominated the agricultural sector in South Africa, while black-controlled co-operatives were neglected, and in certain cases, suppressed from development. The Agricultural Co-operatives in South Africa began in the 1800s, focussing on supplies and joint marketing of production, as well as establishing processing co-operatives in the wine and spirits sector. According to Philip (2003), agricultural co-operatives became a powerful lobby for agriculture, monopolising critical agricultural sectors. They had easy access to finance through the Land Bank, controlling the Marketing Boards that regulated prices (Philip, 2003; DTI, 2012; Majoko, 2008). The Land Bank is a wholly government-owned Development Finance Institute (DFI), established in 1912, with the sole mandate of financing agricultural development to achieve food security, and to drive economic growth and development in South Africa (The Land and Agricultural Development Bank).

According to the then Minister of Trade and Industry, Mandisi Mphahlela (2008), the black communities were not deterred from constructing consumer type co-operatives such as buying clubs, through the stokvel system which include mutual savings and credit schemes and burial societies, even though the apartheid policy denied them participation in the retail trade, or business activities (DTI, 2012; Majoko, 2008). In 2001, after the dawn of the new democracy, the government transferred the responsibilities of the co-operatives from the Department of

Agriculture to the DTI in order to give recognition to and allow co-operatives to flourish in all sectors of the economy. Furthermore, according to former Minister Mphahlwa, the promotion of co-operatives was not only in the agriculture sector, as was the case during the apartheid government (Smith, 2014; DTI, 2012; Majoko, 2008).

The South African government got involved in many activities that promoted inclusive co-operatives. The delegation of the Republic of South Africa at the launch of the ILO Recommendation 193, was one of the major driving forces in the process of formulating the new Labour Standard which was adopted by the General Conference of the International Labour Organisation on 20 June 2002 (DTI, 2012). According to Smith (2014), Recommendation 193 provides a framework for governments to develop the laws, administrative systems and policies that can enable co-operatives to flourish. It is believed, therefore, that Recommendation 193 is the only international policy framework for co-operative development that has the added value of being adopted by governments, employer organisations and trade unions, and supported by relevant civil society organisations.

Shortly after the adoption of the new ILO Recommendation 193, which took place in 2002, the South African government drafted the co-operative development policy in 2004. The policy applies to all types and forms of co-operatives with emphasis on the emerging co-operatives. The latter were identified as struggling and lacking training; however, the emphasis on the emerging co-operatives was not going to be to the exclusion of established co-operatives which were operating mainly in the agricultural sector. In their endeavour to promote inclusive co-operatives, the government committed to the universally accepted definition, and founding principles and values of co-operatives which were explained earlier in Chapter 2 (Smith, 2014. co-operative policy; DTI, 2002).

The purpose of the co-operative development policy of 2004 of South Africa (DTI, 2004) is to:

- 1) Create an enabling environment for CEs which reduces the disparities between urban and rural businesses, and is conducive to entrepreneurship,
- 2) Promote the development of economically sustainable co-operatives that will significantly contribute to the country's economic growth,
- 3) Increase the number and variety of economic enterprises operating in the formal economy,
- 4) Increase the competitiveness of the co-operative sector so that it is better able to take

- advantage of opportunities emerging in national, African and international markets,
- 5) Encourage persons and groups who subscribe to values of self-reliance and self-help, and who choose to work together in democratically controlled enterprises, to register co-operatives in terms of Act 14 of 2005,
  - 6) Enable such CEs to register and acquire a legal status separate from their members,
  - 7) Promote greater participation by black persons, especially those in rural areas, women, and persons with disability and youth in the formation of and management of co-operatives,
  - 8) Establish a legislative framework that will preserve the co-operative as a distinct legal entity,
  - 9) Facilitate the provision of support programmes that target co-operatives specifically co-operatives that create employment or benefit disadvantaged groups, and
  - 10) Improve communication between government and the co-operative movement.

Furthermore, this policy also:

- 1) Forms the basis for the Co-operative Act 14 of 2005,
- 2) Defines genuine co-operatives for targeted support purposes,
- 3) Points to specific support measures and programmes to support the development of a co-operative movement by all stakeholders,
- 4) Serves as a reference for co-operative members by explaining why and how the Government supports co-operatives and by determining the relationship between the state, co-operatives, civil society and the private sector,
- 5) Establishes a code of conduct for co-operative promoters by stating the basic principles to be respected, and
- 6) Facilitates the horizontal and vertical integration of co-operatives from different sectors by clarifying basic policy issues relevant to all sectors.

The co-operative development policy of 2004 gives credence to increased participation of women in the co-operative movement at all levels, particularly at management and leadership level whilst the role of government will be to create a favourable legal, economic, administrative and institutional environment (DTI, 2004).

The Co-operative Act 91 of 1981 was repealed by Co-operatives Act, No. 14 of 2005, as amended by Act No. 6 of 2013. The purpose of the Act is to:

- 1) Promote the development of sustainable co-operatives that comply with co-operative principles, thereby increasing the number and variety of economic enterprises operating in the formal economy.
- 2) Encourage persons and groups who subscribe to values of self-reliance and self-help, and who choose to work together in democratically controlled enterprises, to register co-operatives in terms of this Act.
- 3) Enable such CEs to register and acquire a legal status separate from their members.
- 4) Promote equity and greater participation by black persons, especially those in rural areas, women, people with disability, and youth in the formation of and management of co-operatives.
- 5) Establish a legislative framework that preserves a co-operative as a distinct legal entity.
- 6) Facilitate the provision of support programmes that target emerging co-operatives, specifically those co-operatives that consist of black persons, women, youth, disabled persons or persons in the rural areas and that promote equity and greater participation by its members.
- 7) Ensure the design and implementation of the co-operative development support programmes by all the agencies of national departments including but not limited to National Empowerment Fund (NEF), National Provider Identifier (NPI), Small Enterprise Development Agency (SEDA), Independent Development Corporation (IDC), South African Quality Institute (SAQI), South African Bureau of Standards (SABS), Council and Scientific and Industrial Research (CSIR), Public Investment Corporation (PIC), Development Bank of South Africa (DBSA), South African Local Government Association (SALGA) and Sector Education and Training Authority (SETA), and compliance with uniform norms and standards prescribed by this Act.
- 8) Ensure the design and implementation of the co-operative support measures across all spheres of government, including delivery agencies, and adherence to a uniform framework of established norms and standards that reflect fairness, equity, transparency, economy, efficiency, accountability and lawfulness and
- 9) Facilitate the effective coordination and reporting mechanism across all spheres of government through the department.

The Co-operative Act 14 of 2005 was going to allow registration and de-registration of co-operatives in a rapid, simple, affordable and efficient a manner as possible. In particular, the

legislation will allow the responsible Minister to establish the Co-operative Advisory Board (Act 14 of 2005). It must also be noted that the co-operative section was moved from the DTI to the newly formed Department of Small Business Development in 2014.

The government of South Africa started soon after the ushering in of the new democracy to involve the international co-operative movement by inviting Barberini I, President of the ICA, as well as Mattioli S, President of Legacoop, to the International Co-operatives Day, celebrated by South Africa in 2008, in order to strengthen and extend the partnership. The International Co-operatives Day is celebrated annually in South Africa during the first week of July (ILO, 2014).

In 2012, the government of South Africa published an Integrated Strategy for the development and promotion of co-operatives 2012-2020. This is the strategy that the directors of government departments interviewed in the study are referring to in Chapter 6. The findings of the DTI Baseline Study of Co-operatives in South Africa, which was carried out in March 2009 have also been incorporated into this strategy. The strategy stipulates the steps that need to be taken for a successful implementation of the Government's co-operative development policy.

According to the government, the strategy is aimed at promoting co-operatives, in order to unleash their potential to create and develop income-generating activities and decent, sustainable employment; reduce poverty, develop human resource capacities and knowledge; strengthen competitiveness and sustainability; increase savings and investment; improve social and economic well-being; and contribute to sustainable human development (DTI, 2012).

The Strategy highlights the following objectives, which are in line with the co-operative development policy of the country:

- 1) Grow all forms and types of co-operatives and the co-operative movement, as well as increase its contribution to the country's GDP growth rate, economic transformation and social impact,
- 2) Promote co-operatives as a vehicle to assist in creating decent employment and reducing poverty through income-generating activities,
- 3) Support co-operatives in developing their human resource capacities; understanding co-operative principles and values through the provision of technical, collective entrepreneurship, management and co-operative education and training; strengthen co-

operative sustainability, through the provision of access to information, access to markets, business development support services, business infrastructure and institutional finance,

4) Increase savings and investment, through the promotion and support co-operative banks and financial services co-operatives,

5) Foster co-operation among co-operatives, through supporting the creation of the vertical structure of co-operatives and conducting awareness campaigns,

6) Raise the profile of co-operatives as a dynamic and effective business organisation that can be utilised by individuals and communities to empower and uplift their social and economic well-being through awareness campaigns,

7) Raise the profile of co-operatives as an institution that allows the agglomeration of small-scale economic activities (i.e. consumer co-operatives, co-operative banks) into massive activities, market linkages (i.e. marketing and supply co-operatives), mobilisation of captive markets (i.e. increase membership that uses the service/product of the co-operative), as well as the enabling of vulnerable groups to compete with big market players, via feasibility studies, market research intelligence and awareness campaigns; aggressively promote closed co-operatives, which constantly attract high levels of membership as captive markets, enabling them to be highly sustainable and have huge potential to contribute towards substantial economic and social impact, and

8) Promote co-operatives as an effective vehicle that contributes to the development of rural and peri-urban areas of the economy, as well as primarily improve the economic and social well-being of the following targeted groups: black people, women, the youth and people with disabilities (Act No14 of 2005; DTI, 2012).

The promotion of co-operatives has been identified by the current South African government as a vehicle for job creation and a means of poverty alleviation (Act No14 of 2005; DTI, 2012). The formal establishment of co-operatives by the government was in order to address the needs of the so-called 'second economy', (a term coined by the former president of South Africa, Thabo Mbeki) with the intention to focus mainly on the co-operatives operating in the informal sector where many people are unemployed and unskilled. As indicated earlier, the co-operatives in South Africa are regulated by the Co-operative Act No. 14 of 2005, as Amended by Act of 2013, as well as the Co-operative Banks Act No. 40 of 2007.

One of the issues highlighted in the Preamble of the Co-operative Act 14 of 2005 is to recognise



that a viable, autonomous, self-reliant and self-sustaining co-operative movement can play a major role in the economic and social development in the Republic of South Africa, by creating employment, generating income, facilitating broad-based black economic empowerment and eradicating poverty.

### 3.3. Types of co-operatives

Act 14 of 2005 defines the following types of co-operatives:

- 1) *Agricultural co-operatives* produce, process or market agricultural products and supply agricultural inputs and services to its members,
- 2) *Consumer co-operatives* procure and distribute goods or commodities to its members and non-members and provide services to its members,
- 3) *Co-operative burial societies* provide funeral benefits, including funeral insurance and other services to its members and their dependants,
- 4) *Financial services co-operatives*' main objective is to provide financial services to its members or a secondary co-operative that provides financial services to a primary co-operative,
- 5) *Housing co-operatives* are primary co-operatives which provides housing to its members, or a secondary co-operative that provides technical sectoral services to primary housing co-operatives,
- 6) *Marketing and supply co-operatives* engage in the supply of production inputs to members and market or process their products, and include agricultural, marketing and supply co-operatives,
- 7) *Primary co-operatives* are formed by a minimum of five natural persons whose object is to provide employment or services to its members and to facilitate community development,
- 8) *Services co-operatives* engage in housing, health care, child-care, transportation, communication and other services,
- 9) *Social co-operatives* are non-profit co-operatives which engage in the provision of social services to its members, such as care for the elderly, children and the sick,
- 10) *Tertiary co-operatives* members are secondary co-operatives and whose object is to advocate and engage organs of state, the private sector and stakeholders on behalf of its members, and may also be referred to as a co-operative apex, and

11) *Worker co-operatives* are primary co-operatives whose main objectives are to provide employment to its members, or a secondary co-operative providing services to primary worker co-operatives.

### **3.4. Regional profile of co-operatives in South Africa**

According to the National Co-operative Association of South Africa (NCASA, 2002) survey, the agricultural sector, reflects the highest number of registered co-operatives at 25%, followed by the services sector at 17%, and then the rest of the multipurpose sector, which constitutes 14% of registered co-operatives and these can be further broken down into trading (and this entails the buying and selling of goods and equipment); manufacturing; mining; construction; social; fishing; bakeries; arts and culture; medical; mining; environmental; financial; consumer; housing; tourism; transport; agro-processing; clothing and textiles; marketing and supply; retail, and food and beverages.

The NCASA (2002) survey, also found an equal number of co-operatives concentrated in townships around urban centres as well as in rural settings. According to the DTI, the total number of co-operatives, as at 31 March 2009, was 43 062, spread nationally. The highest number of co-operatives (26%) in 2009 were registered in KwaZulu-Natal (KZN) province. Satgar (2007) and Theron (2008) also found KwaZulu-Natal and the Eastern Cape to have the highest percentage of trading co-operatives (68%). In KZN a large concentration was found in Durban (137), Ulundi (55), Empangeni (25), Port Shepstone (22) and Paulpietersburg (17) with smaller concentrations in areas such as Pietermaritzburg, Vryheid and Dundee. KZN was followed by 20% in Gauteng where the majority were found in Johannesburg (37%), Pretoria (12%) and Vaal (3%) mostly in urban and peri-urban areas. The Eastern Cape, had 16% in places such as Umtata (62), East London (47), Matatiele (33) and Wild Coast (17) and less concentration in areas like Cradock, Barkley West, Alice and other surrounding areas, the majority also situated in the urban area with a growing number in the townships and in the rural areas (NCASA, 2002; DTI, 2012; Twalo, 2012).

Theron (2008), believes that the formation of co-operatives in both the Eastern Cape and Limpopo could have been a response to high poverty rates. However, it was difficult to explain why Limpopo has only 6% co-operatives; with Mpumalanga, 8%. In Mpumalanga, the majority

were situated in small towns in the East Vaal High Region (11) in number, with the rest situated in the rural areas of the Enhlanzeni and Ekangala Regions (10); North West, 7%; and the Western Cape, 5%. The NCASA (2002) study found that co-operatives in the Western Cape have a contrasting bag of backgrounds ranging from very poor to very rich. This distinction is a result of the historically privileged background of the white-owned co-operatives in the wine sector that used to be subsidised by the apartheid government and the contrasting emerging black-owned co-operatives that were struggling. The distribution was in Cape Town (21), Paarl (18), George (10), Rawsonville (4) and Worcester (3), there were 10 other areas with one co-operative each; Free State, 4% and the Northern Cape, 2%. The NCASA study did not cover North West, Limpopo and Northern Cape; hence no comparative information in terms of the distribution in the regions (NCASA, 2002; DTI, 2012; Twalo, 2012).

Women in South Africa made use of the opportunity that came with the advent of co-operatives. In Gauteng, co-operatives that are owned by women have 54.2% or more women shareholders in comparison to 7.2% that are equally owned by men and women. Co-operatives have between five or ten members although there could be more members in certain instances. In South Africa, on average, the number of members per co-operative are less than 10. Poverty and unemployment are the major reasons why people join co-operatives although there are some who join or start because of financial or personal reasons. The reasons why women join co-operatives are discussed in detail under section 3.7. The majority of co-operative members are below 35 years, and they are in the townships. 59% of members of co-operatives are in possession of technical diplomas, or certificates, 16% have University degrees, the rest have completed either Grade 10, 11 or 12 (Updated, 2016 ICD v 5; COPAC, 2005).

Satgar (2007), however, believes statistics on co-operatives are unreliable and problematic due to:

- 1) A lack of an appropriate classification of co-operatives by the Registrar of Co-operatives. Co-operatives during his study were still classified as per the 1981 Co-operatives Act and not according to the Co-operatives Act 14 of 2005,
- 2) No distinction is made between primary, secondary and sectoral co-operatives as per the new act. Furthermore, the data on conversions of co-operatives to companies is unavailable,
- 3) The contact information on co-operative members are generally unavailable, making it hard to verify the existence of co-operatives,

- 4) It is difficult to confirm whether the co-operatives are engaging in co-operative activity, and
- 5) The list provided does not confirm whether annual financial statements have been submitted by any of the co-operatives per the requirement of the new Act.

### **3.5. Economic aspects**

Co-operatives surveyed by NCASA (2002) generated R1.7 billion per annum. The bulk of this income, R136 million per month is from the nine wine co-operatives that were mainly white owned and based in the Western Cape. Co-operatives other than those in the wine sector, contribute R84 million per month to the GDP of the country. This data is based on 36% of the response rate. The survey revealed that 40% of the co-operatives surveyed were not generating any income for their members. Co-operatives in subsistence farming, arts, baking, craft, catering, educare and clothing are amongst the poorest earning almost R 2000.00 per month. Less than 20% relied on grants from the government and donors.

South Africa experienced the highest number of registered co-operatives in 2009. Many of these co-operatives did not survive. According to the Registrar of co-operatives, out of a total of 22 619 registered co-operatives in 2009, the number of active co-operatives in the register was only 22 030. Furthermore, in 2009, the number of co-operatives deregistered were 1141.

### **3.6. Reasons for high failure rate of co-operatives in South Africa**

Several reasons have been attributed to this high failure rate, which constituted 52% of registered co-operatives during this period (DTI, 2012; Satgar, 2007):

- 1) Conversion of agricultural co-operatives to other forms of enterprises, demutualisation and conglomeration,
- 2) The global economic crisis, which saw South Africa experiencing a recession for the first time in the post-apartheid era,
- 3) Absence of a dedicated agency designed primarily to support co-operatives on a focused basis, and
- 4) The impression that co-operatives are formed in order to access the Co-operative Incentive Scheme (CIS) grant, instead of genuinely building a co-operative movement.

Many of these institutions have a paper membership but are dysfunctional (DTI, 2012; Satgar, 2007).

According to the Department of Small Business Development, the survival rate of the co-operatives is very low and reasons attributed to this trend are lack of good governance, dispute amongst members, lack of access to markets, absence of transport and supply chain systems and infrastructure which includes storage facilities, quality constraints, low profitability due to high unit costs due to small volumes and distances to markets, and no government agency designed primarily to support co-operatives (Updated 2016 ICDv 5).

The failure of the co-operatives in South Africa continued despite the government's role to create a favourable, legal, economic and administrative and institutional environment within the ten-year period that the South African Government initially, through the Department of Trade and Industry and now through the Department of Small Businesses has been supporting the co-operatives (Satgar, 2007; Updated 2016 ICDv5).

The highest failure rate was found in the rural areas of the Northern Cape, at 97.5%, followed by the Eastern Cape and the Western Cape both recording 93% failure rate and the Free State, with 92% failure rate. Even though KZN and Gauteng recorded the highest success rate, they too have co-operatives that have failed. Not all co-operatives comply with financial reporting requirements specified in the Co-operatives Act of 1981 and 2005. In 2007, only 185 co-operatives complied with the requirements of the legislation (DTI, 2012). This high failure rate is indicative of the need for intervention from the government and other stakeholders.

Beesley & Ballard (2013), attributed the failure of the co-operatives in the school feeding scheme of KwaZulu-Natal (KZN), in South Africa, to many factors which included:

- 1) The role of the government in setting up the co-operatives was a top-down approach with the intention of creating income opportunities for marginalised women through co-operatives which was the tertiary objective undermining the actual or primary objectives of a feeding scheme. The primary objectives of the feeding scheme are supposed to meet some nutritional deficiencies of children, enabling their fuller participation in the development process. Administrative mistakes, governmental interference, and bad planning can also hinder, sometimes doom, women's initiatives (Beesly & Ballard, 2013; Datta & Gaiely, 2012).

- 2) Beesly and Ballard (2013) further believed that co-operatives were implemented in the KZN school nutrition programme in order to meet a co-operative quota. It was a top-down process done by the provincial government. It was expected from existing viable SMMEs to give way to new co-operatives that failed the nutrition programme system.
- 3) This was done without checking the viability and membership of the co-operators and whether they have adequate skills for the task at hand.
- 4) Neither did the co-operatives have control over the membership size and composition, nor were they able to have control over admitting potentially useful additional members to the exclusion of non-contributing members.
- 5) Co-operatives were also not able to control the number of schools they could supply, as well as the location of such schools; the process was imposed on them.
- 6) Co-operatives should not receive normative priority over existing enterprises, which might be viable and meet many of the development objectives set out for co-operatives.

The low levels of education lead to a high failure rate of co-operatives (Twalo, 2012). Twalo (2012) further notes that the potential of co-operatives growing the country's economic, job creation and poverty reduction is compromised not only due to lack of skills but also with a challenge of accessing markets and other internal co-operative dynamics that include poor work ethic. The skill profile of many of the unemployed is very low in the knowledge economy context that requires higher skills levels (Mbeki cited in Twalo, 2012).

The failure of co-operatives is a phenomenon not only peculiar to South Africa. The next section explores the failure of co-operatives globally.

### **3.7. Global failures of co-operatives outside South Africa**

The failures of co-operatives have been reported widely in the literature (Koutsou, Iakovidou, & Gotsinas, 2003; Vakoufaris, Kizos, Spilanis, Koulouri & Zacharaki 2007; Shetty & Sreedhara, 2011; Clyde, 2006; Beesley & Ballard, 2013).

According to Garrido (2007), Spain experienced a vibrant co-operative atmosphere in the farming sector at the beginning of the twentieth century. The average life of Spanish co-operatives, however, was very short. Until 1910, there were 1559 syndicates as they were

called, established all over Spain and 63% of them were no longer in existence by 1916. The number of syndicates increased steadily between 1916 and 1926 to a total of 5821 syndicates. The statistics indicate that only 4255 syndicates survived in 1934, which was more than half of what was set up after 1926.

Lessons learnt indicate that concerted efforts are needed for women to consider the co-operatives as businesses that can operate, survive and grow in a competitive environment. Lack of experience, knowledge and regard for co-operatives as their second occupation and therefore, not spending enough time and money on them contribute to failure (Koutsou et al. 2003).

Koutsou et al. (2003), furthermore cited as a contribution to the failure of co-operatives, the lack of readiness to offer products or services that meet the high standards dictated by consumers in competitive environments; pre co-operative formation training that confined themselves to informing women, local societies and agents about agro-tourism and the co-operative movement without providing the necessary knowledge and skills on the management of the co-operatives and other technical issues related to the production and distribution of their products; financial problems including insufficient capital or financial resources; lack of know-how to distribute their products, production methods, problems in management and conflict among members. They are faced with the inadequate management and marketing of their products. They resort to using hired specialised services, to deal with organisational problems and/or marketing of the products. They lack proper education and entrepreneurship culture (Koutsou et al., 2003; Vakoufaris et al., 2007; Shetty & Sreedhara, 2001; Beesly & Ballard, 2013).

According to Vakoufaris et al. (2007), the 110 women's co-operatives in Greece are characterised by being mainly small enterprises, operating in the rural space, usually located in far away and demographically weakened areas. They produce food products; handicrafts or provide accommodation- in agro-tourism. The co-operatives only perform actions that are financed or co-financed by the Greek state and EU programmes- leading to the so-called 'syndrome of state subsidy' (Vakoufaris et al., 2007). Practically, co-operative members only contribute financially when they pay the initial membership.

Lack of suitable or unaffordable infrastructure for their processes force some members to work in their own houses, leading to further problems such as the inability to maintain a standard level of quality for the co-operatives' products; interpersonal problems between the co-operatives' members, and between them and their families or spouses who at times object to their wives' membership of the co-operatives as they believe that they should be at home looking after their families and feel that working for the co-operatives is a waste of time. Even though the study by Vakoufaris et al. (2007), found co-operatives to be performing rather well in economic terms and contributing to the improvement of the status of rural women, they however, lament that the women's co-operatives' movement cannot be considered as a true success story. They are plagued by interpersonal problems, between the members and between co-operative members and the local communities, along with the inability of rural women to understand their new role as businesswomen fully, which led to the breakup and the bankruptcy of some co-operatives in the past.

Hamstreet (2006), assessed the functioning of the co-operative board of the USA Southern States Co-operative and found that the quality of the directors of the co-operative is one of the two most prevalent concerns needing attention. Co-operatives are owned and operated by their members, and at times do not draw upon outside talent in composing their boards, and they are often found to be unfamiliar with the larger business world and its practices. Inadequate business knowledge hampers the boards of smaller co-operatives, whose volunteer members often consist of people with backgrounds in community service rather than enterprise. Hamstreet (2006), identified the conflict of interest as the second concern that is posing an ever-present danger to governance. Directors, by virtue of being members and users, stand to benefit from their own strategies and policies. Co-operative boards run a greater risk of developing an atmosphere of privilege, where directors regard board service as benefits. He cautions that even though the conflict of interest may appear to be a less apparent form of conflict, it can impair the effectiveness of co-operative governance.

Furthermore, Hamstreet (2006), found that in the case of the Southern States Co-operative collapse, a 'free-rider' mentality on the part of the membership prevailed. Pettinger (2012), defines a free-rider problem as a situation where public goods are under-provided or not provided at all because individuals are able to consume the goods by paying little or nothing towards the cost. Many goods are under-provided because a firm struggles to prevent people



from 'free riding', or 'from enjoying without paying' (Clyde, 2006; Pettinger, 2012; Beesly & Ballard, 2013).

Pertinent amongst Ghana's cocoa co-operatives according to Cazzuffi and Moradi (2010), were cases of disloyal members selling cocoa to brokers, who paid on the spot - breaching the society's rules and creating negative sentiments. Some of these co-operatives delayed the collection of cocoa and payments to co-operative farmers to warrant an invitation for tenders; thus, affecting the premium income related to bulk quantity (Cazzuffi & Moradi, 2010).

While a large membership base will help to realise economies of scale, it can create group interaction problems. Cazzuffi and Moradi (2010), found that even with reported cases of frequent shrinking in cocoa sales, sales per member were increasing with membership. This could also be attributed to the expulsion of disloyal members. They also found that larger membership improved the chances of co-operative survival, leading them to conclude that positive effects of membership expansion outweighed negative ones. Co-operative marketing of Ghana's cocoa failed to achieve a large volume in the 1930s which could be attributed to the emphasis imposed by the Department of Agriculture on the purity of cocoa beans leading to increased production costs to co-operative farmers (Cazzuffi & Moradi, 2010).

In the case of the NutriBusiness, Bomet and Murang co-operatives in Kenya, was defined by Norge Jerome, (cited in Maretzki, 2007;p1) the then Director of the USAID Office of Nutrition, as

activities that address nutritional needs by providing quality foods and food products at affordable prices through small-scale private sector approaches. These activities also incorporating environmentally regenerative production, storage and distribution techniques that avoid pollution and inappropriate or excessive use of energy and other natural resources (Maretzki, 2007).

The co-operative in the Bomet region of Kenya was a women's co-operative established with grant funding, and the members were a group of 20 able-bodied women identified by leaders of the community as meeting the criterion of being poor. A similar co-operative was established in another area of Kenya called Murang. The failure of the co-operative in Bomet was attributed to the sudden death of their leader, death of the grant representative and the exit of their field coordinator from the group at the same time; which led to the communication breakdown. After

the passing away of the leader and the grant representative and the exit of the field coordinator, no replacement emerged to continue where they left off (Maretzki, 2007).

### **3.8. Challenges facing co-operatives in South Africa**

Several works of literature have highlighted the challenges facing co-operatives in South Africa (Twalo, 2012; Updated 2016 ICDv5; Philip, 2003; NCASA, 2002; COPAC, 2005; Satgar, 2007; DEDEA, 2008). Various institutions are involved in co-operative support programmes, but the data and information on co-operatives are held in an uncoordinated manner by various institutions. Data are held by the Department of Small Business Development (DSBD), DTI, Departments of Agriculture and Forestry and Fisheries (DAFF) (national and provincial), Department of Social Development (DSD) (national and provincial), provincial governments, South African National Apex Ltd (SANACO), Co-operative and Policy Alternative Centre (COPAC), University of South Africa (UNISA) and the German Co-operative and Raiffeisen Confederation (DGRV) and NGOs. This complicates having an overview of and the planning of interventions for co-operatives (Twalo, 2012).

According to Satgar (2007), the emergence of various government linked institutions to support co-operative development and policy constitute the strength of the emerging government support system. However, they need to synergise their work. The Co-operative Advisory Board, constituted by Act 14 of 2005, could enhance the representation from various institutions promoting co-operatives and from co-operative movement structures (Satgar, 2007).

Big companies make it mandatory for communities to group themselves into co-operatives in order to access available Corporate Social Investment (CSI) Programmes. Co-operatives are however not equipped with business/technical skills and co-operative principles, and at times the viability of such businesses was not evaluated. Many such community members who are encouraged to group themselves into co-operatives regardless of age are unemployed with no prior work experience. After grouping themselves, these community members are expected to manage their co-operatives and apply all the co-operative principles without any proper training. They usually start with an oversupply of labour, relative to their productive base, and relative to the absorption capacity of the markets that they are targeting as the requirement to register a co-operative is five or more members (Phillip, 2003).

A lack of capital remains a serious challenge to many co-operatives (Updated 2016 ICDv 5). Commercial banks are reluctant to lend co-operatives money because they do not own assets for collateral. This leads to cash flow problems (Twalo, 2012). Many are plagued by internal problems and lack of skills and training which include interpersonal relationships; administrative skills; lack of technical, management and leadership skills; lack of accountability, lack of commitment and 'free-rider' syndrome; over-reliance on the government; absenteeism, and theft (Twalo, 2012; Updated 2016 ICDv5; Philip, 2003; NCASA, 2002; COPAC, 2005; Satgar, 2007; DEDEA, 2008).

Co-operatives also face competition from private enterprises due to a lack of capacity to produce required quantities and quality of products, lack of demand for products, uncompetitive prices, and lack of marketing skills. Twalo (2012), also questions the consistency of government practices regarding the Co-operatives Act 14 of 2005 in relation to regulation, management, registration processes, rules for functioning and operation, rules for capital and ownership structures, and the administration of co-operatives.

Lack of co-operation amongst co-operatives, too many members, lack of information on co-operatives, isolation of rural co-operatives, language barriers, tension within the co-operative, globalisation, competition and high taxes are some of the challenges facing co-operatives. Furthermore, the researchers in this survey observed that the major problem to co-operative development is poverty communities experience (NCASA; 2002).

Provinces such as KZN that are at the forefront of promoting co-operatives experienced the following challenges (DTI, 2012):

- 1) Poor debt repayment rates from co-operatives to Ithala Bank,
- 2) Conflict among members of co-operatives that threatens the sustainability of co-operatives in the province,
- 3) Continued lack of procurement opportunities for co-operatives from local government,
- 4) Lack of compliance by co-operatives with the Co-operatives Act, and
- 5) Hostility from mainstream business, in the form of overpricing of raw material and denial of access to markets for co-operatives.

High telecommunication and transport costs and poor infrastructure in Limpopo, North West,

Northern Cape and Free State were also found to inhibit the growth of co-operatives who were operating in a survival mode and finding it difficult to expand (DTI, 2012; Twalo, 2012).

Most of the co-operatives in South Africa operate informally; and mostly from their homes, which normally could be ideal to cater for their immediate environment (Twalo, 2012). This practice locks these co-operatives in the second or informal economy without providing them with exit points. Co-operatives operating in the Black Economic Empowerment (BEE) era are not as productive as those formed under the auspices of the Afrikaner Economic Empowerment (AEE), and Twalo (2012) believes that it is necessary to establish what the reasons for this are. Masito (2007), describes the AEE as the period between the last few years of 1800 till 1900 during which the Afrikaner group in South Africa implemented programmes to ensure their survival and to promote their economic emancipation. Examples of such programmes are SANLAM, PEPKOR and KWV amongst others that are highly successful businesses started by Afrikaners entrepreneurs during the time of Afrikaner nationalism (Opinion, 2008). The objectives and intent of implementing such programmes were to ensure their freedom, deal with the fear of being extinct, and promote their survival at all cost (Masito, 2007).

BEE or more accurately Broad-Based Black Economic Empowerment (BBBEE) is the process by which the government is trying to ensure economic equity amongst race groups. BEE is governed by the Act of 2003 and is intended to encourage transformation by including black people in the economy. It covers aspects such as equity ownership (shares in the business), management of the business, skills development, employment equity (staffing), procurement (where you purchase your supplies), enterprise development and corporate social responsibility (Friedman, 2006).

### **3.9. Organising bodies, institutions and movements**

According to National Co-operative Association of South Africa (NCASA, 2002), the operation of co-operatives in silos which could be attributed to the fact that co-operatives see one another as competitors, is another impediment to their development and graduation into the first or formal economy. The formal economy refers to all economic activities operating within the official legal framework that are paying taxes on all generated incomes (IGI Global, 2019). On the other side, there is the informal economy described by Davies & Thurlow (2009)

as comprising a continuum of survivalist and enterprise activities. Informal activities are viewed as ‘small enterprises’ which may eventually generate tax revenues through a gradual process of formalisation. By contrast, others view informal activities as low productivity employment or as ‘survivalist’ strategies for poor households (Davies & Thurlow, 2009).

In 1997, several sectoral bodies came together to launch NCASA (2002). These sectors included the Agricultural Co-operative Business Chamber (ACB), the National Community Co-operative Union (NCCU), the South African Co-operative Network (SACNET) and the Savings and Credit Co-operative League (SACCOL). This initiative was funded by the Canadian Co-operative Association supported by both ICA and the new democratic government, which is the African National Congress (ANC) government. According to Philip (2003), fatal mistakes were made about organisational form and roles, and these mistakes led to the demise of the NCASA as a National Apex Body in 2002. According to Satgar (2007), National Co-operative Association was an organisation that evolved in a top-down way and set a mould which culminated in the failure to establish proper provincial structures (Phillip, 2003; Satgar, 2007).

The South African National Apex Co-operative (SANACO) is currently the only Apex Co-operative in South Africa. Formed in 2010, SANACO is also the only International Co-operative Association (ICA) members. The ICA accreditation has given them the platform to lead the SADC Co-operative movement. The operation of co-operatives in silos continues despite the existence of Eastern Cape Tertiary Co-operative and SANACO which are provincial and national apex bodies respectively. In 2013, at their first BRICS Co-operatives meeting, SANACO signed a Memorandum of Understanding (MOU) with China and India to fast track the development of co-operatives in South Africa. SANACO has also partnered with the Departments of Small Business Development, Trade and Industry, Rural Development and Land Reform, BRICS Co-operatives, NEDLAC (National Economic Development and Labour Council), Services SETA, Chemical Industries Education and Training Authority (CHIETA) and Energy and Water Sector Education and Training Authority (EWSETA). (Twalo, 2012; DEDEA and ECSECC, 2009; [www.sanaco.coop](http://www.sanaco.coop)).

As indicated earlier, the failure of the co-operatives continued despite the government’s attempt to create a favourable, legal, economic, administrative and institutional environment. This failure started during the period when the co-operatives were under the Department of Trade

and Industry. The failure continued even when the co-operatives were transferred under the Department of Small Business Development, where they are currently based (Updated 2016 ICDv5). This led Wessels (2016) to believe that there is ample evidence indicating that the approach to co-operatives in South Africa is wrong. This was based on the findings of the 2014 study that he conducted of co-operatives in the Free State province. The study was looking at amongst others, the success that has been achieved in promoting co-operatives. He believes co-operatives are a costly programme which is failing the policy objectives of the government, as well as the promises to the poor. Wessels (2016) called for a comprehensive review of the strategy used to promote co-operatives.

### **3.10. Successful co-operatives in South Africa**

Flecha and Cruz (2011), describes the Mondragon Corporation (MC), a group of co-operatives, as the most successful business group in the Basque Country, the seventh largest in Spain, a unique co-operative group in the world. Further discussion on the successes of co-operatives worldwide has been captured in **Chapter 5**, which deals with the scoping review.

According to Twalo (2012), many thriving co-operatives are especially those that were formed under the auspices of the Afrikaner Economic Empowerment regime (AEE). Twalo (2012), cites as an example the Cape Wine Growers or Kooperatiewe Wynbouers Vereeniging (KWV) which was started as a marketing co-operative for farmers who came together to market their wine and collectively buy seed and machinery. As mentioned earlier, NCASA (2002) alludes that the wine co-operatives were mainly white- owned and generated more than R 136 million per month.

Other co-operatives include Volkskas Bank which started in the 1940s as a co-operative bank and in 1992, merged with United Bank, Allied Bank and Trust Bank to form Amalgamated Banks of South Africa (ABSA); the Afrikaner Verbond Begrafnis Ondernemings Beperk (AVBOB), the Covenant Funeral Enterprises Limited is currently 'South Africa's biggest funeral parlour' (Bauer, 2011); and Suid-Afrikaanse Nasionale Trust Maatskappy (Santam) is one of South Africa's leading short term insurance companies. This underscores the fact that co-operatives have the potential to transcend the informal economy into the mainstream if they are properly organised and supported (Twalo, 2012; NCASA, 2002).

Some of the savings and credit co-operatives have demonstrated the ability to transcend the informal into the mainstream economy. According to Philip (2003), in October 2003, SACCOL (Savings and Credit Co-operative League), had a membership base of 8884 and an asset base of R21.7 million. The single largest of the 32 savings and credit co-operatives is Alrode Ltd, a metal-sector company in Alberton organised by NUMSA, with 800 members and an asset base of R 5.2million. This raises the view that savings and credit co-operatives are successful in African countries even though the other forms of co-operatives such as primary co-operatives are failing.

Wanyama et al. (2009), identified and elaborated on the main reasons behind the emerging success of savings and credit co-operatives in some African countries. The authors have highlighted the fact that in savings and credit, co-operative members rely on their own financial resources in order to avoid dependency. They make their own contribution and commit themselves to the organisation. The financial services are always in demand for various reasons which include personal, family and business and the savings and credit co-operatives have the ability to reach people who are normally excluded from the financial markets.

The success of a province such as KZN with the highest number of co-operatives registered is attributed to the fact that the provincial leadership has committed to promote and support co-operatives effectively. This has been seen in cases of the availability of support measures where the provincial government linked the co-operatives to Ithala Bank for the financial support even though some co-operatives were not able to service the loans given to them. Procurement opportunities for co-operatives were initiated by the provincial government. Each district in the province has a well-resourced office geared for the promotion of co-operatives. Huge investment (R160 million per annum) of non-financial support has been dedicated to co-operative development alone. There is a compulsory requirement for the financial support provided through a strong partnership with all Further Education and Training (FET) Colleges in the province (DTI, 2012).

Maretzki's (2007) view of Murang NutriBusiness co-operative embodied an example of a co-operative that managed to transform itself in the face of hardship. Continued project funding boosted the marketing of products. The drought led to the temporary halting of production of their porridge mix product, leading them to rely on revenue generated by the money they

received for servicing the milling and dehulling of grain until members were once again able to provide enough raw ingredients to resume production. They continued with production until they were approached with a proposal by Touchstone Consultant Services to help them to reposition themselves by renaming the product, redesigning the packaging, and repositioning the product as a nutritional food supplement rather than as a weaning food. The repositioning of the product as a nutritional food supplement was beneficial equally to adults and children. Marezki (2007), believes that the Nutribusiness Co-operatives have also highlighted the need of allowing the effective melding of the community's indigenous knowledge systems with the Western knowledge, an example that simultaneously led to the reduction of poverty and the promotion of human development.

Satgar & Williams (2008) cited a host of successful co-operatives that they researched in Africa and in South Africa. Satgar & Williams (2008) refer to one of South Africa's successful post-apartheid co-operatives, namely the Heideveld Rooibos Co-operative in the Northern Cape that was established in 2000. It was self-initiated and is a primary co-operative made up of 51 members. According to the Co-operative Institute of South Africa (COFISA, 2019), a primary co-operative is a co-operative whose main objectives is to provide services to its members whereas the secondary co-operative is formed by two or more primary co-operatives to provide sectoral services to its members.

The Heideveld Rooibos co-operative produces about 60 tons of the finest rooibos tea in the world and exports most of its produce. One of the crucial determining success factors was the co-operatives' willingness to build support relations and useful links with the University of Cape Town which has assisted with scientific research to improve its cultivation methods, and academics have also assisted the co-operative with developing its financial management capacity. Satgar & Williams (2008) further mention the Eco-Village Co-operative, which is a secondary co-operative made up of numerous primary co-operatives in Ivory Park, Midrand, Gauteng. The Eco-Village Co-operative which started a few years ago and stopped has attempted to promote economic growth simultaneously with ecological sustainability. The co-operatives were working closely with the NGO Eco-city Trust. According to Satgar & Williams (2008), this was also an important success story of co-operatives attempting to organise themselves to build support relationships (Satgar & Williams, 2008; Zhuwakinyu, 2012).

According to Philip (2003), housing-co-operatives entail the construction of housing on 'infill



sites' in inner city areas; the conversion of offices in inner city areas to residential flats and the transformation of hostels. It is estimated that 5000 people live in housing co-operatives. Cope Housing Association (COPE), an NGO - an international housing co-operative movement, although no longer functional in South Africa, together with NACASA assisted the housing Co-operatives and Associations in Johannesburg (Phillip, 2003).

A host of other emerging post-apartheid co-operatives still have a long way to go, and as a result, the challenges facing the development of co-operatives in South Africa are still multiple. According to Satgar (2007), critical to building a strong co-operative movement starts with;

- 1) Members being accountable, including payment of membership fees to primary co-operatives to ensure their financial existence,
- 2) The critical role played by the co-operative sector in building the co-operative movement. Labour Federations can also play a critical role in helping to build both worker and consumer co-operatives,
- 3) Addressing the perpetuation of co-operatives along racial lines that is still clear with policies to eliminate the divide including the introduction of tax reform or incentives for co-operatives,
- 4) Making the measuring of the economic and social impact of the co-operatives in South Africa easier suggesting that the Registrar of Co-operatives introduce a bi-annual 'State of the Co-operative Sector Report'. Such a report should inform on co-operative economic performance, including but not limited to assets, turnover, surpluses, membership densities, growth trends (sub-sectorally and spatially) and of course contributions to employment and livelihood creation,
- 5) Facilitation of national and international markets for the co-operatives,
- 6) Promoting and supporting consumer co-operatives through the establishment of co-operative stores, and
- 7) Developing skills. Tertiary institutions could play a critical role in developing relevant curricula. Satgar (2007) highlights the need for a national college of co-operatives, where government officials could be trained in co-operatives.

### **3.11. The reasons why women form co-operatives**

According to Vakoufaris et al. (2007), the first women's co-operative (the Women's Co-

operative Guild) in 1883 in the UK was established for the purpose of discussing domestic topics such as cookery and child-care. The era of the co-operatives that followed later was a means of enhancing the status of women in society. In Greece, the Government of the Socialist Party, with the assistance of other institutions, regarded the establishment of women co-operatives as an event of great importance for the empowerment of rural Greek women. Whereas in 2007, women's co-operatives all have as a goal the enhancement of women's status in society, the recognition of their importance and gender equality. The main reasons behind co-operative formation, according to the chairwomen in the study conducted in Greece by Vakoufaris et al. (2007), were to increase employment, and women's incomes, as well as the preservation of rural heritage like the traditional recipes.

In Greece, new co-operatives were established with the assistance from Prefecture; Local Self-Government and the Local Action Group (Koutsou et al., 2003), with two pronged outcomes in mind: women's co-operatives would help alleviate female unemployment, as well as promote rural development through the agro-tourist and agro-industrial sector.

According to Bonnan-White, Hightower and Issa (2013), the economic limitations facing the Palestinian women together with the lack of employment opportunities for men were cited as a motivation for women to join the co-operatives so that they could supplement the family income. In addition, members of the co-operative called ASAZ in Palestine, spoke of wanting employment, rather than being given money as charity. Joining a co-operative presented an opportunity to gain skills; expand income opportunities; challenge social and political limitations and open possibilities of networks that could impact their own ability to realise their goals by unlocking their own ideas for projects. Working outside of the home entails further challenges, including cultural practices that limit women from working outside of the house. However, co-operative work could be based inside the home thus providing a culturally acceptable mode for women to participate in the economic sphere.

Co-operatives can be used to enhance the bargaining power of global production networks as it was in the case of the women co-operative in the Phillipines. According to Beerepoot and Herna'ndez-Agramonte (2009), in Metro Manila in the Phillipines, in 2005, three groups of displaced women formed the manufacturing co-operatives to protect their employment during the decline in the garment manufacturing industry. International dynamics in production had impacted on the position of women working at the bottom of international value chains. Yadav

& Grover (2011) and Beerepoot & Hernández-Agramonte (2009) believe that a co-operative in any sector can be borne from informal relationships between people based on kinship, friendship and neighbourhood with homogeneous and common needs.

According to Cazzuffi & Moradi (2010), the most important reason for the formation of co-operatives is the economies of scale that farmers are not able to realise individually, as was the case in Ghana's cocoa co-operatives when they were introduced by the colonial administration. They were formed in order to improve the quality of cocoa and yields and to reduce the indebtedness of cocoa farmers. The co-operatives provided the avenue for marketing the products and gave loan facilities. Like in many countries in Africa, co-operatives in Ghana went through a history of structural changes effected by different political administrations.

According to Balasubramanian (2013), there was an increase of micro-credit programmes in South Asia, targeting women and this practice can be attributed to the belief that the micro-credit programmes can reduce poverty, as well as empower women. Furthermore, credit boosted not only women's participation in income-generating activities but increased their economic contribution to households, increased decision-making power coupled with increased respect in the family and in the society. According to Balasubramanian (2013), contrary to the benefits of the micro-credit programmes targeting women, wives frequently handed over loans to their husbands, leading to the conclusion that the micro-credit programmes could leave women worse off. This renders women unable to control the income generated by their micro-enterprises. Balasubramanian (2013) has coined the contradiction between positive and negative outcomes for households for women the 'impact paradox', which results from a situation in which women's loans are largely invested in assets owned or controlled by their husbands (Garikipat, 2010; Balasubramanian, 2013). Even though women may provide most of the labour for microenterprises, it is often men who control the revenues from these enterprises. The reason for this is usually the strictures of purdah (defined as a restriction on a person or activity) of purdah, which restrict women's economic opportunities by limiting their presence in public places and their interaction with men who are not close relatives.

Shetty & Sreedhara (2011), analysed the role and contribution of co-operatives in empowering women and in comparing the contribution of general women co-operative societies and fisherwomen co-operatives towards empowerment of women. Fisherwomen are believed to be

part of the poor and marginalised population in India whilst India stands second in the world in total fish production, after China Shetty & Sreedhara, (2011). In 2003, the annual per capita consumption of fish was estimated at 4.8 kilograms and the fish industry employed 14million people and contributed 1.07 per cent of India's gross domestic product. Fish vending is a traditional occupation that has been a means of livelihood for thousands in India, with many fish vendors being women, the occupation is associated with a stigma peculiar to fisherwomen. They interact with the public and the law and have to deal with prejudices of society.

The study by Shetty and Sreedhara (2011), found that the general women co-operatives more than the fisherwomen co-operatives were more effective in empowering women. The lack of motivation in fisherwomen co-operatives due to the absence of direct reward for individual effort is also complicated by excessive government regulation and control. In this study, the fisherwomen co-operatives were found to be enterprising and protective of the exploitation of weaker sections of society, as well as promoting their economic interest and ideal with the motive of service and not profit. Whereas the general women co-operatives are very effective in poverty alleviation and women empowerment to the extent that the participants felt that their very survival was difficult without the co-operative society. However, the general co-operatives who were not fisherwomen co-operatives were engaged only in providing credit. Co-operative members did not show any enthusiasm in taking up, added responsibilities due to less pay they were getting. Shetty and Sreedhara (2011) believe that all the efforts and plans of the government in the direction of poverty alleviation and women empowerment can reach the grass root and become effective only through the co-operatives. As a result, the co-operatives must be financially strengthened and empowered to function effectively.

According to Staber (1993), it was found that co-operatives were founded and survived independently of changes in general economic conditions in Maritime Canada from 1900 to 1987. Not all co-operatives are, therefore, founded in difficult economic times and do not necessarily disband after an economic upturn. According to Staber (1993), contrary to the general belief, worker co-operatives are not always innovative and flexible; are generally small, frequently employ only part-time and volunteer workers, and often require ongoing technical assistance. On many occasions, the newly founded co-operatives may displace existing businesses, and as a result, their contribution to job growth in local markets may be insignificant. On the other hand, the alternative expectation, that co-operatives are founded in

good economic times by workers who want more say in the workplace, is not supported by the data either.

In other instances, the same motivation resulting in women participating in co-operatives is shared by men as well. In Haryana State, India (Yadav & Grover, 2011) the middle-aged men and women, with nuclear families were members of dairy co-operatives, supplying milk regularly to the society after retaining milk for the household. In the case of Haryana State, the motivation of both men and women to continue in dairying was high because it is moderately profitable, easy to enlist family support and earn high social recognition leaving the majority highly satisfied. The only differences between men and women were that men had better educational status and kept a higher number of cattle and their production and sales were comparatively higher than that of the women. The entrepreneurial traits of women were also lower than that of men. Yadav and Grover (2011), believe that it was because men could exercise higher control over major decision making while women remain largely dependent in patriarchal societies.

Miller (2012) found that in the US, the co-operatives are mostly of an egalitarian nature, even though there are higher income possibilities for women and men in co-operatives than their counterparts in the general labour force. However, gender inequality persists, which include occupational segregation, lower job tenure, fewer hours worked at their co-operatives, and lower incomes. He concluded that women face barriers to their full participation in co-operatives, and there is a need for policies to promote women's participation in decision making in co-operatives globally.

### **3.12. Co-operatives and the sustainable development goals**

The year 2012 was declared the "International Year of Co-operatives" by the UN, and they invited the world to take a new look at co-operatives and mutual societies. At the International Summit of Co-operatives in 2014, the participants affirmed their desire to promote the emergence of more and stronger co-operatives (Kornegay, 2016). The objective was for co-operatives to mobilise to ensure food security, continue their role as creators of wealth and employment, step up their actions to promote access to health care and financial services for all populations and continue to support sustainable development. There is recognition by co-operatives and mutual societies that they are a major lever to support the implementation of

sustainable development goals and strategies and to resolve major global challenges (Kornegay, 2016. Esim, 2017 & Voinea, 2018).

It is to this extent that at the International Summit of Co-operatives in 2016, co-operative and mutual enterprises reflected on their capacity to act on the sustainable development goals set by the UN for 2030 by signing a declaration. The 2016 Declaration endorses their commitment in the areas of food security, employment, access to health care and social services, poverty and financial inclusion, climate change and sustainable development. In line with Goal 17 of the UN Sustainable Development Programme, which promotes effective partnerships between governments, the private sector and civil society in order to ensure sustainable development, co-operatives also have to contribute to the implementation of the solutions (Kornegay, 2016; Esim, 2017 & Voinea, 2018).

According to Kornegay (2016), CEs are the first organised group of companies in the world to take a stand in support of sustainable development objectives. Co-operatives also emphasise the central role of young people and women in achieving sustainable development goals and are aware of the challenges ahead so that these groups become full partners in their realisation. Co-operatives and mutual societies represent more than 2.5 million enterprises, 1.5 billion members and provide more than 250 million jobs worldwide. The target is to represent: 2 billion members and 4 million businesses by 2030.

The 2016 International Co-operative Summit have defined the following five fields of action in which their power to act can be exploited (Kornegay, 2016; Esim, 2017 & Voinea, 2018).

### **3.12.1. Food Security**

Co-operatives are committed to supporting global food security by improving the productivity and sustainability of small and family farmers and their access to resources, as well as marketing farmers' products and representing the farmers' interests to governments in policy decisions. Providing bargaining power and economies of scale and mitigating the effects of food insecurity. Co-operatives encourage the generational succession of the agricultural sector by motivating the youth, women and indigenous people, as well as to facilitate training and access to information and technologies. Furthermore, co-operatives facilitate, protect and promote access to agricultural land, which contributes to self-sufficiency and water and

maintain local ownership (Kornegay, 2016. Esim, 2017 & Voinea, 2018).

### **3.12.2. Economic growth, employment and decent work**

Co-operatives are committed to contributing to a better global employment situation by facilitating the survival of small and medium-sized enterprises which includes empowering of women and young people through their inclusion in governance and offering them necessary skills. Co-operatives ensure the promotion of employment and decent work for all in line with the international labour standards of the ILO, including Recommendation 193 on the Promotion of Co-operatives 2002. This process enables the poorest to access decent work so that they can accumulate assets, in this way redistribute wealth, and allow the transition of participating co-operatives from the informal economy to the formal economy and employment through the co-operative model.

Furthermore, the involvement of co-operatives contributing to promoting the pooling of innovation between co-operatives active in industry and the service sector in building alliances at the global, regional and national levels. The co-operatives' involvement will combat inequality, by the co-operative principle of voluntary and inclusive membership, and the principle of economic participation (Kornegay, 2016. Esim, 2017 & Voinea, 2018).

### **3.12.3. Access to health care and social services**

Co-operatives are committed to contributing to better access to health care and social services by improving the geographical distribution of health care, primary health care and social services for vulnerable and marginalised populations for the benefit of remote areas and disadvantaged urban areas. The involvement of co-operatives enables communities to take responsibility for the prevention of diseases, health care and social services that they need and to develop primary care through multi-professional networks with health care providers. Co-operatives are working with governments and supporting non-governmental partners to improve health services that are accessible to women and girls (Kornegay, 2016. Esim, 2017 & Voinea, 2018).

#### **3.12.4. Poverty and financial inclusion**

Co-operatives are committed to contributing to better access to financial services and financial inclusion by strengthening financial co-operatives to provide safe and affordable services, through the usage of technology to provide financial services to geographically remote and economically or socially excluded populations. The co-operatives diversify culturally acceptable financial services and mechanisms to meet the needs of local communities, through small loans to low-income individuals and communities. Furthermore, co-operatives provide access to micro-insurance for low-income communities and educate individuals and communities on saving and financial skills. Women, youth and indigenous peoples are enabled to access opportunities, technologies and education to enhance their political, social, democratic and economic influence. The establishment of appropriate legislation is supported and supervised to ensure the stability of financial co-operatives and their inclusion in the official financial systems of their countries (Kornegay, 2016; Esim, 2017 & Voinea, 2018).

#### **3.12.5. Climate change and sustainable development**

Co-operatives are committed to contributing to sustainable development and acting to limit global warming by promoting co-operatives in the production and distribution of energy, including renewable energy, and supporting the development and implementation of energy efficiency measures. Co-operatives protect their members from the risks of natural disasters associated with climate change, sensitise people and businesses on the climate-related impacts of greenhouse gasses and promote a culture of sustainable development. Co-operatives promote gender equality and women's empowerment, support indigenous peoples and young people so that they can play an active role in protecting the environment and finding innovative solutions to climate change.

Sanitation and sound water resources management by citizens' co-operatives are supported, in mitigating and adapting to climate change, as well as combatting environmental degradation and hazardous extraction practices. Co-operatives encourage the important role that they are already playing in several countries in the field of recycling and waste management in the context of the new urban environmental policies (Kornegay, 2016. Esim, 2017 & Voinea, 2018). Co-operatives encourage members not only to be enlightened on the possible devastation that can be brought about by climate change but ensure that members participate actively in innovative project / product development that can mitigate possible devastation.



### **3.12.6. The power of co-operatives to act**

The power of co-operatives to act is vast and extends over many global issues covered by the sustainable development objectives (Kornegay, 2016). By engaging measurably in achieving sustainable development goals and adopting growth targets for 2030, the global co-operative movement demonstrates and exercises all its know-how and power to act. International co-operative development and inter-cooperation represent the shared commitment to a global partnership for sustainable development. This cannot be done without the cooperation of all stakeholders, from the private sector to all levels of government and without the support of all generations. The 345 project ideas and 403 projects in progress collated during the International Summit of Co-operatives in 2016 have been submitted to the UN. The intention is to create a project bank with the support of international organisations, such as the UN and the International Co-operative Alliance (Kornegay, 2016. Esim, 2017& Voinea, 2018).

The role played by the co-operatives in the SDGs is very important; they impact communities on a large scale as compared to other SMMEs as indicated in the discussion above. It is thus important that co-operatives are sustainable in order to achieve some of the objectives outlined above.

### **3.13. Summary**

Co-operatives have been around in South Africa since the 1890s. In the apartheid era, till 1981, the laws governing the operations of the co-operatives in the country were skewed in favour of white-owned agricultural co-operatives. The co-operatives owned by black people such as the stokvels were operating informally and the white-owned co-operatives were governed by the available laws of the country such as the Companies Act. The transformation of the co-operative sector has taken many years since the first Co-operative Act in 1908 to be where the co-operatives are now governed by the Co-operative Act of 2005. In 2005 the post-apartheid government enacted the Co-operative Act of 2005 which has been amended by the Co-operative Amendment Act of 2013 which was signed into operation on 1<sup>st</sup> April 2020.

The policies and strategy of the government in relation to co-operatives are solid but need co-ordination to avoid duplication.

**Chapter 4** will focus on the methodology adopted in carrying out the study. It will highlight the main research question, as well as subsidiary questions, the aim, and objectives of the study.

# CHAPTER 4

## RESEARCH METHODOLOGY

### 4.1. Introduction

**Chapter 4** addresses the research methodology. It introduces the research methods used in the study and explains the reasons why they were chosen. As stated in **Chapter 1**, the research's main question, sub-questions, aim and objectives are as follows:

#### Main Question

What elements are needed to develop sustainable women co-operatives?

#### Sub-questions

- What are the profiles of successful co-operatives in South Africa?
- What are the reasons for co-operatives' success in South Africa?
- How are sustainable co-operatives managed?
- Why do co-operatives fail?
- What guidelines can be developed to enhance women's co-operatives?

#### Research Aim

The aim of the research was to develop guidelines for sustainable women co-operatives.

#### Research Objectives

- To determine the profile/status of the co-operatives in South Africa.
- To assess/determine the reasons for co-operatives' success by means of a scoping review.
- To explore and describe how successful co-operatives are managed.
- To explore reasons for the failure of co-operatives.
- To develop guidelines for sustainable women's co-operatives.

**Chapter 4** describes the process that assisted the researcher to answer broad and key questions of the study. The chapter further discusses the trustworthiness, ethical statement, developing guidelines and the significance of the study.

## 4.2. Research Design

A research design is a set of principles linking the data to be collected to the initial question of the study and ultimately to its conclusions. According to Yin (cited in Vohra 2014), there is a research design directly or indirectly expressed in every empirical study. A research design is seen as a process which addresses four questions, namely: what questions to study, what data are relevant, what data to collect, and how to analyse the results? The aim of the research design is to avoid a situation whereby the evidence does not address the initial research questions.

This was a multiple case study, also referred to as cross-case analysis, designed to collect data from fifteen selected co-operatives. The data were analysed individually first, and then compared (Khan & Van Wynsberghe, 2008). The researcher chose a multiple-case study to be able to learn from several co-operatives and to form a strong opinion on which elements contributed to their success. As Yin (cited in Vohra 2014) indicates, multiple cases strengthen the results by replicating the patterns and thereby increasing the robustness of the findings.

According to Zach (2006), the multiple-case study design allows the researcher to explore the phenomena under study using a replica strategy. Yin (cited in Zach 2006) compares the use of the replication strategy to conducting separate experiments on related topics. Replication is carried out in two stages, a literal replication stage in which cases are selected to obtain similar results, and a theoretical replication stage in which cases are selected to explore and confirm or disprove the patterns identified in the initial cases. According to this model, if all or most of the cases provide similar results, there can be substantial support for the development of a preliminary theory that describes the phenomenon Eisenhardt (cited in Zach 2006).

Furthermore, according to Zach (2006), in the multiple-case studies design, there are no hard-and-fast rules about how many cases are required to satisfy the requirements of the replication strategy. According to Yin (1994), six to ten cases will suffice if the results turn out as predicted to provide compelling support for the initial set of propositions. In this study, fifteen co-operatives were selected, interviewed, and cross-case analysed.

Khan and Van Wynsberghe (2008) regard a cross-case analysis as a research method that facilitates the comparison of commonalities and the differences in the events, activities, and processes that are the units of analyses in case studies. Furthermore, cross-case analysis enables

case study researchers to delineate the combination of factors that may have contributed to the outcomes of the case, seek or construct an explanation as to why one case is different or the same as others, make sense of puzzling or unique findings, or further articulate the concepts, hypotheses, or theories discovered or constructed from the original case.

According to Yin (cited in Baxter & Jack 2008), the focus of a case study should be to answer the ‘why’ and ‘how’ questions. Furthermore, in a case study inquiry, one relies on multiple sources of evidence, with data needing to converge in a triangulating fashion. Yin (2003) categorises case studies as exploratory, explanatory or descriptive and differentiates between single holistic case studies and multiple-case studies. Stake (cited in Baxter & Jack 2008), on the other hand identifies case studies as intrinsic, instrumental or collective.

However, the case study research, like all the other research methods, has its own limitations, which are:

- 1) The tendency of the investigators to allow biased views to influence the directions of the findings and conclusions,
- 2) Case studies have also been criticised for providing little basis for scientific generalisation, which is the same as with experiments,
- 3) Case studies have been found to take too long to complete and the result is huge, and not easy to read documents, and
- 4) Good case studies are still very difficult to do, and it is equally difficult to find a good case study investigator (Yin cited in Baxter & Jack 2008).

The above process outlined the research design for this study backed with literature. The above discussion also explained multiple-case studies and cross-case analysis, which are part of the process which is covered in detail in **Chapter 7**. The following section explains how the data collection process unfolded.

As indicated above, this study chose the multiple-case study method, where fifteen co-operatives were interviewed. This process was followed by individually profiling the co-operatives and thereafter, the cross-case analysis of the fifteen co-operatives was done. The following section focusses on the data collection process.

### 4.3. The Data Collection Process

To be able to conduct a multiple-case study, the following data collection strategy was carried out as indicated in Table 4.1 in two phases of data collection with three stages within the first phase. In the following table, the data collection process is explained by describing the process in Stages 1 up to 3, as well as the process followed in Phase 2.

**Table 4.1. Data Collection Process**

Phase 1 (Data Collection Process).	Description.
Stage 1.	A scoping review to explore completed research on successful co-operatives and the identification of success factors. The scoping review is presented in <b>Chapter 5</b> .
Stage 2.	Semi-structured interviews were conducted with the directors responsible for the co-operatives in the Department of Small Business Development; Department of Agriculture, Forestry and Fisheries, Department of Social Development, Gauteng Provincial Department of Economic Development, Western Cape Provincial Department of Economic Development and Tourism, Small Enterprise Development Agency (SEDA), Limpopo Economic Development Agency (LEDA) and South African National Apex Co-operative (SANACO). <b>Annexure B</b> was used to conduct the interviews. The interview was conducted in English.
Stage 3.	Focus / in-depth interviews were conducted with members of the 15 identified co-operatives. <b>Annexure C</b> was translated into Sotho and Xhosa and used to collect the information from members of the co-operatives. The analysis of the data collected is captured in <b>Chapter 7</b> .
Phase 2.	Development of guidelines for sustainable women co-operatives based on the findings of the stages of Phase 1 (stages 1-3).

#### 4.3.1. Phase 1: Data collection process in relation to study objectives and stages

##### 4.3.1.1. Stage 1: Scoping review

**Objective:** To assess/determine the reasons for co-operatives' success by means of a scoping review.

## Selection Criteria

- International and national studies that have been conducted on sustainable women co-operatives during the last eleven years, 2005-2016 were included in the scoping review.
- Only studies written in English were included.
- Specific databases such as Ebsco host, Google Scholar, JSTOR, Econlit, Sabinet, Sage, Taylor and Francis were searched.

## Data Extraction Tool

1. The information extracted from the scoping review is captured in **Annexure A**, which describes the studies that have been conducted on successful women co-operatives nationally and internationally, the authors and the year, purpose of study, study design, sample, country and the results from the studies. A scoping review of the studies previously conducted on the successful women co-operatives has been done and captured in **Chapter 5**. The purpose of the scoping review in this study, like the one in the study by Pham, Rajic, Greig, Sargeant, Papadopoulos & McEwen (2014) was:
  - 1) To conduct a systematic search of the published studies on successful women co-operatives,
  - 2) To map out the characteristics or the methodologies used in such studies, and
  - 3) To summarise the results of such studies.

According to Arksey & O'Malley (2005), a scoping review is an iterative process. This study followed the framework developed by Arksey & O'Malley (2005) with the following steps:

- 1) Identifying the research question that guides the way that the search strategies are built, therefore, important to consider which aspects or facets of the research question; the study population, the interventions or the outcome are important. For the purpose of this research, the elements that are key in making the co-operatives successful were of importance.
- 2) Identifying relevant studies which included searching for research evidence via different sources such as electronic databases, reference lists, hand searching of key journals and existing networks, relevant organisations, and conferences. The search was limited to a period of eleven years, spanning from 2005-2016.
- 3) Study selection that refers to the inclusion criteria related to the type of study; the interventions applied, as well as the outcomes realised. This will be further discussed

in **Chapter 5**,

4) Charting the data which entails entering general information about the study on the data extraction form. The following information was recorded:

**Table 4.2. Information entered on the extraction sheet**

Authors and the year	Purpose of study	Study design	Sample	Country	The results
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5) Collating, reporting and summarising the data which entail an analysis of the geographical distribution of the studies were given, the range of interventions that were included in the review, as well as the research methods applied and the outcomes.

#### **4.3.1.2. Stage 2: Semi-Structured Interviews with directors**

**Objective:** To determine the profile/status of co-operatives in South Africa.

#### **Population and Sample**

According to David (2019), the population is the wider group of people to whom the results of the study will be generalised. The sample on the other hand is the individuals who participate and are interviewed in the research study (@Statistics Solutions, 2019).

Several government departments participate in the development of co-operatives. The Department of Small Business Development (DSBD) is the custodian of all the activities of co-operatives within government and DSBD has several agreements with other government departments. It was therefore prudent to acquire the necessary information from DSBD about other government departments that are involved in the development of co-operatives. However, it was difficult to get the information on how many government departments are having an agreement with the DSBD and the nature of the agreement.

Purposive sampling was applied in selecting the government directors interviewed. According to Foley (2018), purposive sampling referred to also as judgemental, selective or subjective sampling is a form of non-probability sampling whereby researchers make their own judgement when choosing the participants that they prefer for their study. In that case the researcher will have prior knowledge about the purpose of their studies in order to be in a better position to

choose potential participants. Purpose sampling is used when researchers want to access a grouping of people because they are a good fit for the research study.

Eight directors responsible for co-operatives were interviewed— one each from the Department of Small Business Development; Department of Agriculture, Forestry and Fisheries, Department of Social Development, Gauteng Provincial Department of Economic Development, Western Cape Provincial Department of Economic Development and Tourism, Small Enterprise Development Agency (SEDA), Limpopo Economic Development Agency (LEDA) and South African National Apex Co-operative (SANACO). The fifteen co-operatives included in the study were selected during this process. The respective directors also applied the purposive sampling in selecting the co-operatives that participated in the study.

### **Data Collection Process**

A semi-structured interview questionnaire (**Annexure B**) was utilised to collect data from the directors. The data collected has been key in determining who operates the co-operatives, where they are located, whether they have been funded by the government to start their operations, requirements by the Department on the co-operatives to qualify for grants or funding, success stories according to government, and why co-operatives are facing challenges. The researcher met the director from the Department of Social Development, Department of Small Business Development, LEDA, as well as one from SANACO at the International Co-operative Day (ICD) 2017 in Bloemfontein.

SANACO assisted with the contact details of the relevant directors at the Gauteng Provincial Department of Economic Development and the Department of Agriculture, Forestry and Fisheries. Directors of the other departments were accessed through the personal contacts that the researcher had. All these directors and managers were interviewed in their offices. The offices of the following government departments and SANACO are in Pretoria: Department of Agriculture, Forestry and Fisheries, Department of Small Business Development, Department of Social Development and Small Enterprise Development Agency. The director from LEDA was interviewed at his office in Polokwane, Limpopo province. The director in the Gauteng Provincial Economic Development was interviewed in his office in Johannesburg, Gauteng Province whereas the director in the Western Cape Provincial Department of Economic Development and Tourism was interviewed in their offices in Cape Town. The interviews with each director lasted for one and a half hours.



Further interaction with the directors is captured in **Chapter 6**, in the analysis of the interviews with the directors.

### **Analysis of data**

The thematic analysis of the interviews with the directors of the government departments followed Creswell's (2013) analysis model which proposes a thematic analysis which follows six steps and explains what is involved in each step:

**Step 1.** This step entails organising and preparing data for analysis. This process involves transcribing material, scanning documents, typing field notes, putting visual materials into catalogues and sorting and arranging the data.

**Step 2.** The researcher gets the general sense of the information and also an opportunity to reflect on the meaning of the information assembled in this step. What is the message coming from the participants, and what is the participant's tone conveying to the researcher?

**Step 3.** This is the step where the coding of the data starts. Creswell (2013) describes coding as taking text data or pictures gathered during data collection, segmenting sentences or images into categories and labelling those categories with a term.

**Step 4.** Creswell (2013) suggests the usage of the coding process to generate a description of a setting or up to seven themes for analysing a research study. Themes appear as the major findings in qualitative studies and are often used as headings in the findings section of studies. The themes must be supported by quotations and specific evidence.

**Step 5.** At this stage, the most popular approach is to use the narrative passage to convey the findings of the analysis. This could be a detailed discussion of several themes or a discussion with interconnecting themes. Descriptive information about each participant can also be conveyed in a table.

**Step 6.** According to Creswell, a final step in data analysis involves interpreting the findings or results in qualitative research. The pertinent question is, "What lessons have we learnt?" These lessons could be the researcher's personal interpretation or could also be a meaning derived from a comparison of the findings with meaning from literature. The findings could confirm past findings or diverge from it or even suggest new questions that need to be asked (Creswell, 2013).

As indicated earlier, the analysis of the interviews with the directors followed a similar process as the one described by Creswell. However, the themes were formulated from the questions contained in **Annexure B**, which was used to collect data. The following seven themes were developed:

- Theme 1. Structures supporting co-operatives in the government department.
- Theme 2. Strategy supporting co-operatives.
- Theme 3. Support given to the co-operatives.
- Theme 4. Database of co-operatives.
- Theme 5. Successful co-operatives and how government measure successful co-operatives.
- Theme 6. Cooperation and collaboration among stakeholders.
- Theme 7. Status of the co-operatives and plans for future.

The analysis of the interviews with the directors forms part of **Chapter 6**. This analysis is not integrated with theory. The integration of the analysis of the interviews of the directors and that of the co-operatives with the theory is captured in **Chapter 8**.

#### **4.3.1.3. Stage 3: Focus Groups or individual interviews with members of the co-operatives**

##### **Objectives:**

- To explore and describe how successful co-operatives function.
- To explore and describe enabling factors to successful co-operatives.
- To explore barriers to sustainable co-operatives.

##### **Population and Sample**

This study followed the multiple-case studies approach. The sample size in the multiple-case study approach is determined by the number of cases required until no significant new findings are revealed. The sample participants should be selected explicitly to encompass instances in which the phenomena under study are likely to be found (Zach, 2006).

A focus- group, is a group of individuals selected and assembled by researchers to discuss and to comment, from personal experience, on the topic that is the subject of research (Powell et al. cited in Gibbs, 1997). According to Boyce (2006), an in-depth interview is a qualitative research technique. It involves carrying out intensive individual interviews with a small number of participants in order to examine their perspective on a specific subject.

There were 107 266 co-operatives reported to be on the Companies and Intellectual Properties Commission (CIPC) database at the end of March 2015. It has also been reported that many of these co-operatives were dormant. Fifteen successful co-operatives were recommended for inclusion in the study by the directors, as indicated earlier. In most cases, it was not possible to interview more than one member of the co-operative for various reasons, which included the

fact that some members had to continue with the operations.

According to Oates (2002), the ideal focus group size is between eight and twelve participants, and the number of focus groups needed is determined by the issue at hand and the amount of diversity required among the participants. Seven focus groups consisting of a minimum of three members and eight in-depth interviews with the remaining seven co-operatives were conducted. Not all co-operative members were available during the visit due to various reasons. Oates (2002) recommends a minimum of two focus groups and that the maximum will depend on the nature of the research that is being conducted. In this research, one focus group per co-operative yielded the desired results.

Furthermore, the fifteen co-operatives followed the selection criteria used by Satgar and Williams (2008) in their research of sustainable co-operatives. Hence, according to Satgar and Williams (2008),

the chosen co-operatives have been in existence for a minimum period of five years and have had a wider impact in the community, for example, contributing to job creation. As indicated already, a representative of each co-operative was interviewed based on the criteria that they were active members of the co-operative and they have been with the co-operative since its inception.

Some of the co-operatives interviewed had been in existence for three years and were recommended for inclusion by the directors because of the good performance they have demonstrated within a short period of time. It must be noted that the fifteen co-operatives interviewed were either women-owned only, or men owned only, or the mix of men and women-owned. The four co-operatives recommended for inclusion by SEDA were already interviewed by the SEDA researchers. The SEDA process was different with a different set of questions, however, yielded the same results needed for this research, hence their inclusion in this study. The SEDA results was not public, permission was granted by the SEDA director to make use of the reports. It was difficult to find fifteen successful women-owned co-operatives based on the high failure rate of women-owned co-operatives in South Africa.

### **Data Collection Process**

**Annexure C** was used as the interview guideline to collect information from members of co-operatives. **Annexure C** was translated into Sotho and Xhosa. The researcher speaks Sotho

and is also fluent in English and Tswana. Most of the interviews were conducted in Sotho and Northern Sotho because these are the African languages most prevalent in the provinces where the members of the co-operatives were interviewed. Xhosa was never used in the interviews as none of the members of the co-operatives interviewed spoke Xhosa.

The interviews were conducted at the place where the co-operatives are based. They all have offices except for two co-operatives, and they are; the funeral co-operative in which members have their own funeral parlours from where they conduct their individual businesses. These members rent an office where they meet once a month for the business of the co-operative. The other co-operative that does not have an office is the egg-laying co-operative; each member operates their egg-laying business from the backyard of their premises. They only meet once per month at the house of one of the members of the co-operative.

Two of the interviews were conducted under the tree next to the co-operative's office because it was extremely hot on the day of the visit. One interview in the Free State was conducted in the car next to the municipality offices with two members. Members of this co-operative were invited to a training session at the municipality offices and were alerted overnight about the training and prior arrangements with the researcher had to be changed. Further interaction with members of the co-operatives is captured in **Chapter 7**.

### **Data Analysis**

Each co-operative's information has been analysed according to the elements of the Theoretical Framework of Co-operative Enterprise as a business model—developed by Mazzarol et al. (2011). As described in **Chapter 2**, the framework has been adapted, and the following elements of the theoretical framework were utilised as themes in the analysis in Chapter 7.

**Table 4.3. Framework of Co-operative Enterprise (CE)**

1. The member's investment into the co-operative.
2. Ownership or active participation.
3. Quality of service or product they produce and improved productivity or benefits.
4. Access to markets.
5. Financial or other benefits they receive and access to resources.
6. Value for members (what keeps them there) and community building.

#### 4.4. The criteria for interpreting the findings

The profiling of each of the fifteen selected co-operatives has been presented in **Chapter 7**. The profiling is followed by a cross-case analysis of all the fifteen co-operatives. Each of the above seven elements was tabulated. An analysis was done of how each co-operative is conducting its business, looking at the similarities and differences that contribute to their success. A grid was developed with the information of all the co-operatives. The information included the type of sector that they are operating in, how many members do they have, the ages and gender of members, assistance received which included financial and non-financial assistance, as well as the type of assets they have. In order to deal with the confidentiality, the co-operatives have been profiled as Co-operative A up to O. The names of the co-operatives have not been disclosed.

The profiling of the co-operatives, the cross-case analysis based on the seven themes highlighted above, as well as the grid, helped the researcher to arrive at conclusions which were based on available information. The integration of the discussions with the co-operatives and the theory is presented in **Chapter 9** and does not form part of **Chapter 7**.

#### 4.5. Trustworthiness

Shenton (2004) highlights four criteria that should be met for qualitative research to be trustworthy. Below is an outline of these criteria:

##### 4.5.1. Credibility:

Ensuring credibility is one of the most important factors in establishing trustworthiness, Lincoln & Guba (cited in Shenton 2004). Credibility can be done by adopting the well-established methods of research; the usage of the available documentary evidence; visiting organisations that have conducted similar research before; usage of random sampling instead of purposive sampling; triangulation that employs different methods of data collection like focus groups, interviews, observation; ensuring that only participants who are genuine about the willingness to participate in the research are afforded the opportunity and are willing to offer the information without cost; iterative questioning such as asking questions in a way to

detect contradictory information or unreliable answers Lincoln & Guba (cited in Shenton 2004). Care was exercised in ensuring that triangulation happened. Participants were interviewed in their natural setting thereby allowing the researcher to observe how members of the co-operatives relate with one another and where possible also how the directors in the government departments respond to some of the questions with the evidence that they have in support of what the co-operative member states. The researcher attended the International Co-operative Day (ICD) 2017, which was held over two days in Bloemfontein, which was attended by the co-operators, officials from government departments, and some Cabinet Ministers including the former President Jacob Zuma. The attendance of the ICD was important in verifying the existence and viability of the co-operative movement in South Africa.

Shenton (2004) further contends that for the research to be credible, the researcher must ensure scrutiny by peers of the research project. Despite feedback from the peers, the researcher should be able to question information received based on the; background, qualification and experience of the researcher. Peers identify excerpts where participants can be requested to read the transcripts to check whether they reflect their contributions are important. The full context of what is being researched should also be detailed as an examination of previous research findings; and a comparison should be made of results of similar studies. Scrutiny by peers was not applicable in this study. The researcher made use of the list of co-operatives recommended by the directors of government departments. In this case the directors were privy to relevant information about the co-operatives.

#### **4.5.2. Transferability:**

The researcher needs to provide adequate contexts into the background of the investigation while ensuring that results of the study are transferable from the sample to populations of similar nature (Lincoln & Guba cited in Shenton 2004). However, Cole et al. (cited in Shenton 2004), believe that it is important to outline from the outset the boundaries within which the research was conducted and to state:

- 1) The number of organisations taking place in the study and where they are situated,
- 2) Any restrictions with the type of people who contributed data,
- 3) The number of people who participated in the fieldwork,
- 4) The data collection methods that were employed,

- 5) The number and length of the data collection sessions, and
- 6) The time period over which the data was collected.

The fieldwork in this study started in March 2017 with the directors in the Provincial Department of Economic Development and Tourism in the Western Cape where the researcher is based and was followed by interviewing the directors based in Pretoria, Gauteng and Limpopo in other government departments mentioned earlier. The directors recommended the co-operatives to be included in the study. The interviews with the directors were followed by the focus groups or interviews with members of the fifteen selected co-operatives in four provinces. This involved travelling to different provinces over time. The interviews with members of the co-operatives continued until August 2018. It is important to mention that there were no restrictions with the type of people who contributed data, safe to say the study followed the criterion of selecting the co-operatives outlined earlier.

#### **4.5.3. Dependability:**

Lincoln & Guba (cited in Shenton 2004) believe that if the research is reliable, it will have an element of dependability as well. They maintain that the context of the research should be given in detail so that even if future researchers repeat the same investigation, they yield the same results and the following should be covered;

- The research design and its implementation,
- The operational detail of data gathering, and
- Reflective appraisal of the project - covering all that was investigated.

The research method of the study is covered in detail in Chapter 4. The process explains the research questions, the aim and the objectives, population and the sample, how the data was collected and analysed.

#### **4.5.4. Conformability:**

This is ensuring that the outcome of the study is based on the contributions made by the participants of the study and is not manipulated by the researcher (Lincoln & Guba cited in Shenton 2004). The researcher requested permission from the participants to audio record all the interviews with the directors and with the selected co-operatives. The researcher also transcribed all the interviews. All the records of the interviews of this study, the transcripts of the interviews with the directors and members of the co-operatives, as well as the files obtained from SEDA about the four co-operatives who were interviewed by their researchers have been

kept on file. This ensures that proof is kept of all the discussions or interviews that transpired between the researcher and the participants. The recordings done during the interviews have been downloaded into the memory discs for safe keeping.

#### 4.6. Developing Guidelines

Guidelines have been defined by NHMRC as sets of non-mandatory rules, principles or recommendations for procedures or practices in a specific field. NHMRC outlines the 9-step development process:

- 1) Establishment of a working committee,
- 2) Scoping systematic literature review by specialists in the field,
- 3) Professional technical writers turn the literature review into a set of draft guidelines,
- 4) Draft guidelines are put out for public consultation,
- 5) All submissions received from public consultation are considered,
- 6) The redraft is reviewed by an independent reviewer,
- 7) Redraft is sent for peer review,
- 8) NHMRC adopt the guidelines, and
- 9) The guidelines are published (Australian Government National Health and Medical Research Council, 2016).

The guidelines which have been developed at the end of this study and presented in **Chapter 10** were sent to six experts; three South African and four international experts for their input. The experts were selected on the basis of the extensive knowledge and articles that they have written on the co-operatives. It was prudent to include international experts even though this was a South African study due to the fact that the literature review as well as the scoping review included international studies as well.

The two international and one South African expert did not send their input back. The South African expert was followed up twice. The first time when the follow up was done, he said he was in the process of changing jobs and requested an extension of time which was granted. He provided the new email address where further correspondence could be sent. He did not respond the second time when another follow-up was made. One of the international experts responded once seeking clarity on the request and promising to respond. She did not respond further. The second international expert responded stating that he had retired from academic



work and would not be able to respond. The third international expert did not respond.

The brief to the experts has been included as **Annexure F** and the input from the three experts has been integrated into **Chapter 9** on the guidelines by aligning the relevant sentences or paragraphs with suggestions from the experts. It must be noted that part of the feedback from one expert pertained to the literature review and the feedback was therefore not necessarily part of the brief to the experts.

The input from the experts has been included as **Annexure G**.

#### **4.7. Ethics Statement**

Vanclay, Baines, & Taylor (2013) are of the view that ongoing reconsideration should be given to the topic of ethical practice as well as to the kinds of ethical issues that can arise when undertaking a study. An active awareness of ethical issues likely to be encountered is important for reflexive and professional practice.

Accordingly, they identified the currently accepted ethical principles that apply to research involving humans and these include:

##### **4.7.1. Respect for participants**

A researcher must demonstrate respect to the participants when interacting with them. This includes not being judgmental or discrediting them and ensuring that the participants' views are recorded. Furthermore, the respect is demonstrated by referring to them as 'participants' instead of 'respondents' or 'subjects' of research (Vanclay et al., 2013, p.4). In this study, the researcher listened carefully to the preferences of the participants. There were three instances in which the participants preferred that the interviews be conducted under the tree instead of in the office because it was extremely hot, and the researcher obliged.

##### **4.7.2. Voluntary participation and no coercion**

It is important that participants are not coerced or threatened into participating in the research. They should be invited to participate and must not feel obligated to participate. The researcher needs to ensure that the participants consent to participate voluntarily. If there is payment involved for participation, it should not be excessive to the extent that it is perceived as bribery or inappropriate inducement. All the participants in this study participated freely. This was also

explicitly highlighted on the consent form that they signed, which is attached as **Annexure D**. No participant was paid for participating in this study.

#### **4.7.3. Presumption and preservation of anonymity**

The participants in the research were informed that they were going to remain anonymous and that no part of the information collected from them would be used without their permission. They were further informed that future articles and conference presentations will not mention them by name. Only Co-operative A wanted to know what is going to happen to the outcome of the study and how they can access the study.

Co-operatives that participated in the study have been named Co-operative A up to O to maintain the confidentiality of the participants. The directors' responses were referred to as Organisation A up to H.

#### **4.7.4. Confidentiality of personal matters**

The researcher must also demonstrate respect to the participants by protecting all private or personal matters or views, when any such undertaking is given. The researcher must, therefore, make a call on what should be reported and what should not be publicly disclosed. When information is entrusted to a researcher in confidence, such confidentiality must be protected. In this study, the researcher has carefully selected information which was of public interest.

#### **4.7.5. Data protection**

Research data is confidential. Necessary precaution needs to be taken to ensure that it is stored securely and safe from unauthorized access. It is equally important that participants are fully appraised of all possible risks. The timeframe for possible safe disposal of the data should be stated. However, it is also important to remember that data could be needed for audit purposes or whenever there is a complaint. The data for this study is in safe keeping. This includes all the raw material, reports, recordings and transcriptions.

#### **4.7.6. Specific permission required for audio or video recording**

Researchers need to request permission in advance from participants if there is a need to audio record (i.e. voice record) personal and private data, video record (i.e. 'film') or photograph any participant. In this study, permission was obtained from the participants on the day of the interview to take pictures of their products. Other pictures used for the purpose of this study

were sent to the researcher by some of the participants. Permission was also requested to audio record the interviews.

#### **4.7.7. Participant right to withdraw**

Consistent with the principle of voluntary participation, participants must know that they can withdraw at any time and have any of their data already recorded removed from the analysis where this is possible. Participants of this study were advised that they could withdraw at any stage if they did not feel comfortable to continue. This information is also captured on the consent form. Refer to **Annexure D**.

#### **4.7.8. Informed consent**

The participants were informed in advance about the purpose of the research so that they could have time to consider whether they want to participate in the research. Representatives of the eleven co-operatives were contacted telephonically by the researcher to set up interview appointments. In cases where participants had email addresses, the form was emailed to them. The consent form is attached as **Annexure D**. The researcher obtained an endorsement from the University in writing, which made the process of approaching the participants easier. This is attached as **Annexure E**. The purpose of the interview was explained to all the participants before the commencement of the interview. Copies of the signed forms of eleven co-operatives have been stored securely. The four co-operatives, recommended by SEDA, were interviewed by the SEDA researchers as indicated earlier.

#### **4.7.9. Avoidance of undue intrusion**

Discussions and enquiries during the research interview should be confined only to those matters that are relevant to the research. This implies a respect for personal lives of participants and that researchers should be cognizant of what is personal and private. The researcher treated the research with the professionalism that the research deserved.

#### **4.7.10. No use of deception**

The principle of respect for participants and professional integrity entails that the use of deception or covert methods should only be used under certain circumstances and only when approved by a duly appointed ethics committee. In this study there was no need to use covert

methods derive information. Data was obtained in a transparent manner.

#### **4.7.11. Right to check and modify a transcript**

Where people are named or identifiable, those participants have the right to check how they are quoted and to make changes to a transcript and any draft or publication that may be prepared to ensure they agree with the way they are recorded.

#### **4.7.12. Full disclosure of funding sources**

In line with the principle of informed consent, it is important that the researcher must give full disclosure of the sources of funding for the research. The researcher informed the participants only about the reasons why this research was carried out. The information about the funding of the research appears on the acknowledgment page of the research report.

#### **4.7.13. Enabling participation**

Researchers have an ethical responsibility to ensure that all relevant individuals and groups are included in the research. Potential participants cannot be excluded by virtue of language, access or cost to participate. It is important to make necessary attempts to enable participation by providing appropriate means of access such as translation, transportation, or payments to offset the cost of attendance. In this study, directors of government departments recommended co-operatives to be included in the study according to a set criterion. The semi-structured interview form was translated into Sotho and Xhosa even though there were no Xhosa speaking participants. Lastly, the researcher travelled to the participants' place of operation.

#### **4.7.14. Ethical governance**

It is important that prior to the research taking place that there is a committee or other facility that reviews research protocols, oversee and/or monitor research activities, provide advice to researchers and participants, and make judgements in relation to complaints. This is a system of ethical governance. The University of the Western Cape gave ethical clearance for this study to proceed and it is attached as **Annexure E**.

#### **4.7.15. Grievance procedure**

It is important that participants have access to a grievance procedure and recourse to corrective

action in case of complaints arising from how the research was conducted. The grievance procedure needs to be procedurally fair, and properly disclosed to participants. **Annexure E** gives information of where complaints emanating from this research can be directed.

#### **4.7.16. Appropriateness of research methodology**

The research procedure must have reliability and validity. Participants give their time to participate in the research on the presumption that the research is legitimate, worthwhile and valid. Ethical clearance, in the form of **Annexure E**, gives credence to the legitimacy of the study.

#### **4.7.17. Full reporting of methods**

Research methods and analytical procedures, limitations of the methodology and any implications for the results and conclusions must be fully disclosed. This is done in order enable replication of the research by another researcher; enable peer review of the adequacy and ethicality of the methodology; and to encourage critical self-reflection. **Chapter 4** of the research report covers the methodology applied in the study. **Chapter 10** covers in detail, the limitations of the study, results and conclusions.

#### **4.7.18. Potential Harm**

Studies should potentially contain minimum or no harm at all to the participants. Participants must not be exposed to pain or danger in the course of the research and there must be no adverse consequences to a person as a result of his/her participation.

It is important that provision should also be made for information on counselling processes to be put in place in case harm is experienced by participants. In this study, there was no need for counselling either to the participants or the researcher. It was, therefore, not necessary to make any arrangements for counselling as the research did not pose any potential harm (Vanclay et. al, 2013).

### **4.8. Communicating Results:**

*Plagiarism* should be understood as “someone using someone else’s intellectual product (such as texts, ideas, or results), thereby implying that it is their own” (Helgesson & Eriksson, 2015,

p.2).

*Academic fraud* - according to Teferra (2018, p.1), academic misconduct manifests in multiple forms that include plagiarism, nepotism, corrupt recruitment and admission, cheating in examinations, misrepresentation and falsifying of records, biased grading, bribery, conspiracy and collusion, among others.

*Misreporting the results* is defined as an incomplete or inadequate reporting of results in a way that could mislead the reader. It is the type of spin (a way of twisting information by providing a biased interpretation) that involves selective reporting of statistically significant results, ignoring results that contradict or counterbalance the initial hypothesis, and misleading display of results through choice of metrics and figures (Boutron & Ravaud, 2017, p.2).

This study is accompanied by a signed declaration for own work and care was taken in referencing the work of other people. The reference list forms part of the study report.

#### **4.9. Self- Reflexivity**

According to Watt (2007), researchers need to be careful about their personal reasons for carrying out the study because their subjective motive might impact on the trustworthiness of the project and could create a flawed study. Although the researcher is a passionate entrepreneur, she does not belong to any co-operative. However, she was aware that experiences shared by people known to her could come into play when conducting the study. She was guided by the ethical rules which are applicable when one is conducting research. Self- reflexivity is discussed in depth in **Chapter 10**.

#### **4.10. The significance of the study**

More and more women are establishing co-operatives in order to help themselves to be more financially independent. The government of South Africa is contributing resources to help those who want to get started. However, the failure rate of co-operatives is alarming. The co-operatives cannot be expected to self-correct because many of the members of co-operatives do not have the skills to manage their businesses. The government also needs assistance in determining where the problem lies. The study will, therefore, provide guidelines that will contribute to making women co-operatives in South Africa more sustainable. These guidelines will be applicable to all the sectors irrespective of the gender even though the aim of the study was to help women co-operatives to be more sustainable.

#### **4.11. Summary**

The research methodology described above is further elaborated on in **Chapters 5, 6, and 7** which deal with the scoping review, the analysis of the interviews conducted with the directors, as well as the analysis of the interviews conducted with the co-operatives respectively. The thematic analysis of the interviews conducted with the directors is presented in **Chapter 6**, whereas the interviews conducted with members of the co-operatives were analysed according to the elements of the Theoretical Framework of Co-operative Enterprise as a business model developed by Mazzarol et al. (2011) and is captured in **Chapter 7**.

The following **Chapter** presents the scoping review of the literature on successful women co-operatives.



## CHAPTER 5

### SCOPING REVIEW

#### 5.1. Introduction

The purpose of the scoping review was to explore completed research on successful women co-operatives nationally and internationally over a period of eleven years from 2005 to 2016. Furthermore, it was used to identify elements of success in the completed research. According to Dijekers (2015), the scoping review as it appears today could have been named by Mays, Roberts and Popay who believed that the aim of the scoping review was to rapidly map the key concepts underpinning a research area and the main sources and types of evidence available. A scoping review can be undertaken as stand-alone projects in their own right, especially where an area is complex or has not been reviewed comprehensively before (Dijekers, 2015).

#### 5.2. Background

The government of South Africa started encouraging people to register the co-operatives as an instrument of fighting unemployment, as well as of poverty alleviation with the introduction of the Co-operative Act No. 14 of 2005.

The government promoted this drive by giving government departments targets to develop co-operatives. The government promoted the co-operatives extensively, so that people indiscriminately registered co-operatives even without a plan on what they intend doing after registration because they were informed about the Co-operative Incentive Scheme (CIS), which in this case would have been an incentive rather than financial assistance. This resulted in the high number of registered co-operatives at the Companies and Intellectual Property Commission (CIPC) which was estimated to have increased from 22 619 in 2009 to 107 266 in 2015 (Updated 2016 ICDv 5).

This resulted in many studies conducted about the failure of co-operatives in South Africa (Beesley & Ballard, 2013; Datta & Gaiely, 2012). It is also not known how many of the numbers quoted, 22 619 in 2009 and 107 266 in 2015 started operating after registering. This information is not easily available from the CIPC. The information from the CIPC is described by the directors interviewed as not reliable and not user-friendly. The information is without



addresses, contact details, provinces and the sector or industry of the co-operative is not captured. The information that the stakeholders receive from the CIPC upon request is, therefore, not helpful (Satgar, 2007).

The failures of co-operatives in certain instances have been reported widely in the literature (Koutsou et al., 2003; Vakoufaris et al., 2007; Shetty & Sreedhara, 2011; Hamstreet, 2006; Beesley & Ballard, 2013). Flecha and Cruz (2011), describe the Mondragon Corporation (MC), a group of co-operatives, as the most successful business group in the Basque Country; the seventh largest in Spain and a unique co-operative group in the world. Satgar & Williams (2008) cited a host of successful South African co-operatives that they have researched.

The Department of Small Businesses Development (DSBD) in South Africa, has found that most of the newly registered co-operatives are owned by black women and that their survival rate is very low, with a mortality rate of 88% (Updated 2016 ICD v5; Wessels, 2016). It is only when co-operatives are sustainable that they will be vehicles of job creation and contribute meaningfully to the GDP of the country and thereby addressing the challenges faced by women co-operatives (Co-operative Act 14 of 2005).

The aim of the scoping review was to explore peer reviewed completed research on successful women co-operatives and to identify success factors or elements in the successful co-operatives globally. Due to the failure rate of co-operatives in South Africa, as reported in Chapter 2, it was critical to broaden the search for elements contributing to successful co-operatives to international co-operatives. Furthermore, internationally, countries that started developing co-operatives before South Africa have more women-owned co-operatives that are successful.

### **5.3. Objective**

**To assess/determine the reasons for co-operatives' success by means of a scoping review.**

### **5.4. Selection Criteria**

**The selection criteria included the following:**

- International and national studies that have been conducted on sustainable women co-

operatives during the last eleven years, namely, 2005-2016 were included in the scoping review.

- Only studies written in English were included, and
- Specific databases such as Ebsco host, Google Scholar, JSTOR, Econlit, Sabinet, Sage, Taylor and Francis were searched.

In achieving the above-mentioned points, the study followed the framework developed by Arksey & O'Malley (2005) with the following steps:

**Step 1** *Identifying the research question.* As indicated in **Chapters 1 and 4**, the research questions for this study were:

**What elements are needed to develop sustainable women co-operatives?**

**Sub-questions.**

- What are the profiles of successful co-operatives in South Africa?
- What are the reasons for co-operatives' success in South Africa?
- How are sustainable co-operatives managed?
- Why do co-operatives fail?
- What guidelines can be developed to enhance women's co-operatives?

According to Arksey & O'Malley (2005), the research question guides the way that the search strategies are built, therefore, important to consider which aspects or facets of the research question are important; the study population, the interventions or the outcome. For the purpose of this research, it was important to search the elements that are key in making the co-operatives successful.

**Step 2** *Identifying relevant studies*- this included searching for research evidence via different sources such as electronic databases, reference lists, hand searching of key journals and existing networks, relevant organisations, and conferences. The search was limited to a period of eleven years, spanning from 2005-2016.

**Step 3** *Study selection* - the inclusion criteria related to the type of study, the interventions applied, as well as the outcomes realised.

**Step 4** *Charting the data* - this entailed entering general information about the study on the data extraction form and the following was recorded- authors and year of publication, purpose

of study, study design, sample, country and the results. The data extraction sheet of this study is attached as **Annexure A**.

**Step 5** *Collating, reporting and summarising the data* - this includes analysis on the geographical distribution of the studies, the range of interventions that are included in the review, as well as the research methods applied and the outcomes (Arksey & O'Malley, 2005).

The focus in this chapter is on Step 2 of the data collection as outlined below:

**Step 2:** Databases such as Ebsco host, Google Scholar, JSTOR, Econlit, Sabinet, Sage, Taylor and Francis were searched. The searches were based on the studies written in English conducted over a period of eleven years from 2005 to 2016. Initially, the intention was to confine the search of relevant data to a period of ten years. However, during the search in the database, another study came up, which fell outside the ten-year scope. This study provided vital information to the study, hence its inclusion in the selection criterion, making the period eleven years. At first, the search covered all the successful women co-operatives and later, the search was narrowed down to only successful women co-operatives over the period from 2005 to 2016 as summarised in Table 5.1.

The results of the searches are captured in the Tables below.

**Table 5.1. Databases utilised and the results**

Number	DATABASE	Catch words	Results
1	J- Stor	Successful women co-operatives	1,271
2	Sabinet	Successful women co-operatives	0
3	Google Scholar	Successful women co-operatives 2005-2016	304
4	EBSCOhost	Successful women co-operatives	267
5	Nexus Database System	Successful women co-operatives	0
6	Worldcat list of Records	Successful women co-operatives	11
7	Oxford Academic	Successful women co-operatives 2005- 2016	997
8	EBSCOhost	Successful women co-operatives	39
9	Open Knowledge Repository	Successful women co-operatives	0
10	World Development Report	Successful women co-operatives 2005-2016	40
11	Kovsidex (Sabinet)	Successful women co-operatives	0

The next step was to narrow Table 5.1 to only those searches within the eleven- year period 2005- 2016.

**Table 5.2. Searches that included the period 2005-2016**

Number	DATABASE	Catch words	Results
1	Google Scholar	Successful women co-operatives 2005-2016	304
2	Oxford Academic	Successful women co-operatives 2005- 2016	997
3	World Development Report	Successful women co-operatives 2005- 2016	39

Further to the above, the abstracts of the above literature were perused to check whether they gave the desired information. Only the abstracts of the thirteen articles as tabulated in **Annexure A** met the requirements for inclusion. These were all studies done globally.

### 5.5. Data Extraction Process

The literature reviewed has been captured in **Annexure A**. **Annexure A** outlines the studies that have been conducted on successful women co-operatives internationally. The data extraction process, according to Arksey & O'Malley's (2005), entails steps of charting the data; the authors and year of publication, purpose of study, study design, sample, country and the results were recorded in **Annexure A**.

### 5.6. Reporting

Most of the studies captured in the literature made use of qualitative research methods because of the nature of the information that was needed with the exception of only one study that made use of an on-line survey. Out of the thirteen articles that met the inclusion criteria, one study each was conducted in 2007, 2008, 2010, 2011, and 2012, two in 2013, three in 2014, two in 2015, and one in 2016. In the scoping review set out to cover the ten-year period, an interesting study came up that was conducted in 2016 and was not too far from the envisaged period. This study has been included to make the period covered an eleven-year period and not the initial ten-year period.

Countries, where the studies were conducted, include the USA-5; India-3; Greece- 2 and one each in; Lesotho, Morocco and Palestine.

The literature indicated how women of different ages and educational backgrounds have benefited from being part of co-operatives. As indicated in the literature above, the following

elements are highlighted:

- 1) In the case of the women in Lesotho, the role that technology, in the form of mobile phones played, not only in facilitating access to the telecommunication networks and relevant expertise, but also in introducing another mode of income through selling airtime.
- 2) The benefits that members derive made them stay in their co-operatives. These benefits include financial independence, continuous training, the financial contribution that they make to the household, the ability to provide employment to other people and the choices in life that they make. In a case study in Morocco and USA, the women were able to earn more than what they could have earned in normal enterprises.
- 3) Women in these co-operatives have learnt different skills, which include business and managerial skills and, literacy and numeracy skills. Research shows that when given equal opportunities, women can perform in the same way or even better than men.
- 4) There are many successful women-owned co-operatives that do not employ men as indicated by the study in India.

The successes and failures of women co-operatives are dependent on social, economic, political and other factors. Lastly, even though there have been studies done on successful co-operatives in South Africa and Africa by Satgar & Williams (2008), the information of their study did not come up in the information captured because their study did not confine itself to women-owned co-operatives. In Africa, in the period indicated, only the studies of the Lesotho and Morocco co-operatives emerged even though more have been reported in other African countries like Kenya and Ethiopia. These were highlighted in the literature review (Chapter 2).

## **5.7. Exclusions**

The only exclusions made in the scoping review process were that of successful co-operatives of mixed gender or only men co-operatives, as well as co-operatives falling outside the eleven-year period highlighted.

## **5.8. Summary**

Studies have been conducted on successful co-operatives nationally and internationally before. The focus of the scoping review was to highlight international studies on successful women co-operatives that have been completed during the eleven-year period from 2005-2016.

Thirteen such co-operatives were identified as captured in Annexure A. However, none of them was from South Africa.

The next **Chapter** will focus on the interviews conducted with the directors of various national and provincial government departments, the government agencies, as well as SANACO with the purpose of finding successful co-operatives operating in South Africa.



## CHAPTER 6

### RESULTS FROM THE INTERVIEWS WITH THE DIRECTORS

#### 6.1. Introduction

This Chapter focuses on the thematic analysis of interviews conducted with the directors of national and provincial government departments, the government implementing agencies and SANACO. Below is the overview of directors and managers who were interviewed:

**Table 6.1: Directors and managers of government departments who were interviewed**

Position of person interviewed	Department	Date of interview
Director - Enterprise Development Unit	Department of Economic Development and Tourism – Western Cape	28 <sup>th</sup> February 2017
National Coordinator	SANACO	27 <sup>th</sup> September 2017
Director	Department of Small Business Development	28 <sup>th</sup> September 2017
Manager Enterprise Development.	Small Enterprise Development Agency (SEDA)	4 <sup>th</sup> March 2018
Director -Enterprise and SMME Development	Gauteng Provincial Department of Economic Development	11 <sup>th</sup> October 2017
Director - Co-operative Development	National Department of Agriculture, Forestry and Fisheries.	12 <sup>th</sup> October 2017 At 10h00
Chief Director Sustainable Livelihoods, Poverty Alleviation and Food Security	Department of Social Development	12 <sup>th</sup> October 2017 At 14h00.
Manager	LEDA	18 <sup>th</sup> October 2018

#### 6.2. Background

The representative of national and provincial government departments, agencies, as well as the South African National Apex Co-operative (SANACO) were interviewed. These departments include the Department of Small Business Development (DSBD), Department of Social Development (DSD), Department of Agriculture, Forestry and Fisheries (DAFF), Gauteng Department of Economic Development, Western Cape Department of Economic Development

and Tourism; Small Enterprises Development Agency (SEDA), and Limpopo Economic Development Agency (LEDA).

Some government departments dealing with co-operatives were not visited, among others, the Department of Public Works, Human Settlement, Rural Development and Land Reforms, Department of Education, the SETAs as well as the municipalities. From the discussions with some of the directors, it is understood that some departments have a Key Performance Indicator (KPI) directing them to develop the co-operatives in order to contribute to the economy of the country. There is also a group of government departments that form part of the economic cluster whose direct mandate is to create jobs. These departments are the Department of Trade and Industry (DTI), Department of Economic Development, Department of Small Business Development (DSBD, Department of Agriculture, Forestry and Fisheries DAFF, Department of Mining, Department of Science and Technology, and the Department of Tourism.

**Annexure B** was used to conduct a semi-structured interview with the directors of the government departments mentioned above. These directors were interviewed in their offices. The interview was conducted in English. The offices of the National government departments are situated in Pretoria, where the directors from the departments of Small Business Development, Agriculture, Forestry and Fisheries, Social Development, SEDA, as well as SANACO were visited whereas the director of LEDA was interviewed in Polokwane. The director from the Gauteng Department of Economic Development was in Johannesburg, and lastly, the director from the Western Cape Department of Economic Development and Tourism was in Cape Town.

The director from the Gauteng Department of Economic Development invited three other colleagues to participate in the discussion. The director in the Western Cape Department of Economic Development and Tourism invited one colleague to the discussion. The other directors were interviewed alone. The researcher was granted permission to use a recording device for the interviews. The records have been kept safely.

The thematic analysis of the interviews with the directors of the departments followed Creswell's (2013) analysis model which follows various stages that are interrelated, namely to:

- Organise and prepare the data for analysis. At this stage, each recorded interview was transcribed, typed out and arranged into different electronic files,



- Read through all the data, sift through the data and gather the general sense of the data,
- Segment sentences into categories,
- Summarise the information under specific subjects,
- Discuss several themes in detail, and
- Interpret and give meaning to the data, which forms part of **Chapter 8**.

The following section presents the thematic analysis of the interviews with the directors and managers of different government departments and implementing agencies mentioned earlier. The themes are based on the questionnaire, which is, **Annexure B** of the semi-structured interviews conducted with the directors.

The thematic analysis is not integrated with literature. The integration of the literature with the discussions from the interviews with directors and those with the fifteen co-operatives is captured in **Chapter 8**. Responses from government departments will be named Organisation A up H in order to maintain anonymity.

### **6.3. Thematic analysis of the interviews with the directors with seven themes:**



### Theme 1. Structures supporting co-operatives in the government department

This theme explores the internal structures available in the government department to support the co-operatives as well as the type of resources available.

<p>Structures supporting co-operatives in the government department.</p>	<p><b>Organisation A</b></p> <p><b>Organisation B</b></p> <p><b>Organisation C</b></p> <p><b>Organisation D</b></p> <p><b>Organisation E</b></p>	<p>Organisation A is the main department responsible for co-operatives. Co-operative development is one of the three sections in the department. However, the branch of the co-operative development is reported to be understaffed, with only two permanent staff members.</p> <p>Organisation B is the implementing agent of Organisation A. It has a section responsible for assisting co-operatives and collectively owned enterprises. The focus is on rural and urban enterprises; primary, secondary, as well as tertiary co-operatives. According to Organisation B, there is a small number of tertiary co-operatives in the country.</p> <p>The provincial departments of Organisation C deal with the co-operatives. Organisation C is known to be supporting the women co-operatives financially, especially those who make school uniforms for children in foster placement. The director interviewed refuted the claim of financial support. Their website is silent on co-operatives.</p> <p>Organisation D is the only APEX body in the country which is ICA affiliated. Their mandate is to support co-operatives and assist them in finding markets.</p> <p>A small unit of Organisation E is in charge of the responsibility of capacitating the co-operatives and the small and medium and micro enterprises in the province. The unit consists of four staff members, and two of them are dedicated to co-operatives. These officials say; “this is the reason why our work will never have impact because we are not</p>
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	<p><b>Organisation F</b></p>	<p>focused”. This is contrary to their colleagues in the KwaZulu-Natal provincial department where the unit is divided into districts with four or five officials, stationed at district offices. Organisation E has its own implementing agency which is a legal entity with its own budget. The implementing agency carries out activities on behalf of Organisation E.</p> <p>In Organisation F, 80% of the support used to be directed towards co-operatives. Three agencies amalgamated in 2010 to form this unit resulting in them being a 3D (listed in the Public Finance Management Act of 1999 (PFMA) Schedule 3D) whose mandate is driven by profit. They no longer offer grant funding to the co-operatives but only loans to those who qualify.</p>
	<p><b>Organisation G</b></p>	<p>Organisation G is the only government department interviewed with dedicated coordinators who are based at the national office. These coordinators are responsible for co-operatives in all the provinces; two for Limpopo, one for each province.</p>
	<p><b>Organisation H</b></p>	<p>This provincial government department no longer supports co-operatives. They refer all the queries and enquiries on co-operatives to Organisation B in the province.</p>

Co-operatives are supported by a small unit in the government departments. Some of these units do not have adequate staff and resources to service the co-operatives. **Organisation H** no longer supports co-operatives, and it is the only province where co-operatives do not receive provincial government assistance. **Organisation D** is an apex body, and their only mandate is to develop and support co-operatives.

In the next theme, the focus is on the strategy that the government departments use to support co-operatives.



	<p><b>Organisation E</b></p>	<p>researcher was advised that when ready, the strategy will be published on the website. No strategy document could be found on their website on 13<sup>th</sup> September 2018.</p> <p>The strategy that Organisation E is implementing is part of the Ntirisano programme, which is part of the township’s transformation revitalisation (TR Strategy), in radical economic transformation. That is what guides the department to support the co-operatives as well as the SMMEs. Another strategy which was adopted in 2010 focuses on supporting the development of co-operatives. The most important thing to note is that, when this strategy was developed, their National Department had not yet adopted their co-operative development strategy. The provincial strategy was approved before the national strategy. There are two strategy documents; a national and a provincial strategy. At the time of the visit, the national co-operative development strategy 2017- 2024 had been finalised and approved. The mid-term impact assessments were being carried out in order to guide the national department on whether to review the entire strategy.</p>
	<p><b>Organisation F</b></p>	<p>Organisation F is guided by a different strategy regarding the assistance to small enterprises. In terms of the schedule, they can no longer offer grant funding to the co-operatives but only loans to those who qualify. As a profit-driven institution, the money is lent to the people, and they must bring it back.</p>
	<p><b>Organisation G</b></p>	<p>Organisation G - takes a cue from Organisation A strategy on the promotion and development of co-operatives with special reference to the section in the strategy that deals with the support, the promotion and development of co-operatives. According to the national strategy of Organisation A, this is a shared responsibility, and all other institutions of government that are involved in co-operative work need to come with their own support instruments that will look after their own sectorial co-operatives with Organisation A being the custodian of small business development.</p>

Most of the departments are guided by the strategy developed by the DTI and currently implemented by the **Organisation A**, which is the current custodian of co-operatives. Activities from different departments are not coordinated. **Organisation E** have its own strategy, which was implemented before the one used by their national department. **Organisation D**, the apex body did not have their own strategy at the time of the visit.

The next theme focuses on the support that different departments give to co-operatives.





	<b>Organisation C</b>	<p>Several people interviewed referred to the grant funding given to co-operatives supported by Organisation C, and that Organisation C has a huge budget for co-operatives. This was disputed by Organisation C director who said that establishing co-operatives is not their core mandate, and that they do not have a KPI indicating several co-operatives established. On the contrary, Organisation C states that they used to support co-operatives financially, but a decision was taken that co-operatives are not the mandate of Organisation C, but that of Organisation A. The director said; “we are in the business of linking co-operatives to economic opportunities that emerge from their social assistance programmes. We identify co-operatives, profile them, establish their capacity (whether they will be able to meet the demand), what is the quality of their products, and in the process, we engage with those who will be able to provide the technical support to the co-operatives”. Organisation C work with their own capacity-building agency.</p>
	<b>Organisation D</b>	<p>Organisation D is an apex body that functions outside government departments. Their role includes:</p> <ol style="list-style-type: none"> <li>1) Advocacy – reaching out to different national government departments to introduce co-operatives and see how best government departments can assist.</li> <li>2) Lobbying on behalf of co-operatives. Organisation D’s National office has the responsibility of launching provincial structures, and the latter launches districts and municipality structures. The national structure of Organisation D is made of five executives and the sector coordinators. However, Organisation D does not seem to have other sources of their programmes except that of government departments.</li> </ol>
	<b>Organisation E</b>	<p>Organisation E provides support to the co-operatives and the SMMEs. This entails ensuring that co-operatives are legally compliant. In order to do business with the government, co-operatives need to be registered on CIPC, have a BBBEE certificate and meet the local content requirement. The provincial government advocate for preferential procurement for all</p>



	<p><b>Organisation F</b></p>	<p>who qualify. Organisation E`s implementing agency funds co-operatives and SMMEs that qualify, they also have franchising funding. The non-financial support entails capacity building on, costing and pricing, human resources management, business planning, as well as marketing. All the implementing agencies in the provinces have elements of co-operative development and only differ in how they are structured.</p> <p>Organisation F has a 24 months virtual incubation programme for co-operatives and SMMEs. The businesses receive support from Organisation F from wherever they are based and are not removed from their operations. Applicants go through a selection process. To qualify to be in the incubation programme, the co-operatives and SMMEs must be in existence for a period of three to six months. The business must be operational; members should be employed by the co-operative and should not work somewhere else and have meetings on a regular basis to discuss the co-operative business. Furthermore, the co-operative must have minutes of their meetings as evidence that they meet regularly and what decisions are taken.</p>
	<p><b>Organisation G</b></p>	<p>Organisation G seems to provide extensive support, and they have the solid infrastructure necessary to give support to the co-operatives. Organisation G has three sub-sectors, namely: agriculture, forestry and fisheries. The fisheries section handles large scale development and support for all fisheries, which include all small businesses in the fisheries sector. Within Forestry there is a small-scale forestry section that assists with enterprise development. The agriculture sub-sector assist co-operatives and enterprise development. The integration in the department has not taken place as planned, in ensuring that there is only one unit that deals with all enterprise development that taking care of the forestry, fisheries, and agriculture.</p>

The co-operative and enterprise development unit provide support to small scale fishing, including the fishermen. If there is a need to be formalised in the co-operative business model, the co-operatives and enterprise development unit support them with the necessary processes and support such as business diagnostic tools as well as business formulation plans to ensure that they become operative. They provide them with tailor made co-operative training and enhance the way they do business. The same support is provided to the forestry division. There are charcoal businesses that are formulated into co-operatives, the responsibility of the co-operatives and enterprise development section is to ensure that those business units are managed like a business using a co-operative business model. The respective divisions provide technical support.

The co-operatives and enterprise development unit provide support to the small agriculture businesses that are formalised as co-operatives. They do not only step in when the businesses have formalised themselves as co-operatives as they ideally should be doing but in some instances they identify the need and link the co-operative to the provincial government department for support with for example, financial support, technical skills, business plans or market access, - normally a list of requirements that a diagnostic assessment yields. It becomes the responsibility of the directorate to ensure that that they are linked to other sources of assistance. Some of the sources of assistance are within the department, for example, the marketing department will offer skills for access to markets or the food and quality safety assurance division within the department will assist with the quality standards if the businesses want to sell to big retailers because the big retailers have their own standards.

Furthermore, Organisation G offers various forms of financial support. They give priority to the smallholder farmers that are small scale producers for their own consumption with the bulk of what they produce going for marketing. One of the largest funds in the department is the Comprehensive Agriculture Support Programme (CASP), which predominantly focuses on production inputs and production infrastructure. CASP is a 100% grant. There is also a loan product called MAFISA (Micro Agricultural Financing Institution of SA) <https://www.gtac.gov.za/persummary/MAFISA.pdf> implemented through a

		<p>financial intermediary such as NERPO. These intermediaries can retail the money and DAFF determine the percentage of the interest rate that can be charged because it is a development fund. These retailers or the intermediaries benefit from the interest they receive. Another product is called ILIMA LETSEMA (<a href="https://pmg.org.za/committee-meeting/14636/">https://pmg.org.za/committee-meeting/14636/</a>). This is a food security programme that assists people who want to utilise the land currently lying fallow for the purposes of growing vegetables or crop.</p> <p>The Land Care; is a programme that looks at rehabilitating the land after soil erosion and dongas. People plant, either trees or vegetables (the ecological methods). Some of the businesses in this category are co-operatives. The AGRI BEE charter emanates from the sector charter– an instrument that is meant to drive the transformation in the sector. AGRI BEE as part of the empowerment elements through the BEE, is addressing amongst other issues, buying equity in order to address the ownership and management control,</p>
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Financial and non-financial support is offered to co-operatives by different government departments. **Organisations A** and **G** offer financial support. The director in **Organisation C** states that they do not offer financial support; however, this is contrary to the reports that the researcher received from some of the co-operatives interviewed. The director responded to these reports by saying they have changed the strategy as indicated earlier under the discussion on what influences the department to assist co-operatives. The rest of the other departments offer non-financial support. The non-financial support is not coordinated, not monitored and is duplicated. In most cases, it looks like it is a matter of compliance with the mandate, and they do not necessarily engage with the co-operatives. **Organisation G** seems to be the only department with systems in place to measure the implementation of the support given to co-operatives. However, this does not stop agriculture co-operatives from approaching other departments for the same support. **Organisation G** also seems to be the only department with a large budget for assisting the co-operatives and have employed full-time coordinators per province to assist the co-operatives. **Organisation D**, the apex body depends on linking their affiliates to the financial and non-financial support given by the government; they do not offer financial support to members.

The next theme focuses on the database of co-operatives maintained by different government departments.

#### Theme 4. Database of co-operatives

This theme focuses on the nature of the database of co-operatives that the government departments or their implementing agencies maintain and to what extent are they efficient.

Database.	<p><b>Organisation A</b></p> <p><b>Organisation B</b></p> <p><b>Organisation C</b></p> <p><b>Organisation D</b></p>	<p>Organisation A did not appear to have a database of co-operatives. They seem to be relying on the CIPC even though they know that the information from CIPC is not user-friendly and reliable. The response received from Organisation A to the question was “I can run a query and see how many were formed, just after 1994, they should be very few. Many co-operatives were formed during the last 4 to 5 years. I can run a query and let you know which ones”. It is important to note that none of the information promised by Organisation A was received.</p> <p>This is what the director of Organisation B said about the database of co-operatives:” We do have a database, like what Mr X did, he put some of the co-operatives here, this are some of the national projects that we were doing – we can just print this database and email it to you”. This database is accessible on their website. It was from this database that four co-operatives were recommended for inclusion in the study.</p> <p>Organisation C said they keep a database of the co-operatives that they have profiled. Later on, they want to check the impact brought by linking these co-operatives to resources. They only started implementing their new strategy in 2015; it is early to make conclusions about its impact on the co-operatives that they have linked to resources. They used to fund the co-operatives before 2015.</p> <p>Organisation D did not appear to be keeping a proper database of their affiliates. The director interviewed said, “So, there are many co-operatives that are successful, but I need to get the names of the places where they operate from.” It was not possible</p>
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	<b>Organisation G</b>	<p>to get co-operatives that could be interviewed until Organisation D were approached for the second time. The director at Organisation D states that they have 30 000- 40 000 co-operatives affiliated to them, a large number which Organisation D find challenging.</p> <p>Organisation G developed a system for the co-operatives called CODA, the Co-operative Data Analysis <a href="http://webapps.daff.gov.za/codas/">http://webapps.daff.gov.za/codas/</a>. It was from this database that four co-operatives were recommended for inclusion in the study.</p>
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**Organisations A and G** are the only organisations that have a database for the co-operatives they are dealing with. **Organisation D**, if they have, it is not well maintained because they could not give the information about the co-operatives the first time they were requested. Only when they were approached for the second time, they recommended co-operatives to be interviewed. **Organisation D** is the only co-operative apex body in the country and has not positioned itself as the first port of call regarding the information needed on the status of co-operatives in the country. The database of co-operatives maintained by the CIPC is not reliable. As a result, it is not known how many active co-operatives there are, and this could make the budgeting process of **Organisation A** difficult.

The next theme focusses on the co-operatives that were regarded as successful by the directors from government departments and how government departments measure successful co-operatives.



	<p><b>Organisation C</b></p>	<p>According to Organisation B, a sustainable co-operative is one that is global and operating on its own, not relying on government funding, nor on any type of subsidy. They believe that there could be co-operatives that are operating without assistance from the government.</p> <p>Organisation C has a new program of linking co-operatives to opportunities, and it is not easy yet for them to identify successful co-operatives. They have come up with this new approach to the co-operatives because they feel that the establishment of co-operatives is not their mandate but that of Organisation A. They will evaluate the impact of the linkage program mentioned above in 3-5 years.</p>
	<p><b>Organisation D</b></p>	<p>Organisation D suggested ULIMO, a co-operative based in the Vaal as a successful co-operative that could be interviewed. According to Organisation D, ULIMO is a multi-purpose co-operative, they plough maize, and they have cows and pigs. Organisation D mentioned one in Ekurhuleni as well who are in manufacturing and agriculture. The director gave the contact number of ULIMO. However, the lead member, who is also a PEC member at Organisation D, was not keen to participate when approached. They make church uniforms, school jerseys and clothes as well as engage in agriculture. When Organisation D was approached for the second time, they recommended two other co-operatives that are included in the study as co-operative F and I.</p> <p>According to Organisation D, co-operatives that are regarded as successful will be those that employ people. The one in Ekurhuleni that was mentioned earlier employs thirty people. According to Organisation D director, “co-operatives are not comfortable to discuss the profit that they are making, or they misrepresent the information because when you talk about money, it is as if you want to report them somewhere, they do not talk freely about how much money they make”. Organisation</p>

	<p><b>Organisation E</b></p>	<p>D does not seem to be having any tools that they use to determine the success of co-operatives, and as affiliates of Organisation D, co-operatives are not required to report on their performance.</p> <p>The director of Organisation E did not give the sense that the provincial department had successful co-operatives that they are working with that they could recommend for inclusion in the study. They cited some co-operatives that they know at a distance, including one in the Western Cape that is in the transport sector. The researcher tried without success to contact the co-operative mentioned.</p>
	<p><b>Organisation F</b></p>	<p>Apart from a list of five co-operatives that Organisation F recommended for participation in the research, they have a host of other co-operatives that they could boast about what they know from when they used to support co-operatives. Among others, they cited the burial societies that they assisted to be a funeral co-operative for their members.</p>
	<p><b>Organisation G</b></p>	<p>The response from Organisation G on the question under discussion was unequivocal: “We have co-operatives in the provinces that are doing very well. In each province, you will be able to find successful ones, and you will be surprised. Around Gauteng there is a processing co-operative in Bronkhorspruit, they produce animal feed. They are for export market and are selling locally, as well as to the SADC countries. In Winterveld, there is a family co-operative, father and son are hands-on. They do vegetables and selling fresh produce vegetables, and a little bit of livestock as well, they have a pack house and a delivery truck”. However, these two co-operatives were not available for the interview. The researcher waited for an hour outside the operations of the one co-operative in Winterveld until she decided to leave because this member said he was going to be very late coming from an appointment. The second co-operative was at a very isolated farm in Limpopo, and the gates were locked, and this member was not answering the phone. The researcher waited for an hour until she decided to leave; it was not safe</p>



		to continue waiting there alone. Four other co-operatives captured in <b>Chapter 7</b> were recommended for inclusion in the study by Organisation G.
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Co-operatives that were interviewed were recommended for inclusion by **Organisations B, D, F and G**. **Organisation A** measure the success of the co-operatives through targets set by the government, which includes job creation. **Organisation G** has a few co-operatives that are in the commercial sector and are already exporting products to other countries, and this is how they measure the success of the co-operative. Some of these co-operatives are no longer dependent on the government. Each government department has its own method of determining the success of co-operatives even though the directors interviewed said they implement the co-operative strategy formulated by the **Organisation A**. There is no monitoring of how much turn-over co-operatives are making. There is also a lack of accountability and monitoring of the annual turnover because CIPC does not follow-up on co-operatives to declare annual income. This is an aspect that future research needs to explore. **Organisation B** link the success of co-operatives to the training they provide. According to **Organisation B**, sustainable co-operatives are global, even though they recommended four co-operatives for inclusion in the study that are not global. **Organisation D** links the success of the co-operatives to the number of people they employ. This criterion of measuring the success of co-operatives ties very well with **Organisation A's** criterion.

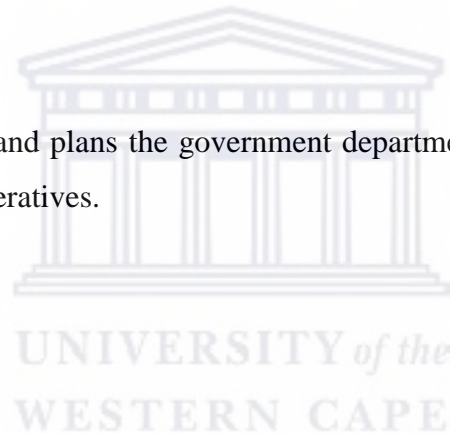
The next theme focuses on cooperation and collaboration among stakeholders.



<p><b>Organisation D</b></p>	<p>Organisation D has partnered with several SETAs in offering training to the co-operatives. This is indicative of the duplication of services already mentioned above. They work closely with EWSETA, who is offering electrical engineering programmes in seven provinces. Other SETAs are the SERVICES SETA – for internships, and the CATHSETA- for sports management and communications skills. CHIETA- electrical engineering, MVULA TRUST- security. Organisation D has also partnered with the Departments of Economic Development, Trade and Industry, Agriculture, Forestry and Fisheries and Rural Development and Land Affairs. Further memorandums of understanding are with Organisation A for business management training for induction, co-operative governance and financial management. Productivity SA is offering business management skills. They have also partnered with an Italian co-operative.</p>
<p><b>Organisation E</b></p>	<p>Organisation E works closely with the implementing agency of the department as well as with other units of the department. They also cooperate with other provincial departments such as DSD, Transport, Human Settlement, COGTA, National school programme, and the Department of Education and the municipalities at the metro, district and local levels. Organisation E has also gone a step ahead in linking the consumer co-operatives with Italian co-operatives.</p>
<p><b>Organisation F</b></p>	<p>Organisation F, as the implementing agency of the government department in Limpopo works closely with other units within the department.</p>
<p><b>Organisation G</b></p>	<p>Organisation G has partnered with Tshwane Metro and other municipalities to offer training. The partnership requires that the municipality provides the venue, food and transport and national department provides the training facilitator and the training material. In the Eastern Cape, they have partnered with the Eastern Cape Development Agency (DDRA) the implementing agency in the Eastern Cape.</p>

**Organisation A** has transversal agreements with other national government departments. It was not possible to know which departments and the total number of government departments involved in co-operatives and the nature of these agreements. These agreements also exist between the department and the private sector. Provincial governments also enter into their own arrangements with other stakeholders as it is the case with **Organisation G**. They have an agreement with an Italian co-operative. As there is no coordination, **Organisation D** has its own agreement with the Italians, and **Organisation E** also has its own agreement. **Organisation D** has its own agreements with other stakeholders as well. Training is duplicated and not customised except in the case of **Organisation G**, where the need assessment of co-operatives is done before training is undertaken.

The last theme focuses on the status of co-operatives and plans the government departments have for co-operatives. The directors were asked whether they are happy with the current status of co-operatives.





	<p><b>Organisation A</b></p>	<p>(OMOP) model. That is the reason why the department is reverting to the secondary co-operatives, which is more practical and more implementable.</p> <p>Organisation A wants to supply co-operatives with tablets to monitor its financial performance on a weekly basis. The Information Technology section of the department is assisting in designing an application that the department will use to access the data for analysis. This, according to the department, will be another form of monitoring without sending a business advisor to the field. The department will be able to track the trends and see the co-operative that is in decline and can then dispatch a mentor to visit the co-operative.</p> <p>The co-operative financial institution is in the offing, which is a drive leading to a co-operative bank - a community bank. The department maintains that mechanisms are needed to help the co-operatives to work together to form these community co-operative banks that will be owned by co-operative members.</p>
	<p><b>Organisation A</b> <b>/ E / F</b></p>	<p>Most of the departments are also waiting for the Co-operative Amendment Act No. 6 of 2013 to be proclaimed, that they have been waiting for a long time. The proclamation of the Act will bring to life the Co-operative Development Agency (CDA) where the budget for the co-operatives will reside.</p>
	<p><b>Organisation C</b></p>	<p>Organisation C is not happy with the status of co-operatives hence the efforts to enhance the capacity of the co-operatives. Organisation C states that there is a lot that must be done, but all is not as gloom, there`s a window of opportunity.</p>
	<p><b>Organisation D</b></p>	<p>Organisation D is waiting for the incubation programme to be launched. Organisation E and GEP have partnered with Organisation D in this programme. Organisation D will bring co-operatives. Productivity SA will do the training and GEP</p>

	<p><b>Organisation F</b></p>	<p>will supply the resources needed for the incubation programme. This programme will be piloted in Gauteng. SERVICES SETA will provide training in basic computer skills and business management to the co-operatives. This training has already taken place in Limpopo and Free State provinces.</p> <p>Organisation F does not have specific plans for co-operatives for as long as they are a 3D profit institution. They do not have a budget earmarked for the co-operatives. In cases where Organisation F bought equipment for a co-operative and the co-operative is no longer in operation, or the co-operative members still have internal disagreements, provision has been inserted in the Memorandum of Understanding that Organisation F can take the resources or assets away from the co-operative and allocate them to another co-operative that can use them.</p>
	<p><b>Organisation G</b></p>	<p>Organisation G said they could never be happy with the status of the co-operatives. They say the problem is multi-faceted because they do not even know some of the role players. Municipalities have their own co-operatives that Organisation G does not know about. There are thousands of co-operatives that operate in the sector of agriculture where Organisation G is not involved. This happens because people go to CIPC to register; there is nothing compelling CIPC to inform Organisation G. Organisation G does not have concrete plans they want to implement for the co-operatives; however, they will introduce some programmes as and when the need arises. They are further guided by the annual report on areas that need improvement. If the report reflects that 90% of the co-operatives that they are dealing with do not have formal markets, they will act on that.</p>

Support to co-operatives is given at different spheres of government. In most cases, the national government will channel support through the provincial government. However, the local government conducts their own programmes that are not linked to those of national and provincial government. **Organisation B** coordinates their programmes through their provincial offices. Most directors interviewed are not happy with the current status of co-operatives and believe there is room for improvement. Some of the departments do not have plans on how to improve the current status. Some such as **Organisation A** have huge plans which include improving the CIS and introduce technology that will assist the department to monitor the performance of co-operatives.

However, it becomes evident when interviewing most of the directors and managers that they were waiting for Act 2013 to come into operation. As indicated earlier, Act 2013 came into operation recently, on 1<sup>st</sup> April 2019. This will bring into effect the establishment of the Co-operative Development Agency (CDA) which in turn will help to bring the activities of co-operatives under one umbrella. The CDA will address most of the duplications in services or lack thereof, the monitoring and evaluation of the programme, the accountability of co-operatives and most importantly, the budget to Co-operative Development Agency (CDA).

The directors were also questioned about women participation in the co-operatives. The next section addresses their response to this question.



## 6.4. Women Co-operatives

As indicated earlier, SEDA conducted a performance assessment of twenty co-operatives in Mpumalanga. Mostly the co-operatives are either women or a mix of men and women except for one in the mining sector; this will be covered in the next **Chapter**.

The DSBD conducted a study comparing the composition of co-operatives regarding males, females and youth, as well as the post matric qualification. In all the eight provinces, women co-operatives featured predominantly, except for the Western Cape. As indicated, the Western Cape Provincial government is the only province that does not support co-operatives; it is therefore, not surprising that information about co-operatives will be skimpy.

Most of the directors interviewed, indicated that most of the co-operatives that they were dealing with are women co-operatives or combination of males and females. They, therefore, do not have information which is isolating women co-operatives from the rest of the co-operatives. Amongst the 30 000 co-operatives affiliated with SANACO, the majority are women. However, they too do not have sufficient information to support the dynamics in women co-operatives.

## 6.5. Summary

As indicated above, most of the government departments and agencies interviewed have dedicated staff who deal with the needs of co-operatives even though all of them are under-staffed. It is also noted that in most of these government departments, the services and resources meant for co-operatives are shared with SMME's except for the activities in the dedicated section of **Organisation G**. This means that the resources meant for co-operatives are thinly stretched as they share them with the SMMEs. **Organisation G** has full-time coordinators based at the national office responsible for the provinces.

**Organisation A** is regarded as the main department driving the implementation of the strategy and policies governing the co-operatives, even though other government departments are tasked with supporting the co-operatives. In practice, not all the government departments interviewed follow the strategy of **Organisation A**. **Organisation E** has its own strategy, and its national

department also has its own strategy. Also, of concern was the fact that the strategy of their National Department was launched after **Organisation E** had already launched their own strategy. Furthermore, nothing makes it mandatory for **Organisation H** to support co-operatives.

The information coming from the interviews conducted with the directors further indicate that there are many government institutions that are involved with the development of co-operatives, which creates the impression that the development of co-operatives is the responsibility of government, making it a top-down approach. Government support to co-operatives frustrates some of the directors because it leads to over-dependency of co-operatives on government.

**Organisation A** say they have a transversal agreement with most of the government departments, as well as government agencies and other stakeholders. The director in **Organisation A** interviewed could not give an indication of how many such agreements are in place, and despite the many email reminders that went to him, the information never became available.

There are government officials who see government as the market for co-operatives. This was corroborated by the director from **Organisation E**. The activities and the support given to co-operatives by different government departments are not coordinated, lead to duplication of services and the effectiveness of co-operatives in helping to develop communities is not realised. It is because of this that some of the directors interviewed believe that the coming into operation of the Co-operative Amendment Act No.6 of 2013, will give credence to the importance of co-operatives as a method of poverty alleviation.

The next **Chapter** will be focussing on the profiles of the fifteen interviewed co-operatives, as well as a cross-case analysis of these co-operatives.

## CHAPTER 7

### RESULTS OF THE INTERVIEWS WITH SELECTED CO-OPERATIVES

#### 7.1. Introduction

In this Chapter, a profile of each of the fifteen selected co-operatives is presented. This exercise is followed by a cross- case analysis of the interviews with the co-operatives using the elements of the Theoretical Framework of Co-operative Enterprise as a business model–developed by Mazzarol et al. (2011) as explained in **Chapter 2**. The analysis that follows in this chapter does not integrate theory. The integration of theory with the discussion of the interviews of the directors and those of the co-operatives interviewed is presented in **Chapter 8**.

#### 7.2. Data Collection Process

**Annexure C** was used as the interview guideline to collect information from members of the fifteen selected co-operatives. **Annexure C** has been translated into Sotho and Xhosa. The researcher speaks Sotho and is also fluent in English and Tswana and can communicate in Northern Sotho. The interviews with members of the co-operatives were conducted in Sotho, which is the predominant African language in the provinces visited. In Limpopo, the interviews were conducted in Northern Sotho, which is the predominantly spoken African language in the province.

As indicated earlier, the four co-operatives that were recommended for inclusion in the study by SEDA, were amongst the fifteen co-operatives interviewed by the researchers.

#### 7.3. Population and sample

The fifteen selected co-operatives were interviewed.

## 7.4. Data Analysis

Each co-operative's information has been analysed according to the elements of the Theoretical Framework of Co-operative Enterprise as a business model developed by Mazzarol et al. (2011)

The elements have been condensed as follows:

1. The member's investment into the co-operative.
2. Ownership or active participation
3. Quality of service or products and improved productivity or benefits
4. Access to markets
5. Financial or other benefits received and access to resources
6. Value for members (what keeps them there) and community building
7. Governance

Each of the co-operatives has been profiled separately followed with a cross-analysis of the fifteen co-operatives which highlights similarities and the differences. The analysis does not integrate literature. The integration of literature with the discussion of both the directors of government departments and those of the fifteen co-operatives interviewed is presented in **Chapter 8**. The summary of similarities and differences of the co-operatives is also presented in a tabular form at the end of **Chapter 8**.

Below follows the profiling of the fifteen co-operatives.

## 7.5. Profiles of the co-operatives

In line with the confidentiality clause signed for the study, the co-operatives have been identified alphabetically from A to O. The summary of the co-operatives interviewed is presented in **Table 8.2 in Chapter 8**.

Below is the presentation of the profiles of the fifteen co-operatives which will be followed by thematic analysis of the co-operatives in a tabular form.

### **7.5.1. Co-operative A**

This co-operative operates from a village, which is situated 70kilometres outside Polokwane, in the Capricorn District Municipality, in the rural areas of Limpopo Province. Initially, it was an NGO started by the youth in 2005 to attract funding and projects that could alleviate poverty in the community. The Non- Governmental Organisation had fifteen members and used to train members of the community in computer literacy. The Non-Governmental Organisation used to receive donor funding for their projects and equipment. In 2011, they were advised by government officials to register a co-operative because the government was only supporting co-operatives. Some members lost interest when the co-operative was registered because they now had to work for the money and could not live on funding from donors. Only five of them, all males remained with the co-operative.

The interview was conducted with the lead member at their centre, a very modest newly built structure, beautifully furnished board room and kitchenette. Two of the rooms are equipped with computers used by the learners for the two programmes. The centre offers two programmes; a three months computer skills programme and a full qualification that runs for a year. They are accredited with MICT SETA (Media, Information and Communications Technologies Sector Education and Training Accreditation (<http://www.mict.org.za>)).

### **7.5.2. Co-operative B**

This co-operative is in Gauteng and operates from a farm. They have been renting this farm from the Department of Rural Development and Land Affairs since 2007. When they started, the co-operative members did not have any skills to operate a business. They had all completed Grade 12 and had known each other from high school. They started as a Non-Governmental Organisation in 2002 and in 2005 registered a co-operative. They are a five-member co-operative, two women including a married couple and the rest are men. This co-operative focuses on egg-laying, crop farming and livestock.

Four different awards accumulated from 2010 till 2018 have been displayed on the wall in their office where the interview with one member took place.

### **7.5.3. Co-operative C**

The co-operative operates from a farm in the Free State. This is a family co-operative which started operating in 2006 as a close corporation and was converted to a co-operative in 2011. The five members include a married couple, the husband's father and his two brothers. Their main business is planting and storage of maize. The co-operative has silos on the farm and process animal feed, raise broiler chickens and have a licensed chicken abattoir. According to the information on their website in 2018 they were raising 50 000 chickens and processing 300 tons of chicken feed per month. At the time of the visit, this co-operative was in the process of converting from a co-operative into a private company.

According to the lead member, they were not happy with the slow pace of the provision of the government's assistance to the co-operatives. The co-operative approached the bank for some financial facilities for which they do not qualify because they are a co-operative and can only qualify if they are a company. A mining house was already waiting to give them a contract for their chickens, and they needed more money in order to be able to expand the business and get themselves ready for this contract. They were expecting the conversion to be completed before the end of 2018. They also offer internship for students who are in the sector.

### **7.5.4. Co-operative D**

This co-operative started operating as a business in 2013, prior to registering as a co-operative in 2015. They operate from a small holding in the Free State. They started planting, harvesting and packaging asparagus in 2013, whilst in the process of registering a secondary co-operative in 2015. They plant other vegetables such as butternut, beetroot, tomatoes, baby marrows, sugar beans and potatoes. This is an all women co-operative, with twenty-four members. Members of the co-operative all worked for the same employer since 1994. In 2010 the employer announced that he was planning to leave for Namibia, and he would not be farming asparagus anymore. Their employer agreed to stay on as a mentor for some time from 2011 to 2013. The women speak Sotho. Most of the members are single women with only three who are married. Two of them attended the interview, which was conducted in the car in outside the municipality offices. They were invited to attend the training at the local government a day before the scheduled interview and this necessitated changes in the arrangements.

#### **7.5.5. Co-operative E**

This is a five-women-owned co-operative which started operating as a community group in 2003, long before registering as a co-operative in 2007. These women were brought together by the political party, the African National Congress (ANC). They make school uniforms, traditional wear for weddings and security uniforms. They also make curtains, for private people, as well as for the administration blocks of schools.

The ANC arranged the necessary technical and non-technical training for them. They operate from a village in Limpopo. This village is situated 70kilometres outside Polokwane, Limpopo Province, a village further than where **Co-operative A** is situated. Members of the two co-operatives, that is, **Co-operative A** and **E**, know each other. The women communicate in Sepedi, and the researcher could speak their language with ease. Four of the women attended the interview. The interview was conducted at the place where they operate from. The building that they occupy is situated in a very dilapidated complex which is owned by one of the provincial government departments in Limpopo. Their premises have been fixed to be habitable on the inside. The inside part of their premises looks better than the outside, and they are able to do business. Two large rooms have industrial sewing machines, some of these machines were bought in 2018. The women sounded very happy together and were proud of their achievements.

#### **7.5.6. Co-operative F**

This is a family co-operative that started operating as a business in 2013 by a married couple who were managing this business whilst keeping their respective full-time professional jobs. The wife was in the finance section of the corporate where she used to work. There are seven members who include a married couple, and the wife's brother and nieces. The wife is the lead member and seems to be the only hands-on member. They are farming in pure bred cattle and vegetables. During the visit, they were in the process of finalising the pack house. They want to farm in feedlots, sheep and goats. The interview was conducted with the lead member at their farmhouse; the husband joined the interview briefly and left before the end of the interview. They operate from a small holding which is about 70kilometres from Johannesburg. Five farm workers could be seen working manually in the fields.

### **7.5.7. Co-operative G**

This co-operative was recommended for inclusion in the study by LEDA because of their performance and the potential to succeed that they have demonstrated within a short period of their inception. They plant and sell vegetables which include tomatoes, cabbage, potatoes, carrots and green beans. The Department of Agriculture tests the soil and advise what vegetable to plant. They operate from a village outside Lebowakgomo in Limpopo. Lebowakgomo is about 49,9 kilometres from Polokwane.

The co-operative was registered in 2014 by seven members with a married couple amongst them. Most of the members of the co-operative are young people with one elderly woman. They deliberately needed a combination of the young and elderly. They say there must be continuity when the elderly gets old. The elderly lady believes that the young are not fond of hard labour and the greater part of what they are doing is manual work.

The interview was conducted in their office made of corrugated iron, very neatly kept, spaciouly furnished with a table and chairs and a cupboard. Three members attended the focus group session. All three members were busy in the field when the researcher arrived. This was the only co-operative where the interview continued in the absence of the lead member. When the lead member was contacted, she indicated that she would not be available on the day of the interview, but she would make the necessary arrangements so that the interview could continue as scheduled.

### **7.5.8. Co-operative H**

This co-operative is situated about 9.5 kilometres outside Polokwane in Limpopo Province. Their core business is the manufacturing of school uniforms, hospital garments and personal protective clothing. They also sell protective boots, but they do not manufacture them.

They started as a Non-Governmental Organisation, offering training to members of the community. When they converted the Non-Governmental Organisation to a co-operative, they recruited some of the people they trained to become the co-operative members and as a result, they did not experience resentment from the community when they closed the community project. The co-operative has five members, one male who is the lead member and four women. The interview



was conducted with the lead member alone; there was one other member at the premises who was busy with the orders.

The place is equipped with modern industrial sewing and embroidery machines; however, the place was disturbingly quiet on the day of the visit except for the other co-operative member who was busy on one machine. The researcher was told that other members who live far away from the premises where they operate are called only when there is work to do.

#### **7.5.9. Co-operative I**

This co-operative was recommended for inclusion in the study by SANACO because of their performance and potential to succeed, which they have demonstrated within a short period of their inception.

The twelve members that form this co-operative started as individual funeral undertakers coming together to form a co-operative. Some of them have been operating their individual funeral undertakers for five years and some for fifteen years. They decided to come together, to assist one another and to share ideas. The intention is that in future they will have financial assistance and build a structure to house all co-operative undertakers.

The interview was conducted at Nandos at Maponya Mall with the Public Relations Officer and the Chairperson of the co-operative. The place where the interview was conducted was very noisy; however, they chose the venue for the interview as they thought it was a central point for all involved.

The co-operative started in October 2016. In 2018 there were twelve members (including two married couples). They believe twelve is a manageable number and are not going to increase this number. There are four men, and the rest are women. They wanted to register the all women co-operative, but the nature of the industry dictated the inclusion of men, and they co-opted men. They operate in various townships in Soweto, Gauteng Province, with the intention of expanding nationally in future.

#### **7.5.10. Co-operative J**

This co-operative was also recommended for inclusion in the study by the Department of Agriculture because of their performance and potential to succeed that they have demonstrated within a short period of their inception and to demonstrate the concept of supply chain that the department has introduced in the co-operatives. The interview took place in Winterveld, which is about 70kilometres outside Pretoria. They were registered as a co-operative in the 2015 to produce eggs.

The co-operative has five members, three men and two women. Their ages range from forty-five to sixty years. Only one member was interviewed at his home where the egg-laying takes place. Each member of their co-operative has been provided with a corrugated chicken structure of egg-laying, and they are also able to sell eggs in the communities where they live. In the beginning, they were nine members; two resigned in 2017 because they wanted to join the chicken broiler co-operatives, where chickens are raised for meat production. The other two members who resigned wanted to work on their own.

#### **7.5.11. Co-operative K**

The co-operative is one of the 20 co-operatives in the pilot study conducted by SEDA and one of the four included in this study. The 20 co-operatives were interviewed by the SEDA researchers in 2016 with the purpose of ascertaining the status quo of these co-operatives in relation to their size, activities, availability of the market for their products, conditions under which they operate, existing skills, capacity; registration status, affiliation to the business network; marketing, administration and management proficiencies, commercial or subsistence status, and the viability of the enterprise.

The co-operative was founded and registered in 2012. The activities of the co-operative are grass cutting, irrigation, bush clearing, gardening services, landscape and horticultural work. The co-operative at a small village which is five kilometres West of Nelspruit, at the same place as Mbombela stadium in Mpumalanga. The aim of establishing the co-operative was to support the local community in youth and women empowerment so that they are able to maintain the public roads and spaces, as well as the stadium precinct in their area.

### 7.5.12. Co-operative L.

This co-operative in Mpumalanga is one of the 20 co-operatives in the pilot study conducted by SEDA and one of the four included in this study. The 20 co-operatives were interviewed by the SEDA interviewers in 2016 with the purpose of ascertaining the status quo of these co-operatives in relation to their size, activities, availability of the market for their products, conditions under which they operate, existing skills, their capacity; registration status, affiliation to the business network; marketing, administration and management proficiencies, commercial or subsistence status, and the viability of the enterprise.

Co-operative L trades in vegetables and poultry. Their vegetable offering includes the following: butternut, cabbage, onions, potatoes, chillies, green beans, green peppers, tomatoes, brinjal, okra, sugar, beans, marrows, mealies, spinach and beetroot. They have been in operation since 2000, and they were granted permission to occupy 17 hectares of land.

Like many other co-operatives, this Vegetable and Poultry Co-operative, currently and in the past have had a few challenges which include:

- 1) Crop diseases: The Department of Agriculture and other stakeholders in the sector were of assistance in giving the necessary continuous advice on pest control and spraying programmes,
- 2) Heavy rainfalls which at times destroy the crops and render the co-operative unable to plant and harvest due to the muddy condition of the fields,
- 3) A lack of knowledge in operating the machinery, causing delays in packing and sorting vegetables. The co-operative members, therefore, pack and sort the vegetables manually, even though they have purchased machinery for the purpose. SEDA did source a service provider to train the co-operative on how to use the packaging machinery,
- 4) Limited skills in packaging the products to meet the required packaging standards and
- 5) Competition from large companies like Lowveld sugars and other commercial farmers in the area some of whom have large farms with adequate land, many workers and who are already well established in the industry.

The youth in the co-operative have tertiary education qualifications and are performing all the core functions which include human resources, finance, as well as other business functions, and some

of the other members are trained in other business skills.

### **7.5.13. Co-operative M**

This co-operative in Mpumalanga is another co-operative in the pilot study conducted by SEDA and one of the four included in the study. They were interviewed by the SEDA interviewers in 2016. The Crushers and Logistics co-operative was registered in 2011. It is a primary co-operative operating from a rented farm; where the administrative functions are carried out. Their offices are situated 60 kilometres away from the operations.

They operate in quarry mining. The co-operative has five directors. The quarry mining entails extracting, crushing and supplying dolerite stone but was not yet operational at the time of the interview. This co-operative is classified by SEDA as being in a start-up phase even though they have been in existence for a long time. They have started digging to have their products tested as quarry mining by its nature is a long process to get off the ground because of the testing requirements of products. This they have been doing successfully, and they were ready to start the operations as soon as funding was received.

The products that will be produced once in operation include ballast stone, crusher sand, concrete and road stone material and these can be distributed both nationally and to neighbouring countries. The raw material will also be converted to finished products, for example, ready mixed cement.

According to Singo Consulting (PTY) Ltd, the quarry is estimated to be having the reserves of 54 million tons of dolerite. South African National Roads Agency SOC Ltd (SANRAL), an independent statutory company registered in terms of the company's act to manage, maintain and develop some of the national and provincial road networks, allotted them the land on which the operations are carried out. SANRAL is testing the co-operative's product in the vicinity of the area of the quarry ([www.sanral.co.za](http://www.sanral.co.za)). Transnet Rail Engineering- a leading South Africa supplier to the railway industry, through manufacture, upgrade and refurbishing of rolling stock and rail-related products has tested the strength and durability of the co-operative's product and it was found to be of good quality ([www.transwerk.co.za](http://www.transwerk.co.za)). The co-operative is thus geared to supply the

construction and road materials in Mpumalanga.

The co-operative requested assistance from Actophambili as well, the company whose focus is asphalt surfacing, seals, slurry, crack seal and asphalt patching. Actophambili assisted the co-operative with a variety of machinery which includes but is not limited to digging equipment and cranes. Furthermore, Actophambili owns 42% in the company whilst the remaining 58% belongs to the co-operative. There is a buyout agreement of the Actophambili's shares by the co-operative over a 5- year period ([www.actophambiliroads.co.za](http://www.actophambiliroads.co.za)).

#### **7.5.14. Co-operative N**

This co-operative is also one of the 20 co-operatives in the pilot study conducted by SEDA. They were interviewed by the SEDA researchers in 2016. This co-operative started their operation in 2001 long before they registered as a co-operative in 2014. They operate in the craft-beading and farming sectors. In farming, they produce vegetables for the local market for both summer and winter seasons. They operate in Mpumalanga Province.

The business was started informally by a member who was teaching volunteers how to do beading, painting, dancing and farming. The co-operative has nine members and employ fifty-two employees; nine are permanent, and forty-nine are seasonal workers.

#### **7.5.15 Co-operative O**

The co-operative started their operations in 2012 and proceeded to register as a co-operative in 2013. They operate a Buy Back Centre. According to Viljoen, Schenck and Blaauw (2012), a Buy Back Centre is a depot where individual waste collectors, reclaimers and street waste pickers can sell their recyclable waste. The Buy-Back Centres, in turn, sell these waste products to other larger Buy-Back Centres or recycling companies.

The co-operative is situated 37 kilometres from Johannesburg using the NI road on the way to the Free State. They are part of the corporate development programme of Pikitup. Pikitup Johannesburg (SOC) Ltd is the official integrated waste management service provider to the City

of Johannesburg. According to the information on their website, Pikitup is mandated to provide integrated waste management services to the residents of Johannesburg and the area where **Co-operative O** is situated, that falls under the Johannesburg Metro ([www.pikitup](http://www.pikitup)).

The focus interview was conducted with three of the members, the fourth member joined in at the end of the session.

Challenges, like any other business include the need to transform, from a start-up level to self-sustainable business level. They see many opportunities. They singled out one big challenge that they were facing, namely; the inability to secure a truck. They regard this as central to all the problems they have. Most of the government departments have assisted them before but do not assist with vehicles or trucks. They were pinning their hopes on the Co-operative Incentive Scheme (CIS) application, even though the process is reputed to take long.

They summed up the transportation problem as being central in the following fashion:

If I do not have the transport, I do not have the capital, and if I do not have the capital, I do not have the material, and if I do not have the material, I do not have the staff. If I have the transportation, I can drive from here to other regions and collect the material and help myself establish business. The main problem is transportation. I don't want us to dwell into other challenges to stress ourselves. I know them, they are lot more, but the major one is transportation because it is the one that controls everything.

The co-operative is owned by five young, male members. They grew up together, although they were already working at different places when one of them came up with the idea of registering a co-operative.

Most of the co-operatives profiled above trade in agriculture even those that are multi-purpose in the making, have an element of agriculture in them. Some of these co-operatives have been around for four years, one year short of the required period for inclusion in the study but show prospects of success. Some have been around for a long time.

The next section focuses on the analysis of the co-operatives **A up to O** according to the elements of the Theoretical Framework of Co-operative Enterprise as a business model. The analysis is presented in a tabular form.

## 7.6 Thematic analysis of the co-operatives that were interviewed

### Theme 1. The member's investment into the co-operative

The theme describes the type of investment made by the members when they first started the co-operative or continued investment if there is any.

Co-operatives	The member's investment into the co-operative
<b>Co-operative A</b>	The five members of the ICT co-operative contributed a once off amount of R150.00 per member that was used towards opening a bank account, for transport, as well as for buying stationery.
<b>Co-operative B</b>	When they started, each member of this farming co-operative used to contribute R200.00 per month in order to have cash flow. The monthly contributions assisted them to register the co-operative and to open a bank account but also to show commitment to what they wanted to embark on.
<b>Co-operative C</b>	The business was initially, registered by one member of the family as a close corporation. The member invested money in registering the close corporation which he later changed into a farming co-operative to include his wife, father and two brothers. Other members did not contribute anything.
<b>Co-operative D</b>	Initially, members of this farming co-operative used to contribute R150.00 monthly, which they saved, and used toward hiring a tractor, as it is very expensive to hire a tractor. At the beginning of the year, each member contributes R150.00 and that money is used to buy seeds.
<b>Co-operative E</b>	Members of this clothing co-operative did not contribute any money before starting the co-operative. They were brought together by a political party, the African National Congress (ANC). The only payment they make is towards buying electricity for the premises from which they operate. They do not make any further individual monthly payments.

<b>Co-operatives</b>	<b>The member's investment into the co-operative</b>
<b>Co-operative F</b>	The married couple contributed financially in establishing this farming co-operative, and the other five members did not contribute any money. This couple continues to inject their own money on a monthly basis towards completing some of the infrastructure on the farm.
<b>Co-operative G</b>	Members of this farming co-operative contribute R200.00 monthly since the inception of their co-operative.
<b>Co-operative H</b>	They started as a Non-Governmental Organisation. The member of this clothing co-operative stated that they were aware that people needed to contribute financially to start a co-operative. However, they were dealing with unemployed people, and therefore, they decided to use the peoples' skills for sweat equity.
<b>Co-operative I</b>	Members of this funeral undertakers' co-operative have been contributing R1000.00 each per month since inception. They will use the money as their deposit or collateral when they apply for venture capital or to show commitment to potential investors.
<b>Co-operative J</b>	When they started members of this chicken egg-laying co-operative contributed R70 each for joining fee because they needed R500.00 to open the bank account. Each member currently contributes R250.00 per month.
<b>Co-operative K</b>	Members of this cleaning co-operative did not contribute financially in order to start the co-operative. This initiative was driven mainly by the ward councillor of the municipality where the co-operative operates with the backing from big companies. There are no further monthly financial contributions.
<b>Co-operative L</b>	The members of this farming co-operative contributed an amount of R50.00 to be able to register the co-operative.
<b>Co-operative M</b>	Initially, members of this quarry mining co-operative contributed money in order to register the co-operative and to have cash flow. They are professionals in all the fields needed to manage the mining activities and are now only contributing sweat equity.
<b>Co-operative N</b>	An amount of R30.00 is collected from each member of this art and farming co-operative after the sales and it is put aside for the running costs of the co-operative.
<b>Co-operative O</b>	Members of this Buy Back Centre and Re-cycling co-operative each contributed enough money to register the co-operative and to open the bank account.



Ten of the co-operatives interviewed collected enough money to register with the CIP and to open the bank account. **C** and **F** are family co-operatives, and a member of the family registered the co-operative. The registration of **Co-operative F, H** and **K** were facilitated by stakeholders. All the co-operatives re-invest part of the monthly income back into the business.

The next theme discusses the ownership of the co-operative and whether members participate actively in the co-operative. The number of casual, contract or permanent employees where available is indicated.

## **Theme 2. Ownership or active participation**

This theme focuses on who owns the co-operative and whether the members of the co-operative are hands-on the operations. Furthermore, the theme focuses on whether there are other people employed by the co-operative.

<b>Co-operatives</b>	<b>Ownership or active participation</b>
<b>Co-operative A</b>	This ICT co-operative consists of six registered members who are all men. Not all six members work for the co-operative. Two work at the ICT centre owned by the co-operative, one member works at another office owned by the co-operative which is situated at the multi-purpose centre. The remaining two members do not work for the co-operative. One is employed by one of the government departments whose offices are also in the multi-purpose centre where the co-operative has office space, and the second member is employed by the South African Police Service (SAPS) in the area. The other two members who are not hands-on in the co-operative are available to attend meetings when needed and benefit from the proceeds of the co-operative. The co-operative has also co-opted a retired Roman Catholic priest who was a board member of the co-operative before.
<b>Co-operative B</b>	The poultry, crop and livestock farming co-operative is owned by two women and three men (includes a married couple). All five members work full-time for the co-operative. Some members drive the tractors, and they employ another six people on a permanent basis. All the farm workers, as well as the married couple, stay on the farm. The poultry section needs committed people, who can thoroughly check when the loading of the eggs for the market takes place and recount and check for the shortages. The women members know how to drive a tractor and how to work the

<b>Co-operatives</b>	<b>Ownership or active participation</b>
	land and work in the office, as well as how to manage the poultry side of the business.
<b>Co-operative C</b>	All five members (married couple, his brothers and their father) of this farming co-operative are full-time employees of the co-operative. The two brothers live on the farm, whilst their father stays in Kutlwanong just outside Odendaalsrus and the couple live in Riebeckstad outside Welkom. The co-operative provides transportation for their employees to and from the farm.
<b>Co-operative D</b>	This is a twenty-four all women-owned vegetable farming co-operative. All members work for the co-operative and they employ a security guard and a driver on a full-time basis. When they are inundated with work; they hire an additional ten casual workers.
<b>Co-operative E</b>	There are hands-on four members of the sewing co-operative who appear on the registration documents. The fifth member has not been registered and did not attend the meeting, although regarded as a member of the co-operative. The only male employee who used to help with packaging passed on early in 2017 and has not been replaced. When they have projects, they employ eleven casual workers.
<b>Co-operative F</b>	This is a family farming co-operative consisting of a married couple, the wife's two brothers and nieces. In total, they are seven members. The wife seemed to be the only member who is hands-on. Not all members are involved in the business. This is what the lead member said about the other members: "Two of them we give work forcefully, like can you please do this for us", which means these two get allocated co-operative assignments even if they do not like it. One of the members is employed in the Information Technology sector. The co-operative uses the niece when necessary. One of the nieces studies marketing, however, she sees herself working for a big corporate. The couple and their children stay on the farm. The other members of the co-operative stay at Rustefarm, a coloured township in the area. The co-operative employs five seasonal workers during harvesting time.
<b>Co-operative G</b>	Four out of seven members of this vegetable co-operative are hands on in the business and the rest are silent partners. However, they are all from the same community. The co-operative employs ten seasonal workers during the potato season, all of whom are young people.
<b>Co-operative H</b>	There are five members of this clothing co-operative, a man who is a lead member and four women. There were only two members on duty during the visit. All the industrial embroidery and sewing machines were lying idle. It was reported that members who live far from the place of work are

<b>Co-operatives</b>	<b>Ownership or active participation</b>
	only called in when the co-operative has work/projects to do.
<b>Co-operative I</b>	The twelve members of this funeral undertaker co-operative are all actively involved in their individual funeral parlours and only meet once a month as a co-operative at the office they currently rent.
<b>Co-operative J</b>	Each of the five members of this chicken egg-laying co-operative has been provided with two corrugated iron structures to house chickens. These structures are at the back of their properties as they work from their homes. Each of them was allowed to employ one additional person. The five members meet once a month.
<b>Co-operative K</b>	There are six members in this cleaning co-operative with fourteen permanent staff members. Four are females and ten are males. They further employ eight seasonal workers.
<b>Co-operative L</b>	According to their website, this farming co-operative was founded by a group of five individual women farmers who were operating informally in the community in 2000. However, the SEDA interviewers identified nine members recorded in their minutes. They employ, sixty-five permanent employees. All members of the co-operative work on the fields and are involved in the planting, maintaining and harvesting of the crops.
<b>Co-operative M</b>	There are five members who are also the directors of this quarry mining co-operative. The co-operative is 100% black owned. All members are actively involved in the business. They employ an additional twelve permanent and eight seasonal employees.
<b>Co-operative N</b>	This art and farming co-operative has nine members and employs fifty-two people, nine of whom are permanent, and forty-three seasonal workers.
<b>Co-operative O</b>	This is a six-male Buy Back Centre and Re-Cycling co-operative. They used to have female members who left for various reasons. They used to employ thirty people but reduced the number to fifteen from the beginning of 2018.

Most of the members in the co-operatives interviewed are hands-on except for co-operative **A**, **F** and **G**. Where members are not hands-on it is because either they are employed elsewhere and get monthly salaries or are silent partners. As silent partners, they benefit from the dividends when the co-operatives have made a profit. Some members opt to keep their daily jobs when the co-

operatives are still starting and invest in the co-operatives by injecting money. However, this was a rare occasion amongst co-operatives interviewed, only in co-operatives **A**, **F** and **G**. All the co-operatives employ additional people either on a contract or permanent basis.

The focus of the next theme is on what contributes to the quality and productivity of the service or products of co-operatives.

### **Theme 3. Quality of service or products they produce and improved productivity or benefits**

This theme focuses on the quality of the products or service and whether there is any increased productivity or benefits.

<b>Co-operatives</b>	<b>Quality of service or products and improved productivity or benefits</b>
<b>Co-operative A</b>	<p>Members of this ICT co-operative were trained on computer, entrepreneurship, business management, operational, as well as life skills. The co-operative is accredited with MICT SETA (Media, Information and Communications Technologies Sector Education and Training Accreditation) to offer the two programmes that they are presenting to the learners.</p> <p>The co-operative has applied to Services SETA to take twenty learners for skills and an internship programme for learners with an N6 qualification. The learners need work experience of 18 months which forms part of the requirements to complete their diplomas. There are financial benefits derived by the co-operatives for hosting learnerships. There is an administration fee that they receive from Services SETA and learners also get paid. Their partnership with UNISA also brings constant utilisation of their services and brings a regular income. With constant income from the sources mentioned, they are constantly improving their services. The accreditations from Services SETA and MICT SETA add to the recognition of quality service by stakeholders.</p>
<b>Co-operative B</b>	<p>This farming co-operative is increasing the capacity of the chicken house from the one that accommodates 6 000 to one that will house 10 000 chickens. As a result, the chicken house was not operational at the time of the visit on 8<sup>th</sup> March 2018; they were still busy building the chicken house. The new chicken house will improve productivity.</p> <p>When the chicken houses are operational, this co-operative will be trading in maize, eggs and</p>

<b>Co-operatives</b>	<b>Quality of service or products and improved productivity or benefits</b>
	<p>livestock which include cattle and sheep. At the time of the visit they had fifteen cattle and they are planning to increase this because cattle bring them more money. Although the cycle of breeding cattle takes nine months, it is less intensive. Chicken egg-laying production is their main business activity which helps them with cash flow. The money from the crop assists with investment. They invested a lot on farm implements and they have all the necessary farm implements to start bringing them a good income.</p> <p>They display their logo and barcode on their packaging to promote their products with a catch phrase ‘preferred quality affordable product’. They have approached big companies like Caesar’s Casino and Beachwood for business. Contracts with big companies will make them more sustainable. They are in the process of acquiring a health certificate from the local government to add to the quality of products, which is a requirement for doing business with big companies. They are no longer dependant on government for business.</p>
<b>Co-operative C</b>	<p>The father and three brothers had basic farming skills and they could till the soil before starting this farming co-operative. One of the three brothers, who is now the CEO of the co-operative, was part of the learnership under the Machabeng Municipality, where he completed plant and poultry production qualifications. This member’s poultry qualification adds to the quality service that the co-operative is offering.</p> <p>They have outsourced the financial function to an accountant. This includes bookkeeping, Vat, taxes and related reporting to SARS, as well as the monthly financial statements. They have also outsourced human resources activities such as UIF and PAYE for the staff. Outsourcing these functions ensures professionalism in their business and that members of the co-operative could focus on their core business. At the time of the visit, some of the employees were undergoing quality assurance training on meat safety and meat inspection.</p> <p>The farm is in partnership with Agri-Academy and has also been accredited by Agri Seta to offer training in poultry related courses.</p> <p>They have approached one of the mining houses that is interested in a long-term contract for their chicken. They are converting the co-operative to a private company so that they can access bank facilities which they are not able to access now to improve their productivity and automate their operations and become commercial. They were a close corporation before</p>

<b>Co-operatives</b>	<b>Quality of service or products and improved productivity or benefits</b>
	<p>becoming a co-operative. According to the member, First National Bank (FNB) advised them that they will only be considered for the financial instrument that they are looking for if they convert to a private company. They hope to create more outlets wherever possible.</p>
<b>Co-operative D</b>	<p>This farming co-operative has a bakkie to transport their products and members and for various errands. Their knowledge of handling vegetables assists them with negotiating the use of a tractor with a neighbouring farmer in return for labour. They sell sugar beans and asparagus waste to people who own cattle. This boosts their income. Many years of experience in the agriculture sector works in their favour. They no longer live on government assistance.</p>
<b>Co-operative E</b>	<p>Members of this clothing co-operative were provided with six months of training in business management and sewing skills. The various workshops and training courses they have attended and continue to attend, give them a competitive edge and they are able to quote accurately and independently.</p> <p>The use of the correct machinery, measurements and colours before starting a project, contributes to the quality and productivity of their service.</p> <p>They competed and won SASSA projects that required them to make two hundred and fifty school uniforms in three months. They were able to deliver products on time. The many years of experience in their sector help them to produce more quality work and to derive financial benefits. They have a lot of private customers, and they do not rely on the government to do business.</p>
<b>Co-operative F</b>	<p>Two members of this farming co-operative had good experience from breeding and selling cattle before registering the co-operative. After registering as a co-operative, they were trained by SEDA on co-operative governance and Good Agricultural Practices (GAP). In 2017, another member did NQF 3, on Animal Production, at the Free State, Sermic Edenvale Branch, for eight months. The continuous training through either SEDA, SANACO or the Department of Agriculture in the province promotes better management of their plants and animals and the importance of proper financial management so that they can access financial facilities. The member says, “this training brought a lot of knowledge and was a mind shift on how to handle animals and how to treat chicken”. Their priority now is to complete building the pack house and to acquire a health certificate. These will assist them to improve on their productivity and</p>

<b>Co-operatives</b>	<b>Quality of service or products and improved productivity or benefits</b>
	quality of their service to enable them to become commercial.
<b>Co-operative G</b>	<p>When they started the farming co-operative, a married couple, who are members of the co-operative, had already started farming. The experience was augmented by letting other members attend workshops presented by Technoserve and LEDA on financial management and bookkeeping. The Department of Agriculture trained them in farming problems and how to look after the plants. The training received has contributed to better productivity and quality of the vegetables they sell.</p> <p>The grand funding secured from the Department of Social Development, enabled them to install irrigation systems for their vegetables and to be able to plant what is practically possible as advised by the Provincial Department of Agriculture.</p> <p>The availability of the Department of Agriculture in testing the soil samples, assist in the continuous production of quality products; therefore, minimising waste, and enabling them to compete favourably with their competitors in the area.</p>
<b>Co-operative H</b>	<p>All the members recruited to this clothing co-operative have undergone training offered by the co-operative before becoming a member. Most members are elderly people and are finding it difficult to learn how to operate the computerised embroidery machines. This aspect is not working in their favour.</p> <p>In 2017, they acquired the SABS certificate and they believe acquiring the SABS certificate is going to give them a competitive edge. They want to do business with both the municipality and the mines. However, many years in the trade did not synchronise with what the researcher observed during the visit. The many sophisticated machines mentioned above were lying idle with only one-member working.</p>
<b>Co-operative I</b>	<p>Members of this funeral undertakers' co-operative attended training offered by the Gauteng Department Economic Development on how to operate a co-operative. Technical training on managing the funeral undertaking was offered by the Soweto Funeral Undertakers Association (SOFUA). Members periodically attended training offered by the Financial Services Board, on budgets. The training received assists in improving members' competence in the service they offer. One of the things that they have learnt is to pay a monthly contribution, which they are</p>

<b>Co-operatives</b>	<b>Quality of service or products and improved productivity or benefits</b>
	saving over a period. They intend using this money as their financial contribution to the big projects they want to undertake, which includes storage facilities for the deceased.
<b>Co-operative J</b>	<p>Members of this chicken egg-laying co-operative were offered training- although they are not sure whether the training was from the DTI or DRDL, they did receive the certificates. The training was on managing co-operatives, as well as on the technical management of chicken. They also attended the Farm Together training organised by the Gauteng Department of Agriculture. The training helped them to improve productivity. The member says “We know these stuffs, if they can train us on financial matters, like accounting, or bookkeeping, SEDA also provided some of the training. But they have never trained us on financial management. I know about income and expenses; there I am okay; I have even bought myself books on that. One needs general knowledge, and at times one gets stuck on these, but because they are the experts, they will be able to show you where you went wrong”. Members have been provided with two corrugated chicken houses which accommodates 200 chickens each. They operate from their own homes. This allows them to reduce expenses and maximise their profit margin.</p>
<b>Co-operative K</b>	<p>This cleaning co-operative states that they compete favourably with other private companies rendering similar services. The quality of their service wins the contracts from big corporates such as; Eskom, Halls Properties, Tracker and Mbombela Local Municipality.</p> <p>What counts in the co-operative’s favour to boost their productivity are the following strengths that were highlighted during the SWOT analysis done by SEDA:</p> <ol style="list-style-type: none"> <li>1) They produce quality work and are supported by Halls and other stakeholders,</li> <li>2) They are a black owned co-operative which will count in their favour when they want to do business with the government,</li> <li>3) They own the land and buildings and have their own branding,</li> <li>4) They have a growing workforce and the members’ commitment to the co-operative is evident,</li> <li>5) They have the necessary technical skills,</li> <li>6) Their equipment is in good working condition, and</li> <li>7) They work in the local area that contributes to economic productivity.</li> </ol>



<b>Co-operatives</b>	<b>Quality of service or products and improved productivity or benefits</b>
<b>Co-operative L</b>	<p>This farming co-operative already supplies big corporates and well-known companies in South Africa, this is indicative of the quality of the products they produce. They supply these products directly to the customer. The products are superior-quality vegetables that are supplied to reputable customers, amongst others, Woolworths. Members of the co-operative are experienced in working the fields and there is generally good business management. They have a bakkie, pack house and land to plant the crops. There is enough people power because they offer practice work to students and learners and they mentor start-up co-operatives. These are all factors that contribute to increased productivity and quality of service.</p>
<b>Co-operative M</b>	<p>There is a management team in place at this quarry mining co-operative, with years of experience in the industry with a geologist, chemical engineer, and mine manager. Their office is equipped with technology and they are now sourcing funding to buy more machinery. There seems to be a presence of evenly distributed skill and experience across the organisation with an exceptional management structure. They underwent negotiation, administration, as well as training skills. They have the land, as well as the necessary equipment. The skills and equipment they have contributed to increased productivity and quality of their service.</p>
<b>Co-operative N</b>	<p>This art and farming co-operative is well established in their field; they produce quality beadwork, as well as fresh and high-quality vegetables. All the new employees are given training when they join, however, there are no training manuals kept by the co-operative, this is done through knowledge transfer of how beads, painting, dancing and planting vegetables are done.</p>
<b>Co-operative O</b>	<p>This Buy Back Centre and Re-cycling co-operative utilises a small truck allocated to them on a full-time basis which is serviced and fuelled by Pikitup and they also get plastic bags that they distribute to members of the communities from Pikitup. Around the area where they operate, they are the only co-operative that benefited from the pilot project of Separate@Source operated by Pikitup since 2012. In 2018, all members received training from Coca Cola on finances and how to do their financial statements. The co-operative also has an accreditation certificate from Coca-Cola.</p> <p>They are affiliated to the Waste Hub and have been issued with the Waste License which is required in terms of the National Environmental Management: Waste Act 2008 (No, 59 of</p>

Co-operatives	Quality of service or products and improved productivity or benefits
	<p>2008) to operate the waste management or recycling premises. The truck that they use to collect and drop the waste carries the disc that indicates that they have been permitted to carry out the activity. The licence and the disc are renewable yearly, and they must be inspected yearly to determine whether they still qualify.</p> <p>Being part of the pilot of Pikitup, helps them to continually produce the quality service expected of them and increase productivity without increasing expenses.</p>

All the co-operatives except for co-operative N received training from different stakeholders such as government departments and the private sector. The training received has contributed in improving the quality of goods or services offered and led to increased productivity. In the case of co-operative N, knowledge is transferred from members who have been there longer to new members on a continuous basis. **Co-operative C** is converting to be a private company because banking institutions in South Africa do not favour doing business with co-operatives. Co-operatives can only bank with them, but the banks do not give them the same financial facilities that they give to other big businesses as it is the case with **Co-operative C**.

The next theme focuses on the co-operative's ability to access the markets, including efforts that they are making or the assistance they receive from stakeholders.

#### Theme 4. Access to markets

This theme focuses on the ability of the co-operatives to access the markets.

Co-operatives	Access to markets
<b>Co-operative A</b>	<p>This ICT co-operative has developed marketing material and pamphlets. Their marketing material is distributed in various strategic areas which include shopping complexes, the local post office, and other public places. One such advantage is that at the multi-purpose centre, there are other community services like the SAPS station, and the community makes use of their services to make copies before going to the police station to certify their documents.</p> <p>There is also a TVET (Technical and Vocational Education and Training) Centre in the vicinity of the multi-purpose centre. The co-operative was in operation before the TVET Centre was started. They are also in a partnership with UNISA. The students from UNISA access their tutorials from the internet café free of charge. The co-operative estimates to be having approximately ten or more UNISA students who come to the centre and they charge them R30 per usage.</p>
<b>Co-operative B</b>	<p>During the visit to this farming co-operative, it was mentioned that they are now planting 100 hectares of maize. One of their previous customers was the World Food Programme which approached them through the Department of Agriculture. They were the first co-operative in Gauteng to supply the World Food Programme with maize in 2012 and 2013. The first time they supplied the World Food Programme with 140 tons of maize because they came late and the second year, they supplied them with 300 tons maize. According to the member, the World Food Programme chose from where they want to procure maize.</p> <p>The co-operative sells its crop to Afgri Coop. and the member said, “and at times the price is bad, and it really depends on whoever is giving us the better price; otherwise we go to the market”. Afgri Coop is also a co-operative. In the 2017/2018 season, they planted maize for South African Brewery (SAB) for the first time.</p> <p>They now have a signed contract to supply SAB and usually harvest 6 to 9 tons per hectare, but it depends on the rainfall. The minimum harvest is 6 tons per hectare, and they plant 100 hectares. When interviewed, they were planning to harvest in July 2018. They state; “Finding the market to sell products itself at times is a challenge regarding prices, at times in the markets it depends on who you are and who you know to get a better price otherwise if you don’t know your story,</p>

<b>Co-operatives</b>	<b>Access to markets</b>
	people will reap you off, that is a bit of challenge”. However, to sell their products, they have access to a variety of markets.
<b>Co-operative C</b>	<p>This farming co-operative decided to open their own market. They have outlets in the townships and sell the business opportunities on their website to people who are interested in owning the outlets. They have built small structures, fitted with two fridges. They employ people who sell from those outlets. The outlets are in Kutlwanong, Thabong and Qwaqwa. They transport their products once or twice a week, depending on the need. The chicken operations were suspended for some time during the interview period due to a listeriosis outbreak and at an earlier stage due to avian flu.</p> <p>They believe that they compete favourably with the well-known chicken brands and that their selling point is their quality. They have an abattoir where they slaughter their chicken. They have regular customers who do not want chicken that is refrigerated for long periods. This member says, “When you sell quality products, customers do not care about the price”.</p> <p>They also package their products according to the market needs, for example, in QwaQwa they can sell one chicken quarter for R8.00. They have studied the market, affordability and the community preference and if, in the rural area, people cannot pay R60.00 for a two-kilogram pack of chicken and would rather buy chicken livers or the chicken intestines for R10, they are able to sell what the community prefers. They package the chicken differently for Thabong and for Kutlwanong.</p> <p>The member further said they tried to supply retailers like Spar Supermarket, and they realised that they would never grow. According to the member, retailers like Spar Supermarket always determine the type of products that they want and how much they are willing to pay for the products. Furthermore, retailers like Spar Supermarket put 150% mark-up on their products. As a result, they prefer to sell directly to the market to remain competitive.</p>
<b>Co-operative D</b>	<p>The member shared that they are a small farming co-operative and they compete with well-established asparagus producers who are based in Bethlehem. They used to sell asparagus at John Dan market in Durban; however, now their local Spar Supermarket is their biggest client for asparagus. At times they pickle the asparagus even though they do not bottle them. They bottle the asparagus only for the annual cherry show which takes place at the show grounds of</p>

<b>Co-operatives</b>	<b>Access to markets</b>
<b>Co-operative D</b> (continued)	Bethlehem in November. They enjoy the support of local clients. Their biggest customer for sugar beans is a Lesotho businessperson, who collects 20 to 30 tons at a time until the harvest is complete. Lesotho is a small neighbouring country, over the border, which is about 217.50 kilometres from where this co-operative is situated. This Lesotho customer is a stable market for them, and they were going to sign a contract with him in 2018 with the intention to supply to him alone. They have been supplying to him since 2013.
<b>Co-operative E</b>	<p>The main market of this clothing co-operative is local schools and they made tunics and golf shirts. They do projects for local schools and they hope schools will buy from them. Every primary or high school know where to go when they need school uniforms, even those at other areas come to them.</p> <p>They also make traditional African wear. Their market for traditional wear is weddings. People come to them when they do the unveiling of the tombstones because they need a big number of the same attire. In some African practices, families want to design attires that will make them look the same and noticeable when they have weddings or events. They make security uniforms for one company in Pretoria whose owner originates from their village. They do not have a written contract, but whenever this company changes the uniform, he tells them how many sets of uniforms and the sizes that he wants.</p> <p>They also do curtains for private people, as well as for the administration blocks of schools. They do have competition; though other people who are in this sector are not co-operatives.</p> <p>They market themselves to the community by dressing up with the clothes they have made so that people can see what they make. They said they had one advertisement running on the community radio station; another one in the Daily Sun Newspaper. After the advertisement in the Daily Sun Newspaper, people from as far afield as Johannesburg contacted them. They had another advertisement in Seipone, the local newspaper.</p>
<b>Co-operative F</b>	According to the member of this farming co-operative they sell their cattle at a livestock auction. They usually take it to the abattoir in Vanderbylpark and not in Vereeniging if they do not get the price they are looking for at the auction. The member says this is because in Vereeniging “they buy in bulk and we cannot afford to give them bulk; only the white farmers can afford. Once you have established that kind of relationship, even if it means driving further”.

<b>Co-operatives</b>	<b>Access to markets</b>
<b>Co-operative F</b> (continued)	<p>In September 2017, they sold seventy chickens which they could have slaughtered, but they needed the money for another purpose. These chickens were taken to a nearby community and sold informally to community members interested in buying free range chicken.</p> <p>The vegetables they produce are sold at the Joburg City Deep Igoli Market, which could be 53 kilometres from where this co-operative is situated. They do not have a health certificate, and this is a requirement, for most of the formal markets. Most of the money they made in 2018 went into completing the infrastructure. They are in the process of acquiring a health certificate.</p> <p>Apart from City Deep Igoli Market, they also sell their vegetables to the local Spar Supermarket. They want to finish with the health certificate process first before they can start marketing themselves on the website. The other co-operative member uses Facebook to market their products and interested customers come to the farm.</p>
<b>Co-operative G</b>	<p>Access to the market is still a big problem for this farming co-operative. They sell to informal traders and the people from their community. These informal customers come to them at the farm where they are based. Retailers do not buy from them regularly but keep them on a waiting list as they have competitors from the same area and the retailers must balance whom they conduct business with. As indicated in their profile, they operate from a village which is situated three kilometres from Zebediela and three kilometres from Lebowakgomo in Limpopo. Lebowakgomo is about 49.9 kilometres from Polokwane</p> <p>They have supplied before to retailers such as Spar, Roots, Pick n Pay and Boxer in the area. They supplied cabbage, beetroot, butternut, spinach and tomatoes where Pick n Pay would take for example, ninety-six bundles of spinach. The member said, “We went to the market ourselves to them, made a presentation and told them that we are farming, and we are not far from them”. This presentation was made to the retailers in Lebowakgomo.</p>
<b>Co-operative H</b>	<p>The core business of this co-operative is school uniforms, hospital garments and personal protective clothing. They supply both public and private primary and high schools.</p> <p>At the time of the interview, the co-operative reported to have slacked in their marketing as the business was not doing well, and they do not have the necessary cash flow. They used to go to hospitals and schools to market their services/products. They are planning to resume marketing to the schools in 2019; however, all the hospitals advertise the business opportunities through</p>

Co-operatives	Access to markets
<p><b>Co-operative H</b> (continued)</p>	<p>CSD (Central Supplier Database); therefore, they have registered with CSD. The CSD is an advantage because it puts the co-operative in a database which is accessed by all government hospitals. This CSD process is cost saving; instead of co-operative members going to all individual hospitals to market themselves, hospitals access all the service providers of the goods that they need from the CSD. In addition to the CSD, members say they will also drop off flyers at strategic places. Most co-operatives in other sectors support them by buying uniforms from them. Other co-operatives like those who manufacture bricks buy uniforms for their employees from this co-operative. Co-operatives in the manufacturing sector need to make work suits for their employees. The work suits need to be finished off with industrial machines which this co-operative have.</p> <p>Between 2014 and 2016, they had contracts with approximately fifteen schools. In 2016 they had a setback and the co-operative had challenges because members left due to conflicts or tensions within the co-operative. This forced them to stop operating until 2017 and they lost many of those schools.</p> <p>There are other co-operatives that also make school uniforms, but two others in the same industry also had to stop operating. They are now the only co-operative left functioning. The member says, “The number of the contracts with schools has gone down to four or five. Regarding the hospital garments, the hospitals are now using the CSD (Central Supplier Database); it has now become a bit difficult. In the past, we used to have a lot of work from the hospitals, maybe 250 hospital garments at a time. Personal protective clothing also, we do partly for government departments and for private institutions”. Currently, they make uniforms for private companies, members of the community, social clubs, and churches.</p> <p>They have catalogues and folders which were sponsored by SEDA. These catalogues and safety boots were on display on the table during the visit and some in the display cabinet at the entrance of the premises. Although they sell safety boots, they do not manufacture them. Thus far, their market has only been in Limpopo. They have never thought of operating outside the borders of the province.</p>

<b>Co-operatives</b>	<b>Access to markets</b>
<b>Co-operative J</b>	<p>This co-operative is in the chicken egg-laying business and they also sell eggs to members or businesses in the community.</p> <p>The member who was interviewed has a board in front of the house marketing the eggs. He also supplies a shop at the nearby filling station where he has a buy-and-sell agreement with the owner. He supplies ten crates of eggs (one crate has 30 eggs) every two weeks. With the calculations given by the Department of Agriculture, he should produce six crates of eggs per day, and there are days when the chickens produce seven crates, which is more than the target. There are also days when the chickens do not lay eggs and they are not able to reach the target. He says he does not have a problem selling his eggs. He used to sell a crate of eggs for R35.00. They also check how the competitors (township shops) sell their eggs. They first do the calculations of expenses and expected profit before comparing prices with those of competitors “because we need to establish our profit as well”.</p>
<b>Co-operative K</b>	<p>The activities of the co-operative are grass cutting, irrigation, bush clearing, gardening services, landscape and horticultural work. The co-operative market their services by listing information on their services in the database of potential customers. They also respond to advertised tenders and they secure tenders from big companies such as Eskom. They have promotional marketing materials such as business cards, flyers, brochures, and boards and they send staff out in the field to market the co-operative and secure new contracts. Their prices are competitive; they endeavour to work neatly and have a good turn-around time so that they can achieve their objective - to become the leading gardening service and cleaning co-operative in the whole district. They have reasonable access to the market’s share of their services, and they are sustainable. However, they still need to do more marketing if they want to expand.</p>
<b>Co-operative L</b>	<p>The co-operative trades in vegetables and poultry. Their vegetable offering includes the following: butternut, cabbage, onions, potatoes, chillies, green beans, green peppers, tomatoes, brinjal, okra, sugar, beans, marrows, mealies, spinach and beetroot. The co-operative has a large base of customers that they supply vegetables to, the local supermarkets such as Spar, Pick n Pay, Boxer, Stores, Woolworths, Durban Market, Johannesburg Market, Nelspruit National Market, and local schools. Their future plans include having greenhouses, a nursery, poultry and fisheries. They</p>



<b>Co-operatives</b>	<b>Access to markets</b>
<b>Co-operative L</b> (continued)	<p>operate in a commercial league with an integrated range of products which could still be refined to include processed products such as juice.</p> <p>There is reliance on the current customers without a clear plan on how to approach or search new customers even though they have knowledge of who their potential customers are. The co-operative has not started thinking about moving beyond their current customers or add new ones. According to the member interviewed, it is easy to enter the vegetable production sector. The member says this vegetable production sector requires minimum intervention from government, and that is how this co-operative got started. The only requirement necessary is the Health Certificate if co-operatives need to expand and supply supermarkets such as Spar and Pick n Pay.</p>
<b>Co-operative M</b>	<p>This co-operative operates in quarry mining. They have secured letters of intent to do business from various companies that want to do business with them. These include the Mpumalanga Department of Public Works, Roads and Transport. They are further targeting the built environment, especially in Mpumalanga and other neighbouring provinces such as Gauteng, Kwazulu-Natal, Free State and Limpopo.</p> <p>The members are looking to compete for big tenders from national companies such as Transnet, SANRAL, as well as local companies based in Mpumalanga such as PCS- a company focusing on sand, stone and ready-mix concrete and PM Sand - an earthworks company with expertise in demolition contractors, earthmoving and plant, earthworks and plant hire. The co-operative will also list on the Central Supplier Database, as well as on databases of other corporates that may need their services.</p> <p>They see opportunities for expansion into other neighbouring countries like Swaziland and Zimbabwe and as far afield as countries as China.</p>
<b>Co-operative N</b>	<p>This co-operative operates in the craft-beading and farming sectors. In farming, they produce vegetables for the local market for both summer and winter seasons. Members rely on walk-in customers for business, although they also receive word of mouth referrals. The work of the founder member of the co-operative has taken her to places like Spain.</p> <p>Their designs are customised according to the customer's needs and are therefore able to produce unique products using bright colours. They produce unique designs and they pride themselves with good quality beading. The co-operative attracts customers from local communities and</p>

<b>Co-operatives</b>	<b>Access to markets</b>
<b>Co-operative N</b> (continued)	<p>tourists (national and international). Sales of their craft are seasonal. Beading is popular among tourists from September to March.</p> <p>Even though they have been around since 2001, they have not done much to expand their market even though they know their potential customers and have the marketing skills. This is because members do not apportion their resources adequately in order to leave room for further marketing. They produce commercial products; however, improving the marketing efforts can be to their advantage.</p>
<b>Co-operative O</b>	<p>The co-operative operates a Buy Back Centre and Re-cycling. They follow the same schedule as that of Pikitup. Where the latter collects wet waste, they collect dry waste from Monday to Friday raising awareness about recycling as well as Separation@Source.</p> <p>The co-operative has a scale to weigh different types of material that people come to sell. They collect all types of material except for disposable napkins, tyres, electronics, and computers. In the early days of the operations, they collected paper waste from schools. They used to go to schools and conduct awareness programmes relating to the environment and recycling.</p> <p>After collecting and buying the waste, such as bottles, paper, cans and plastic they sell it to different places like:</p> <ol style="list-style-type: none"> <li>1) Orange Farm Metal, which is situated one kilometre from them,</li> <li>2) Remade Recycling – 45 kilometres from them, and</li> <li>3) DARUNFU – 50 kilometres away.</li> </ol> <p>As indicated earlier, they have a weighing scale. After crushing and weighing the waste, they put it in the waste minimisation equipment to compress the material. It gives a better price when compressed.</p> <p>They sell the baled material thrice a week. If they had enough transportation, they could be selling more frequently. They have a business plan and a business profile. The website must still be developed; however, they are on Facebook.</p>

The above co-operatives used different methods of marketing their business, including printing catalogues, website, door to door campaign, word of mouth and registering with the Central Supplier Database. Their clientele differs, some have big businesses as their customers, including

the World Health Organisation, South African Breweries, State Owned Enterprises, Woolworths and some have local community people buying from them. They all concede that competition for markets is tough; they compete with big business. It is only in the case of Co-operative B, where a customer was referred by government. Most of them devised their own means to gain customers.

The next theme focuses on the financial and other benefits that co-operatives received from stakeholders and access to resources that are of benefit to their business.

### **Theme 5. Financial or other benefits received and access to resources**

This theme focuses on the financial benefits received by co-operatives from government and private institutions as well as whether they are able to access any type of resources.

<b>Co-operative</b>	<b>Financial or other benefits received and access to resources</b>
<b>Co-operative A</b>	<p>The ICT Centre is the idea of the Department of Communication and was outsourced to the Universal Service Access Agency of South African (USAASA). In 2005, when they were still a Non-Profit Organisation (NPO), USAASA donated ten computers. The computers are still in use and have been rehabilitated once. The same organisation bought them ten computers later when they were already registered as a co-operative.</p> <p>The co-operative also participated in a competition for a business plan that won them a grant fund worth R1 million through LEDA which they used towards acquiring their own property.</p> <p>The National Youth Development Agency (NYDA), bought them more computers and the co-operative boast twenty-six computers in total; twelve at the multi-purpose centre and fourteen at the Centre.</p> <p>Their cash flow is derived from servicing their clients for copying, faxing, and printing. For the full one-year qualification programme, participants pay R4 500.00. The five learners that have been placed for learnership for 18 months, including the future twenty that the co-operative has applied to place, received an allowance of R1500.00 per month, from Services SETA. The R30 000.00 once off amount distributed by Services SETA goes towards the administration of the learners. In total, the amount from Services SETA is R120 000.00 per year, which is made up of <math>R1\ 500.00 \times 5\ \text{learners} = R90\ 000.00 + R30\ 000.00</math> (once off administration fee) =</p>

<b>Co-operative</b>	<b>Financial or other benefits received and access to resources</b>
<b>Co-operative A</b> (continued)	<p>R120 000.00. They have diversified their service offerings and are not depending on one source of income.</p> <p>They are also in a partnership with UNISA. The students from UNISA access their tutorials from the internet café free of charge. The co-operative estimates to having around ten or more UNISA students who come to the centre and they charge them R30 per usage.</p> <p>The co-operative has access to key government departments and agencies including the Department of Communication through their partner USAASA; Limpopo Economic Development Agency, National Youth Development Agency, Services SETA, UNISA and SASSA. Members of the co-operative make use of the computers, when they are at work to check emails, set up an agenda and send out invitations when they have meetings as a co-operative.</p>
<b>Co-operative B</b>	<p>This farming co-operative applied for funding to the National Development Agency (NDA). In 2005 each co-operative member received R230 000.00 for the chicken egg-laying project. Members received a stipend of R500.00 per person per month in the beginning from the grant for a period of one year. In 2006, in June/July they were allocated two hectares of land and started paying off R5 000.00 per month towards buying the land, and in total, they paid R45 500.00 to acquire a two-hectare piece of land. These two hectares of land is currently not being utilised because it does not have water and electricity. However, they are planning projects that they can do at this plot in future.</p> <p>In September 2007, the Department of Rural and Land Affairs allocated them 186 hectares of land that they are currently occupying. They were allocated a mentor, who taught them how to farm crops and livestock. They are leasing the current piece of land from the government for R8 000.00 per annum.</p> <p>The co-operative has access to the Department of Agriculture, which referred potential customers such as the World Food Organisation and the South African Breweries. They have access to the municipality; the Department of Rural Development and Land Reform and GRAIN SA to whom they sell their maize. They seem to be enjoying good relationships with many more organisations due to the awards that they continue to win which have been alluded to already in their profile.</p>
<b>Co-operative C</b>	<p>The Provincial Department of Agriculture in the Free State built a silo in 2014 for this agriculture co-operative. Furthermore, the department bought them an 8-ton truck through grant funding. The</p>

<b>Co-operative</b>	<b>Financial or other benefits received and access to resources</b>
	<p>National Empowerment Fund (NEF) granted them a loan of R9 million that they are still servicing. They have access to financial institutions. As a result, they are converting the co-operative into a company to be able to access the type of financial facility they want. At the time of the visit, they were still a co-operative, however, they were expecting to complete the conversion before the end of 2018.</p>
<b>Co-operative D</b>	<p>The Department of Agriculture planted the asparagus, sugar beans, green beans once for this farming co-operative. The department further bought them a bakkie and built a packing and receiving store, and an office. The premises are rented from the municipality.</p> <p>The former employer was mentoring them. The member said: “He was taking me along to the meetings and arrange that I meet with people from Holland, when they were visiting SA . He tried and assisted us in having our own asparagus seed and he even intervened at the municipality level so that we could have a piece of land where we could plant the asparagus”. The Department of Agriculture made training available through SEDA and trained them on soft skills which included: group dynamics, farm management, conflict and financial management. The Department of Rural Development and Land Reform also provided some of the training programmes. Organisations such as Bright Sight, Hanong and ABSA also offered training.</p> <p>They have regular contact with the Provincial Department of Agriculture and the local municipality.</p>
<b>Co-operative E</b>	<p>In 2010/2011, the Capricorn local municipality repaired all the broken doors to the premises of this clothing co-operative, bought three industrial sewing machines, one over-locker machine and materials for them. They decided to give them a refresher course on business management.</p> <p>In 2010-2012 the Department of Social Development allocated an amount of R500 500.00 grant funding which was used to buy a further five machines, two overlockers and two industrial machines. The first machines bought were second-hand sewing machines costing R2 500.00 and they spent money on fixing the machines.</p> <p>In 2017, they received grant funding again from the Department of Social Development for R400.00. They have a machine that can do the Golf- T-shirts and sophisticated buttonholes, and the other machine that does a hem (blind stitch). LIBSA also provided business management courses.</p>

<b>Co-operative</b>	<b>Financial or other benefits received and access to resources</b>
<b>Co-operative E</b> (continued)	They have access to their political party, the ANC; the Department of Social Development; Department of Public Works; the local municipality; the local community radio station and community newspaper for marketing purposes.
<b>Co-operative F</b>	<p>The Gauteng Economic Propeller (GEP) erected fencing around the piece of land that this farming co-operative occupy. They have a relationship with the Department of Agriculture, through the section officers who visit them and invite them regularly for training.</p> <p>They are members of the Emerald,- which is a group assisting small businesses, and that is where they do their printing, twice a week. They have affiliated to SANACO, a national apex for co-operatives.</p>
<b>Co-operative G</b>	<p>In November 2016, this farming co-operative received grant funding of R500 000 from the Department of Social Development (DSD). They have used this amount to secure the two hectares irrigation system; they built a small dam and developed a farming plan. The grant from the DSD made provision for a stipend that they are receiving on a monthly basis. They augmented this grant to enable them to install a fence. DSD funded their financial management training, as well as the training on how to account for the grant given to them.</p> <p>They have a good working relationship with the Provincial Department of Agriculture who test their soil from time to time; and advise on what type of crop they can plant. Tomatoes sell very well. The informal traders buy 20/30 boxes daily. The big crate sells for R80.00 and small ones sell for R60.00. The member says, "The training that we received assisted us in knowing how to do our costing".</p>
<b>Co-operative H</b>	<p>When this clothing co-operative was still a community project, they received funding from the National Arts Council. The Non-Governmental Organisation partnered with the Department of Labour to train community members. After registering as a co-operative, Limpopo Business Support Agency (LIBSA) assisted them in drafting a business plan, which indicated that they needed R800 000.00 to start the operations. LIBSA gave the initial R300 000.00 industrial machines which were lying idle at the time of the visit.</p> <p>In 2011, they received R300 000.00 from CIS. They had a single head embroidery machine, and with the amount from CIS, they added other embroidery machines needed for big orders that required emblems. In 2009/2010, the owner of the property decided to sell the property they were</p>

<b>Co-operative</b>	<b>Financial or other benefits received and access to resources</b>
<b>Co-operative H</b> (continued)	<p>using, and LEDA bought the property for them for R200 000. The property belongs to LEDA and the co-operative pays for the municipality services but not for the rent.</p> <p>In 2017, they acquired a SABS certificate through the funding received from Limpopo Department of Development and Tourism.</p> <p>They have access to LEDA, CIS, SABS and the Limpopo Department of Development and Tourism.</p>
<b>Co-operative I</b>	<p>This funeral undertakers' co-operative has not received any financial assistance from any organisation nor from government. They have attended several training programmes offered by SANACO, the Gauteng Department of Economic Development, Soweto Funeral Undertakers Association (SOFUA), and Financial Services Board. They continue to have a working relationship with those organisations.</p>
<b>Co-operative J</b>	<p>This chicken egg-laying co-operative received grant funding from the Department of Agriculture for each member when the pilot project of the chicken egg-laying started. In the pilot project, they were provided with two structures (chicken houses made from corrugated iron) and two hundred chickens each. They each operated from their homes. On the 15<sup>th</sup> March 2018, they were each expecting two hundred and ninety chickens that have been sponsored through the Department of Agriculture. This is a joint project of the Department of Agriculture, Forestry and Fisheries, Department of Rural and Land Development and the City of Tshwane.</p> <p>They have received several training courses, as well as technical training, offered by the Department of Agriculture on how to manage the co-operatives,.</p>
<b>Co-operative K</b>	<p>Several stakeholders and associates with differing roles were involved in assisting this cleaning co-operative to get on its feet. One stakeholder was Halls Properties - a private company which was founded by Hugh Lanion Halls in 1890. It has evolved over many years from a pioneering farm and has diversified its offerings to fresh produce, property development and new investments, particularly in the areas of financial services and pharmaceutical products. Halls properties endorsed and supported the planning, set up, and operational phase of this cleaning co-operative through the provision of seed capital for a period of six months towards the necessary training and development (<a href="https://hallsproperties.co.za">https://hallsproperties.co.za</a>).</p> <p>There is also currently a contract between Halls Properties and this cleaning co-operative for the</p>

<b>Co-operative</b>	<b>Financial or other benefits received and access to resources</b>
<b>Co-operative K</b> (continued)	<p>maintenance of properties which entails garden services, landscaping and other related services.</p> <p>The second organisation is Servest - a national company that offers integrated services, which include facilities, project, and parking management, catering, cleaning, hygiene, landscaping, golf, marine, pest control, remote camp management, security, firearm training, technical training and water (<a href="http://www.servest.co.za">www.servest.co.za</a>).</p> <p>Servest offered the following to this Co-operative:</p> <ol style="list-style-type: none"> <li>1) Professional horticultural practices and management advice,</li> <li>2) Operator training and evaluation,</li> <li>3) Health and safety and environmental training,</li> <li>4) Service and quality auditing, and</li> <li>5) Many other necessary skills to get the co-operative started.</li> </ol> <p>The third organisation is Rudamans- a company that supplies the Lowveld area with professional agricultural, forestry and gardening equipment (<a href="https://rudamans.co.za">https://rudamans.co.za</a>).</p> <p>Rudamans supplied the co-operative with grass cutting equipment to the value of R25 000.00</p> <p>Lastly, SEDA,- contracted GVPM management consulting to provide non-financial support in the form of business skills training, mentorship services and business consulting services to members of the co-operative.</p> <p>The co-operative has access to resources through the stakeholders that are supporting them through financial or non-financial means such as SEDA and other private organisations such as Halls, Servest, Rudamans and Tracker.</p>
<b>Co-operative L</b>	<p>The farming co-operative received direct financial and non-financial support. The Department of Social Development (DSD) funded the purchasing of a Lister diesel for the engine to pump enough water for irrigation of the crops. They received grant funding from the National Development Agency (NDA), to set up three cool rooms, a pack house for vegetables, an administration office and office equipment, seven hectares irrigation pipes, water pump engine and delivery vehicle. Grant funding from the Department of Trade and Industry (DTI), went towards the installation of the drip irrigation system on the farm. The Small Enterprise Development Agency (SEDA) developed the spraying and planting programmes for the project and they also appointed a service provider to train the co-operative to use the packaging machine.</p>



<b>Co-operative</b>	<b>Financial or other benefits received and access to resources</b>
<b>Co-operative L</b> (continued)	The co-operative continues to have access to the Department of Social Development, the Department of Agriculture, the Department of Rural Development and Land Affairs, the National Development Agency (NDA), and Agri SA.
<b>Co-operative M</b>	<p>This quarry mining co-operative has been assisted by companies such as SANRAL who allotted them the land on which they operate. Actophambili assisted them with a variety of machinery which included the digging equipment and cranes. Actophambili owns 42% in the company whilst the remaining 58% belongs to the co-operative.</p> <p>They have access to resources and have secured letters of intent to do business from various companies including Mpumalanga Department of Public Works, Roads and Transport. They work closely with SEDA, who played a big role in the non-financial support.</p>
<b>Co-operative N</b>	<p>This art and farming co-operative have never received any financial assistance from anywhere. This co-operative does not seem to have access to any other resources except SEDA.</p>
<b>Co-operative O</b>	<p>Pikitup has been supporting this Buy Back and Re-cycling co-operative since their inception in 2013, through their corporative development programme. They are the only co-operative in their area that is part of this programme. In 2014/2015 the DSD supplied them with a baling machine and a forklift. Other help received from DSD was in the form of Personal Protective Equipment (PPE).</p> <p>NYDA gave them two laptops and bottle crushing machine. DAFF gave them PPE and a crusher; a machine that crushes material of high definition. Gauteng Enterprise Propeller (GEP) gave them office equipment; two computers, and printers.</p> <p>They have received financial and non-financial assistance from a variety of government departments and private companies, including the: DAFF, DSD, NYDA, PETCO, SGS Academy, Coca-Cola, EMS, and Services SETA.</p>

Co-operatives received financial and non-financial assistance from government departments and some from the private sector. The financial benefits received are in the form of grant funding and in the case of **Co-operative C**, they were able to get a loan from NEF. It is important to note that the financial needs of co-operatives differ. In as far as the grant funding is concerned, some co-operatives received repeated financial assistance from the same government department. In most

of the cases, non-financial assistance was in the form of training, which at times was duplicated by different stakeholders. **Co-operative I** and **N** have never received any financial assistance from government. **Co-operative O** is the only co-operative in the Enterprise Development Programme of a big company. Once they establish a relationship with a specific stakeholder, co-operatives continue to have easy access to the stakeholder's resources.

The next theme focuses on the values or elements that keep members together and how the co-operative contributes to their communities.

**Theme 6. Value for members (what keeps them there) and community building**

This theme describes the assets and valuables that the co-operatives own that contribute to their pride of owning a business. The theme also describes how co-operatives contribute to the lives of the people of the communities where they live.

Co- operatives	Value for members (what keeps them there) and community building
<b>Co-operative A</b>	<p>Members of this ICT co-operative are proud owners of the building and the piece of land where the building is situated. As a result, they do not pay rent; they only buy electricity. They do not pay for water because they have a water bore hole on the property. The member further said they are proud to have this business (co-operative) that they have been managing since 2011, as indicated in their profile. He said:” our success comes from the support of the community because they do support our service, as a result we are able to save money and we are able to buy our own equipment and we are able to pay the employees. We don’t pay any rent because we own this property and our piece of land”.</p> <p>The co-operative’s contribution to the community is through the creation of employment. All the members of the co-operative, as well as the five interns, are from the same community. Schools and crèches also make use of their facilities for printing. The South African Social Security Agency (SASSA) is also using their service for printing their reports. This is the only centre of its nature in this community. They have a vegetable garden at the back of the property where community members can buy vegetables. The member said they used to sell spinach and beetroot to members of the community. At the time of the visit, there was nothing in the garden and they need to prepare to plant new vegetables.</p>

Co-operatives	Value for members (what keeps them there) and community building
<b>Co-operative B</b>	<p>Members of this farming co-operative believe that the passion for the work they do, unity amongst the members, and learning to understand one another is the reason for their success. Members have done courses such as conflict management to resolve misunderstandings. All members have duties and responsibilities at work. Someone is in marketing, one in finance and one in administration. When they have meetings, all members come with plans and they discuss their plans and make amendments according to individual planning. Each member is responsible for his/her part of the duties. Everyone must own every part of the co-operative because it is their joint business.</p> <p>The co-operative has all the farming implements to till the land for the crop; a planter farrow and three tractors, which are all in working condition. In the coming season, they want to buy a six-row planter in order to expand the business and to change some of the farm implements.</p> <p>The co-operative has imparted farming skills to different people around the Gauteng area. People come to the farm, to learn how to start, as well as how to manage a business. Some of the people coming to the farm wanted to be assisted or to learn how the egg-laying business works. Some learners come to acquire practical experience. Towards the end of 2018, they were planning to become involved in the distribution of shoes for the needy scholars. The member says they come across needy people when they visit some of the church members.</p>
<b>Co-operative C</b>	<p>The member of this farming co-operative said they are a family co-operative with less tension than those experienced by other co-operatives and they hope to have only family as permanent members. She said, “With the family, it is easy to fight and forgive one another and you even reprimand each other before coming to work”. He said they are happy with the annual turnover that they are making. They have good infrastructure for poultry. They produce their own chicken feed. They own a piece of land next to the poultry operations where they plant mealies that they use for chicken feed.</p> <p>Their contribution to their community has been through imparting skills. There are some employees who have worked for them but left to be hired by bigger abattoirs that pay them more. There are times that the co-operative enlists the assistance of the ward councillor to help distribute chicken parts in the communities. The member said they have not thought of engaging Non-Governmental Organisations like the old age homes in the community.</p>

Co-operatives	Value for members (what keeps them there) and community building
<b>Co-operative D</b>	<p>The member of this farming co-operative said that their pride lies in the fact that they have grown their co-operative from strength to strength since taking over from their previous employer in 2010. They have also grown in confidence in managing their business. The co-operative has become a brand in the neighbouring towns and in Lesotho. They have gained big customers who include the local Spar Supermarket and are exporting their products to Lesotho. They are at the stage where they do not want assistance from government due to the fact that they have wasted more time in completing forms every time they are informed of possible assistance from the government. As a result, they do not trust anyone who is sent to them by government because in the past those who were supposed to open the markets for them ended taking their products without paying.</p> <p>The co-operative produces first grade vegetables and when the vegetables are not of the quality and grade that they want, they sell it at a discounted price in the township where they all live. The members further said that members of the community know their branded truck, and when they see their truck, they know that is where they can get vegetables at discounted prices. They contribute to the schools in the township; as a result, schools also buy from them. They support the needy, especially the elderly people.</p> <p>Most of the members of the co-operative except for three members who are married, are either single or widowed and feel that they have achieved a lot on their own. They have been together since 1994. Their support for each other goes beyond the business they are doing. They come from the same community.</p>
<b>Co-operative E</b>	<p>Members of this clothing co-operative have acquired many skills and gained a great deal of experience; and they own a business that is yielding a good turnover. They are well reputed in the community due to the support that they receive from the community media houses and because they create jobs in the community they serve. They do sewing for burial societies, funerals, weddings, security companies and schools, and sew curtains for private homes and school administration blocks.</p> <p>These members say money does not tempt them. “When we received the grant funding in December 2017, we took time to plan for it; we did not use it. We trust in God; we keep on praying to God. We continuously have work to do; we do not wait for the grant to start work”.</p>

<b>Co- operatives</b>	<b>Value for members (what keeps them there) and community building</b>
	<p>They know each other very well beyond the business relationship because they have been together since 2003. They have attended workshops and training courses that helped them deal with conflict and interpersonal relationships. They attribute their success to the cooperation among their members. They do concede, however, that when they were still a bigger group combined with the baking group, there were tensions which they have been able to overcome. They looked very happy during the interview, which was attended by five members.</p> <p>Individual community members order clothing, school uniforms, as well as curtains from them. They donated track suits to one of the crèches in the area. They employ people from the same community where they live.</p>
<b>Co-operative F</b>	<p>The member of this farming co-operative said that the passion that they have for what they do contributes to their success. They aim to go commercial and would contribute much more to the supply chain than what they are supplying now. They believe that they are sustainable, but they want to grow and remain more sustainable. One of the co-operative members is ready to get an agreement for meat production and vegetables and this will speed up commercialisation. They donate excess vegetables seasonally to the home for the mentally disabled. In 2016, they donated vegetables to Orange Farm, Old Age Home.</p>
<b>Co-operative G</b>	<p>Members of this farming co-operative believe that the financial assistance they have received thus far even though it is not much, has inspired them to co-operate with each other and to work hard. They wear a co-operative uniform to identify themselves. Members say they create jobs for community members even though at this stage it is still casual and seasonal jobs. At times they identify start-up crèches or those struggling financially and donate vegetables to them.</p>
<b>Co-operative H</b>	<p>This clothing co-operative is the only co-operative interviewed out of the fifteen where members seemed to have changed a lot over time. Shared values that keep members together were not apparent at this co-operative. Even though this co-operative was recommended by LEDA for inclusion in this study, it is obvious that LEDA has not had contact with this co-operative for a long time. A lot of sophisticated industrial machinery were lying idle at the time of the visit. Only two members of the co-operative were at work during the visit.</p> <p>When they were a Non-Governmental Organisation, they taught community members skills in art</p>

<b>Co- operatives</b>	<b>Value for members (what keeps them there) and community building</b>
	and sewing. When they registered the co-operative, they recruited people from those they had already trained. They continue to recruit and offer employment in the community where they operate.
<b>Co-operative I</b>	Members of this funeral undertakers' co-operative individually manage successful funeral parlours, as a result, they do not depend on the co-operative to make a living. They have a common goal which they still must realise, and they want to succeed as a collective to be a voice of the funeral undertakers in the country. As a co-operative, their contribution to the community has been limited to assisting destitute families to bury their deceased, as opposed to the state giving a family member a pauper's funeral. Communities are becoming aware of their existence and they approach them when there is a need.
<b>Co-operative J</b>	<p>The desire to become farmers contributed to the success of this farming co-operative in the three years that they have been in existence. This is what the member said: "we came with the same purpose of wanting to be farmers- if you are pushing the same agenda nothing should be a problem". Each of the co-operative members has been allowed to employ one additional person, and the member interviewed has employed his mother. It is a convenient arrangement because when he is away, there is always someone available to tend to both the business and to the customers.</p> <p>Each member of the co-operative used to donate one crate of eggs to an old age home when the secondary co-operative was still operational. At the end of the production period, they sell the egg-laying chickens, at the lowest possible price to local people who want them because the chickens are old.</p>
<b>Co-operative K</b>	<p>The members of this cleaning co-operative pride themselves with having in-house core support services such as administration, finance, and legal services. They identify themselves by wearing co-operative clothing. They can pay staff and there is no staff turn-over. They place staff in various training programmes to boost productivity and morale. They operate from a building where they have offices and storage facilities for their machinery, and they have their own truck (transport).</p> <p>The people they employ permanently or on a casual basis are all from the local municipality. Weekly door to door collection of the household waste and the weekly cleansing and beautification in public areas create jobs. The implementation of some of the activities has been</p>

<b>Co-operatives</b>	<b>Value for members (what keeps them there) and community building</b>
	integrated by various stakeholders such as Mbombela Local Municipality, Provincial Roads Agencies, Matsafeni Trust, HL Hall and Sons, SEDA, NYDA and the Independent Development Trust (IDT).
<b>Co-operative L</b>	<p>This farming co-operative manufactures their own fertiliser which they also use for their crops. They have an advantage of being situated closer to the Komati River from which they draw water for the irrigation of the crops, as well as for the general use on the farm. The water is reported to be safe for human consumption. Carefully planned crop rotation assists in having a continuous harvesting period; therefore, the crops are sold throughout the year.</p> <p>They provide mechanisation services and farming support which includes coaching and mentorship to local emerging farmers. They provide field experience to students and learners. They create jobs in the community where the co-operative operates.</p>
<b>Co-operative M</b>	<p>The quarry mining industry does not yield quick results. It needs patience and endurance and at the end, it is bound to reward the participants. They registered the co-operative in 2011; the nature of the industry requires that they test the products and obtain the necessary permits to continue with the operations. They have persevered through the process until they were in the position to start the operations. Each professional in the co-operative applies his skills and knowledge.</p> <p>The co-operative plans to render support services to start-up co-operatives and as a result they have set up a monitoring system.</p>
<b>Co-operative N</b>	<p>The feeling that they have created jobs make the members of this farming co-operative content with what they are doing. Although they desire to nurture the youth and to have a heritage centre for the community, they will need capital to advance further. The co-operative has provided jobs for forty-nine people in the surrounding community where they operate.</p>
<b>Co-operative O</b>	<p>Members of this Buy Back and Re-cycling co-operative grew up together and have known each other since childhood. They have been together as members of this co-operative since 2012. They believe that unity and the need to gain new skills and knowledge to manage their own business gives purpose to life. Most important to them is the issue of frequent meetings. They state that if “we do not hold frequent meetings, then you seem to despair and disband. The issue of meetings is very important, and it is one area that makes you to be more united and articulate.”</p> <p>Each one has a job description; duties and responsibilities; therefore, “if you do not come to work,</p>

<b>Co- operatives</b>	<b>Value for members (what keeps them there) and community building</b>
	<p>who is going to handle your duties. As soon as you know what you are here for, you wake up early in the morning, raining or dust you know that, I need to report for work”.</p> <p>They started the co-operative because two of the members were passionate about the environment. They decided to make a living out of it because they were unemployed. In the beginning, it was for the love of the environment and later they toyed around with ideas and made the best of it.</p> <p>They say the respect that they have for each other, keeps them going. Members believe that co-operatives fail because people come with high anticipations and expectations and if those anticipations and expectations are not met, they withdraw. They further believe that co-operatives collapse because people group themselves when the government pledges to support the co-operatives, and they register with CIPC fast without noticing that they do not share the same interests. When things do not go according to their anticipations, they pull out. They say, “you need to clarify the expectations”.</p>

Managing their own business and contributing to the income of the family, owning assets, and employing people are some of the reasons for members remaining in the co-operative. Values such as respect, support, trust for one another, relationships built over many years, duties and responsibilities and ability to resolve conflicts are also important. Co-operatives have been able to contribute to their communities in different ways including donating tracksuits to start-up crèches, vegetables to Non-Governmental Organisations and school shoes to deserving children.

The last theme will discuss how members of co-operatives view the importance of governance in the co-operatives, how they keep records and how they govern their co-operative.

### **Theme 7. Governance**

<b>Co-operatives</b>	<b>Governance</b>
<b>Co-operative A</b>	Members of this ICT co-operative hold monthly, quarterly, as well as the annual general meetings. They keep records of their meetings. They have audited annual financial statements, the latest being



<b>Co-operatives</b>	<b>Governance</b>
	for 2016/ 2017. They no longer have a governance board.
<b>Co-operative B</b>	<p>This farming co-operative holds monthly meetings, however, sometimes it depends on how fast they are conducting the business, for example, if they are going to start the eggs laying section at a capacity of 10 000 chickens plus 6 000, they will have a meeting on a weekly basis. Both chicken houses are going to work to make 16 000.</p> <p>They have an accountant who audits their books and do their financial statements yearly because they need to get a tax clearance certificate to comply with SARS requirements.</p> <p>They hold annual general meetings towards the end of the year in order to do the review of the business and to take stock on where they need to improve; to plan for the coming year; to assess whether they need more employees, or whether they need training for the new business. They have no governance board.</p>
<b>Co-operative C</b>	<p>Members of this agricultural co-operative do not hold regular formal meetings and as a result, they do not have copies of the minutes of meetings. They never held any annual general meetings. They are a family co-operative; some of these meetings happen informally at home.</p> <p>They have annual financial statements. Finances function of the business has been outsourced to the accountant. They keep financial statements because of the need to remain complaint with SARS in order to stay in business and to attract future business. They have no governance board.</p>
<b>Co-operative D</b>	<p>Members of this farming co-operative hold monthly meetings during the first week of every month. The executive consists of five members including the chairperson, deputy chairperson, secretary, deputy secretary and a treasurer. They have committees to ensure participation by all in the business. Some members are responsible for conflict management and some for quality management. They all have their meetings at different times and thereafter they report to the head of the organisation; who was the supervisor when they were employed by the previous farmer. Those who do not belong to any committee are responsible for equipment or facilities management. There are some who do the scouting for problems in the field after they have planted. When they have a meeting during the first week of the month, they already have an agenda set where they all report activities from different committees.</p> <p>The day of the meeting up to 13h00 is dedicated to the meeting thereafter; they break for lunch. After lunch, they go to their different posts to continue with their daily work. They keep records of</p>

<b>Co-operatives</b>	<b>Governance</b>
	<p>all meetings and they have a secretary who is one of the members.</p> <p>They do not have an appointed accountant. They keep records of financial transactions. They are hoping to find a person who can do their annual financial statements. They hold the annual general meeting in December when they close for the two-week December recess.</p>
<b>Co-operative E</b>	<p>Members of this clothing co-operative say they hold monthly meetings and they keep a record of the meetings. The members mentioned that they also keep records of their financial transactions and receipts, even though they did not show them to the researcher. They have an accountant who does their annual financial statements. This is a requirement when they apply for funding. The latest financial statement that they have is for the end of February 2017. They have no governance board.</p>
<b>Co-operative F</b>	<p>Challenges that this farming co-operative experienced include inactive co-operative members. Some members are forced to do work. Members who stay on the farm (the married couple) become overworked. The reason some members cannot come to work, is because the co-operative has not started paying stable salaries. They always pay the employees who are outside the co-operative first before looking after themselves. The member said; “Because we do not have a stable salary, co-operative members think they can come as they wish. We are reviewing the composition of the co-operative and we want to reduce the number of members to five. Another thing, other members are not contributing financially; it is me and my husband who are the biggest contributors”.</p> <p>They hold meetings twice a month, however not all seven members attend. The seven of them meet three times a year. They only keep records when decisions are made and not of all the discussions. Other meetings are informal; for these they do not keep records. They have started to keep financial statements since 2017. They have an account and they receive a financial statement which is generated by their bank, FNB.</p> <p>The co-operative is one of the two co-operatives out of the fifteen interviewed that is affiliated to SANACO- they pay a membership fee of R500.00 per annum. This is a family co-operative and they do not have a governance board.</p>
<b>Co-operative G</b>	<p>This farming co-operative has a secretary and a governance board. They hold quarterly meetings unless if there is a need for a special meeting. They keep the records in a file. The cupboard was locked; they wanted to show their records of meetings; however, the secretary was not part of this meeting. They keep the receipts of the financial transactions, but they do not have audited financial</p>

<b>Co-operatives</b>	<b>Governance</b>
	statements. They are however able to submit the required DSD report by using the format from the DSD. They are not affiliated to any professional bodies.
<b>Co-operative H</b>	<p>This clothing co-operative had many challenges. According to the lead member; “Members leaving, the co-operative has a draw back because the co-operative needs five members to exist, and every time one leaves, we have to recruit a new member and start from scratch it becomes a setback”.</p> <p>Their pay structure fluctuates, depending on the monthly income.</p> <p>This co-operative is facing serious challenges, which include cash flow and lack of co-operation amongst members. It used to be the flagship of LEDA however, on the day of the visit, the researcher got an impression that LEDA had lost touch with the co-operative, and therefore was not aware of what the co-operative was or had experienced.</p> <p>They do not hold meetings anymore, no annual general meetings and thus no records of meetings are kept. They do not have audited financial statements, the last time they produced an audited financial statement was in 2010/2011 after receiving the CIS funding. They conceded that they now have poor financial management. They are also experiencing governance issues.</p>
<b>Co-operative I</b>	<p>The fact that this funeral undertakers’ co-operative was recommended by SANACO to be interviewed was regarded by the members as a compliment. They feel that it is because SANACO knows that they are managing their own funeral parlours and are in business. They further said; “If we get invited, they know it is a well organised meeting and we finish on time. They know that we are very organised. If they are meeting somewhere, they will ask for some of our representatives.</p> <p>There is the working together amongst us as a co-operative as well. Most of the organisations fight over money, sharing of dividends – with us we don’t do that, we all believe in our own businesses. Our investments are there for all of us; we don’t even temper with them unless if we want to spoil ourselves, like when we want to go out for breakfast”.</p> <p>They have an executive committee that manages the affairs of the co-operative.</p>
<b>Co-operative J</b>	<p>Members of this chicken egg-laying co-operative hold meetings once a month at the house of the secretary of the co-operative. As indicated earlier, each member of this co-operative operates from his/her own premises.</p> <p>They hold the members` meetings around the 7<sup>th</sup> or 8<sup>th</sup> of every month and the secretary keeps records of all their meetings. The treasurer of the co-operative keeps records of all the financial</p>

<b>Co-operatives</b>	<b>Governance</b>
	<p>transactions. They communicate via WhatsApp. After selling eggs, the money goes to their personal banking account and they then contribute R250.00 per month to the primary co-operative.</p> <p>They are not affiliated to any professional bodies.</p>
<b>Co-operative K</b>	<p>Most members of this cleaning co-operative have obtained their Grade 12 certificate and have attended various business management training programmes. It is important to note that the co-operative survived the economic meltdown period, however, they seem to be experiencing team dynamics issues that need attention.</p> <p>They do however have a business plan.</p>
<b>Co-operative L</b>	<p>The youth in this farming co-operative have tertiary education and are performing all the core functions which include human resources, finance, and business functions. Other members are trained in other business skills. The co-operative has an organisational structure.</p>
<b>Co-operative M</b>	<p>This quarry mining co-operative has a business plan in place and have managed the cash and other resources at their disposal very well. The hurdles that should be overcome are not only funding related but also include aspects such as mining permits, different laws that regulate how they operate, to whom they sell and who can invest in their business. They have five board members.</p>
<b>Co-operative N</b>	<p>This art and farming co-operative do not have working capital, and this creates a big challenge in their daily operations.</p> <p>There is no organogram, however the chairperson, secretary and the treasurer perform the basic functions that the human resources department, financial and business management departments in an organisation could be doing. They do not use any technology.</p>
<b>Co-operative O</b>	<p>This Buy Back Centre and Re-cycling co-operative have scheduled weekly meetings on a Monday even though due to their work commitments they are not able to meet as regularly as they are supposed to. They hold Annual General Meetings which they say in the co-operative sphere are referred to as ‘Special Meetings’ which are held with the purpose of rotating office bearers. They keep records of all the meetings.</p> <p>There seems to be respect for the current chairperson, even though the arrangement for the interview was not done through him, he had to assess whether the interview would benefit the co-operative before it started, even though they mentioned that they do accommodate students from time to time.</p>

Co-operatives	Governance
	<p>They do not have an accounting system; however; raw financial records are kept. They do not have audited financial statements. They say; “We don’t have an accountant- we do it on our own because we have financial background that we learnt from this institution (Pikitup). We compute the financials ourselves even though it will not be as proper like the one done by an accountant, but should the accountant review it, he/she will have a better understanding of what is happening”. Coca-Cola was going to offer them financial management skills which would enable them to produce better financial reports.</p>

These co-operatives are governed differently. Some have business plan, governance boards, some organisational structure and some have committees with roles and responsibilities. They are aware however that they need to have a governance structure. In some cases, records of meetings are kept and in some, no records kept. Due to lack of monitoring, it does not seem to be a concern to them. They all keep records of financial transactions in different formats. Not all co-operatives have audited financial statements. It is also important to note that not all the members were comfortable in discussing the financial status of the co-operative even those that said they are sustainable, one of them preferred to say they have just started keeping financial records because they want to apply for a loan at the bank and the bank will be interested in the financial records. Only one member was asked whether they file with CIPC as required, the member did not know what the researcher was talking about. This question was not part of the research and it cannot be concluded that all the co-operatives do not know about the requirement to file tax returns. However, this also indicates that there is no monitoring done by CIPC on the requirements to file taxes.

**7.7 Summary**

Most of the co-operatives were interviewed at their operations. **Co-operative D** was called to attend training at the municipality offices, and the researcher had to interview two members in the car outside the municipality offices. **Co-operative I** chose Maponya Mall as a central point for two members who were going to attend.

It was hard to find two or more members of the co-operatives together for the focus groups because some had to continue with the operations, and some were not available for various reasons. Only Co-operative **D, E, G, I, and O** had two or more members attending the focus group session.

Most of the co-operatives are aware of the co-operative principle of re-investing money in the business even though what they put away is not a significant amount of money. However, **Co-operative A, B, C, E and F** ploughed back large amounts of money which assisted them in buying farming implements, assets and infrastructure necessary for the business. However, **Co-operative H**, even though they had an advantage of the donations of industrial sewing and embroidery machines, were not making use of the opportunity to grow the business. The operations seemed a bit dead at the time of the visit and they seemed to be having internal problems even though the lead member was not forthcoming about the reasons for members leaving the co-operative.

The reliance on government support for some co-operatives was so heavy that it would be difficult to wean them from this support. This is contrary to the belief of the directors who recommended them as successful. As has been reported above, and as alluded to by **Co-operative F**, they are amongst co-operatives that call themselves 'government co-operatives'; the majority of the co-operatives interviewed have managed to get government support from various government departments at different times. Six co-operatives out of the fifteen interviewed are operating without government support or without support from any other institution. The first four have received pockets of government funding before but are now able to function without support whereas the last two have never received any financial support from any institution.

Only **Co-operative K, M and O** are supported by the private sector through their Corporate Development Programmes. The rest are supported by government departments or their agencies. The SANACO affiliated co-operatives talk about other programmes that SANACO have which include facilitating business contracts with big companies that they are yet to access. The two SANACO affiliated **Co-operatives, F and I** benefitted from both SANACO and government departments, however thus far only in as far as non-financial assistance is concerned.

Only **Co-operative H** seems to be having governance issues. The rest of the co-operatives, even if they do not have governance boards, hold meetings, maintain records and have some

organisational structures. The two-family **Co-operatives, C and F**, do not hold meetings, they coordinate activities of the co-operative informally.

The next **Chapter** focuses on the discussion and integration of the interviews conducted with the directors of government departments and agencies and the fifteen co-operatives interviewed with theory.



## CHAPTER 8

### DISCUSSION OF FINDINGS: THE DIRECTORS AND THE CO-OPERATIVES

#### 8.1 Introduction

**Chapter 6** dealt with the thematic analysis from the interviews conducted with the directors of the national and provincial departments, government implementing agencies as well as SANACO. The themes in **Chapter 6** were based on the questionnaire utilised in the semi-structured interviews with the directors. **Chapter 7** dealt with the thematic analysis of the interviews conducted with members of the co-operatives. The themes in **Chapter 7**, were based on the theoretical framework developed by Mazzarol et.al (2011). This chapter will discuss and integrate theory with the analysis of the interviews of the directors, as well as those of the members of the co-operatives.

#### 8.2 Discussion

The discussion below, highlights important elements that featured importantly in the interviews with the directors as well as with the selected co-operatives when doing the cross-case analysis. Some of these elements, even though they do not form part of the elements contributing to the sustainable women co-operatives, they are worthy of a discussion because they are an integral part of the research. They are 1) successful co-operatives, 2) reliance on governance and 3) women co-operatives.

According to Khan & Van Wynsberghe (2008), cross-case analysis is a research method that facilitates the comparison of commonalities and differences in the events and activities and processes that are the units of analysis in case studies. Furthermore, cross-case analysis allows the researcher to compare cases from one or more settings, communities or groups, as well as providing opportunities to learn from different cases and gather critical evidence to modify policy.

As indicated before, representatives of national and provincial government departments, agencies and the South African National Apex Co-operative (SANACO), were interviewed. These departments are: the Department of Small Business Development (DSBD); Department of Social Development (DSD); Department of Agriculture, Forestry and Fisheries (DAFF); Gauteng



Department of Economic Development; Western Cape Department of Economic Development and Tourism; Small Enterprises Development Agency (SEDA) and Limpopo Economic Development Agency (LEDA). One representative per government department was interviewed except in the case of the Gauteng Department of Economic Development, where the respective director invited two of his colleagues to participate. At the Western Cape Department of Economic Development and Tourism, two government representatives also attended the interview session. All the interviews took place at their offices. **Annexure B** was used to collect information from the directors.

**Annexure C** was designed to conduct the focus group with members of the fifteen co-operatives recommended by the directors of government departments mentioned above. However, in most cases, only one member of the co-operative was available for the interview. Other members were either silent partners, busy with the operations, attending training, or absent from work for various reasons which were not disclosed during the interview. It was only in the case of six co-operatives where two or more members were available to attend the focus group session and only in one case all the four who attended participated equally. In other cases, even though two or more members attended, only one member was regarded as a lead member and shared the experiences of the co-operative.

### **8.2.1 Successful co-operatives**

The directors interviewed had different interpretations of a successful co-operative. All the co-operatives interviewed were recommended as successful by the directors interviewed. Satgar & Williams (2008) cited a host of successful South African co-operatives that they researched. This study followed the model used by Satgar & Williams (2008) in their study, which included, amongst other criteria, co-operatives that have been in existence for a minimum period of five years and co-operatives that have a wider impact in the community, for example, contribute to job creation.

Furthermore, in addition- to the two criteria by Satgar & Williams (2008), five members of each co-operative selected to be interviewed in the focus group must be active members of the co-operative and have been with the co-operative since its inception or have been a member for at least five years.

However, not all the co-operatives interviewed have been around for five years or more, some were recommended for inclusion by government departments because of the potential for success that they have demonstrated within a short period of their inception. However, two co-operatives did not have products to sell during the visit. One of these two co-operatives has been active for eleven years, and the second one has been active for four years. This indicates that government departments that recommended them for inclusion in the study were not in touch with what was happening to some of the co-operatives.

It was also not possible to see the financial documentation of the co-operatives as some of them were very reluctant to show the documents. However, the type of assets that some of the co-operatives have, which included farming implements in good condition during the visit, was indicative of the worth of the co-operative. Most of the co-operatives interviewed employ people. This corroborates how DSBD and SANACO measure success. People working for these co-operatives are members of the communities where the co-operatives operate. This element was used by all the co-operatives interviewed to measure how they contribute to their communities.

### **8.2.2. Reliance on government assistance**

Only one co-operative out of the fifteen interviewed seemed not to be looking for financial assistance from the government and have never received any financial assistance from any organisation. They received training from the government departments and the private sector which they greatly appreciated because it added value to their business. Most of the co-operatives are aware of the co-operative principle of re-investing money in the business even though what they put away were not large amounts of money. However, **Co-operative B** invested large amounts of money in farming implements, and they are now set to reap the benefits. They have almost all the necessary farming implements. It is important to note that even though **Co-operative B** is a model of what farming co-operatives can be; being a co-operative, they did not enjoy the support of the banks in the country. This is contrary to the support that co-operatives in apartheid South Africa used to have. Agricultural co-operatives in apartheid South Africa had easy access to finance through the Land Bank, and as a result, they became a powerful lobby for agriculture, monopolising critical agricultural sectors (Phillip, 2003; DTI, 2012: Creamer Media Reporter, 2008).

The dependency on government is worrisome, and the title of co-operatives as being successful can be questioned. The dependency could be attributed to the fact that some of the co-operatives started operating as Non-Governmental Organisations. They were used to getting grant funding every year from the Department of Social Development. Some of those who were Non-Governmental Organisations before continuing to depend on government funding. These co-operatives, who started as Non-Governmental Organisations, were advised by the government to change from Non-Governmental Organisations to co-operatives. It is clear from these case studies that the funding from government institutions is not coordinated. Co-operatives can move from SEDA to DSD-to Limpopo Tourism Board. There are times when the different arms of government call for proposals, and some of the co-operatives have benefitted from these calls for proposals. This also depends on the sector in which the co-operative operates.

The dependency on the government might also be caused by the fact that communities are not informed about co-operatives and of what value co-operatives can be in a country where the rate of unemployment has spiralled to 27.6% (StatsSA, 2019). The role of SANACO is critical as a stakeholder to steer co-operatives away from dependency on the government.

However, DAFF is aware of those co-operatives who are able to do their registration at the CIPC, continue to function in the agricultural sector without DAFF's assistance, and do not need government assistance. However, very few co-operatives do not need government intervention nor assistance.

### **8.2.3. Women co-operatives**

Only three of the co-operatives interviewed are all men co-operatives. Most are either all women co-operatives or a mix of women and men with most members being women. The Department of Small Businesses has found that many of the newly registered co-operatives are owned by black women and that their survival rate is very low (Updated 2016 ICD v5). The reasons why co-operatives fail were captured in detail in **Chapter 4. Annexure A** captured thirteen international studies revealed by the scoping review process. These studies highlighted elements that contributed to the successes of the women co-operatives reviewed. It is only when co-operatives are sustainable that they will be vehicles of job creation and contribute meaningfully to the GDP

of the country and thereby address challenges facing women (Co-operative Act 14 of 2005).

The section that follows below will extract similarities, as well as unique elements from the interviews with the directors and the co-operative members who were interviewed. These elements are regarded by this study as critical in contributing to the success of co-operatives in South Africa. These elements cut across most of the co-operatives as having contributed to their success and are presented as the guidelines that will contribute to sustainable women co-operatives.

### **8.3 Elements that contributed to the success of most of the co-operatives interviewed**

#### **8.3.1 Relationships**

Four of the co-operatives, **G, I, J and M** started from the beginning as co-operatives whereas two of the co-operatives, **C and F** are family co-operatives that started the business as a close cooperation and later converted into a co-operative after approaching the government for either financial or non-financial support. They were advised that government will only assist if they were a co-operative. Four co-operatives, **A, B, E and H** started as either a Non-Governmental Organisation or a community project that were receiving grants from the government for their programmes. One co-operative, **D**, was started by a group of women who took over the operations when their employer announced that he was retiring from his business and relocating to Namibia. They had known each other since starting to work for the same employer in 1994. The person who was their supervisor is now the head of the co-operative.

In one co-operative, **E**, the ANC facilitated the training of the women from the same community who knew each other from being part of the ANC. Two co-operatives, **K and L** were started informally by a group of women who were growing vegetables to feed their families. One co-operative was started by a founder who was teaching volunteers to do beading and garment painting. In another co-operative, **K**, members were hand-picked by the founder of the co-operative. In another co-operative, **I**, the members are from the same industry of funeral

undertakers. They know each other from managing the same type of business and are not dependent on the co-operative for their livelihood. The rest of the co-operatives were all started informally by people who had connections with each other in one way or the other.

The above scenario is indicative of the role that long-standing close relationships or ties play in keeping members of the co-operative together. Godfrey et al. (2017), also found that “the sustainability of co-operatives appears to be influenced by the prior association of co-operative members. Co-operatives that have a long history of association prior to the registration of the co-operative, or have members with familial relationships, tend to create more sustainable co-operatives in the waste sector”

It is thus important that a co-operative should be formed by people who have either worked together before or had known each other before in order to minimise the possibilities of differences, tensions or disputes.

The table below summarises the information presented in the discussion above.

**Table 8.1. Relationships**

<b>Relationships.</b>	<b>No.</b>
Co-operatives from beginning.	4
Family co-operatives.	2
Started as either Non-Governmental Organisations or community projects.	3
Women working for same employer/women belonging to same political organisation.	2
People from same industry.	1
Informal beginnings by people who knew each other.	3

From the table above, members of co-operatives who knew each other informally before starting the co-operatives stood an equal chance of doing well in their co-operative as those who were brought together by the formation of a Non-Governmental Organisation. The formation of Non-Governmental Organisation could have also been informal in the beginning. At the same time,

there are co-operatives in the study who started without knowing each other from the beginning and are successful. This also depended on the values that they shared, which will be indicated under the values sub-heading.

### **8.3.2 Size of co-operative**

The size of the co-operative seems to play an important role in the success of the business. Ten of the co-operatives interviewed have five or six members, two have seven members each, one has nine, one has ten, and only one co-operative has 24 members. In this last co-operative, the ladies are fully involved in the co-operative, and they see each other every day. These are the ladies who worked for the same employer from 1994 to 2010 before registering their co-operative in 2013. It seems like in general, the smaller the number, the more cohesive they become. Godfrey et al. (2017) stated that stakeholders believed that co-operatives purposely restricted the number of members to five to minimise the conflict within the co-operative.

The above is supported by some of the directors interviewed who attributed the failure of most of the co-operatives to the tensions that emanate from the differences that ensue when the number of the co-operative is too large. It is believed that when the number is big, members pull in different directions. However, it is noted that numbers can be an advantage or a disadvantage. In some cases, if members of the co-operatives are many, for example, they have a buying power, and this will work to their advantage, but the number also has the disadvantage of creating conflict because of group dynamics.

Most of the co-operatives interviewed decided on five members because the statutory requirement is a minimum of five. Godfrey et al. (2017) also found in their study, that 37.5% of the waste management co-operative had the minimum of five members, which is required to register a co-operative. According to the CIPC, “at the formation meeting, the members have to decide on the form and type of co-operative. There must be at least five founding members (people) in order to form a primary co-operative” ([www.cipc.co.za](http://www.cipc.co.za)).

Some of the co-operatives decided on registering the co-operative for convenience, as well as to

be able to access government grant funding and related incentives even though some of the members are inactive or silent partners. The idea of registering a co-operative in many instances has been on advice from government officials, in order to promote the government programmes and strategies of poverty alleviation and job creation to the extent that government officials are given targets towards the development of co-operatives. This was corroborated by government officials who are becoming frustrated by the growing failure rate of the co-operatives, as well the growing dependency of the co-operatives on government.

The failure rate could also be interpreted as the number of co-operatives that were registered upon hearing about the incentives available for businesses that are registered as co-operatives even though they have never operated at all. This information is misleading because of the lack of statistics and a clear database from CIPC as alluded to earlier.

It is thus difficult to attribute the failure rate to the size of the co-operative. There are large co-operatives, such as **Co-operative D**, with 24 women who have been together for six years. In the study by Godfrey et al. (2017), they found that the largest waste management co-operative had 270 members, followed by 87, 80, 74 and 50 members. According to Cazzuffi & Moradi (2010), while a large membership base will help to realise economies of scale as it is the case with the agricultural co-operatives; it can create group interaction problems. Cazzuffi and Moradi (2010), found that even with reported cases of frequent shrinking in cocoa sales in Ghana, sales per member were increasing with membership. They also found that larger membership improved the chances of co-operative survival, leading them to conclude that positive effects of membership expansion outweighed negative ones.

### **8.3.3 Training**

Both the SEDA study of 2013, as well as the study by Godfrey et al. (2017) emphasised the importance of training of the co-operatives. Satgar (2007), refers to the need to develop skills and that tertiary institutions could play a critical role in developing relevant curricula. Satgar (2007), also highlights the need to have a national college of co-operatives, where government officials can be trained on how to facilitate or support co-operatives. According to the study conducted by

COPAC (2005), most members have completed Grade 10, 11, 12 and 16% have University degrees, and 59% are in possession of technical diplomas.

The SEDA study of 2013, has also found that skills deficiencies may stem from the low levels of basic education amongst members of co-operatives. Members need pre-co-operative formation training which entails leadership, managerial and general business skills training. They need financial training, as well as technical training specific to the industry in which they are trading.

All the co-operatives interviewed except for **Co-operative N**, received a host of training programmes from different national, provincial and local government departments, government agencies, Non-Governmental Organisations and private organisations. The Department of Agriculture, Forestry and Fisheries played a key role in providing technical training to co-operatives falling under this sector whereas SEDA was significant in providing training that ranged from managing co-operatives, business management skills, computer skills, conflict management, budgeting and costing. Thirteen of the fifteen co-operatives know about SEDA and have received training from SEDA, one co-operative even though they had not received training from SEDA, they were in line to receive training. The last co-operative, even though they did not know about SEDA, received training similar to that offered by SEDA from the sector in which they belong.

The training provided to co-operatives seemed to have been uncoordinated. Some of the co-operatives received duplicate training from different organisations and government departments so much so that some of the co-operatives accused the government of training without planning and that at times the government departments sent consultants who were not in touch with the challenges that co-operatives experience. It was noted that some of the co-operatives did not know who provided training to them. At times, the co-operatives are called to attend training on short notice without being informed what the training is all about. Some of the co-operatives interviewed feel that even though the training is important for them, at times, it interrupts their operation schedules to the extent that they must work overtime and on weekends in order to catch up with their work.

The co-operatives interviewed are all appreciative of the technical and non-technical training



received without which they would not have been able to manage their businesses. One member said; “I did not know that I need to know the birth date of my chickens”. She related that she did NQF 5 on product management. However, some members of other co-operatives feel that the training offered must take their training needs into consideration. Godfrey et al. (2017), alluded to training as necessary to upskill members and to improve the efficiency of co-operatives. In the case of the Thulare Co-operative in Lesotho, the introduction of training in the usage of mobile phones contributed to other benefits that relate to empowerment. This facilitated access to networks and relevant expertise (Vincent & Cull, 2013).

While most of the government departments including DSBD, are looking at SEDA as the implementing agency of the DSBD to provide non-financial support which includes amongst others, business management skills, SEDA on the other hand is looking at partnering with the SETA and the municipality to provide the training because according to SEDA, they do not have the implementation budget even though they acknowledge the responsibility of offering non-financial support to co-operatives.

DAFF has its own resources, which include a two-week training course, offered by their facilitators, and DAFF has partnered with the municipalities to provide the venue for the training. The Gauteng Department of Economic Development is using GEP as their implementing agency, the same way as the Limpopo Department of Economic Development is making use of LEDA to provide training. However, this support is not enough as indicated in the discussion with the co-operatives and the co-operatives do not receive this assistance when they need it.

While it is important to equip the co-operatives with the necessary tools that enable them to operate the co-operatives like businesses, it is important to ensure that the right type of training is undertaken at the right time. This is the case with the Polokwane co-operative with elderly members who cannot operate the computerised embroidery machines. There has been a correlation to the growth of the co-operatives and the training offered. In the case of a co-operative of women farmers in Lesotho who were offered mobile phones, “the most immediate impact was the way in which the improved ability to communicate contributed to economic growth” (Vincent K & Cull T, 2013).

Not only members of the co-operatives need training, but government officials have also reported frustration in having to deal with the conflicts and tensions emanating from the co-operatives. They find themselves ill-equipped, due to not having been trained to handle conflict and disputes emanating from co-operatives. As indicated earlier, co-operative colleges, together with tertiary institutions that can offer relevant skills not only to co-operative members but also to government officials who deal with co-operatives are necessary (Satgar, 2007).

It is believed that some of the co-operatives have failed because they were given the CIS funding without having the skills nor the necessary technical skills to manage the business. Therefore, it is important to undertake the accredited business management skills backed by the business plan and technical skills linked to some qualifications or some prior learning. The importance of equipping the co-operatives with the necessary skills before receiving the CIS funding was emphasised by the director at the DSBD who are planning to make it a condition of allocating the grant.

Through its function of education and training, the Co-operative Amendment Act No. 6 of 2013, makes provision for the Co-operative Development Agency to;

- To assist co-operatives;
- Enter into agreements with relevant training institutions to provide training to co-operatives; and
- To provide technical and management training to co-operatives.

It is thus imperative that members of the co-operatives must attend the pre-co-operative formation training which entails amongst others what co-operatives are, their origins, and the values and principles of co-operatives. Members of the co-operative must be trained on leadership and managerial skills. Financial training which incorporates budgeting and costing; business management skills, corporate governance, computer literacy, as well as training in conflict management and dispute resolution.

#### **8.3.4 Mentorship**

Seven of the co-operatives interviewed held their mentors in high regard. In all seven cases, the mentors in the sector were with them over a period of three years. Five of the mentors were in the

agricultural sector and one each in the Information and Communication Technologies (ICT) sector and waste management sector. In the first year, the mentors demonstrated what the co-operatives needed to do. In the second year, the mentors supervised them, and in the third year, the co-operatives were observed and when the mentors were happy they left. The above process explains the importance of mentorship in the success of the business.

The co-operative in waste management were placed in their enterprise development programme. They were given resources, including the truck that they use to collect and drop off the waste material, as well as the premises. They sign a yearly MOU with Pikitup, and at this stage, the co-operative does not know for how long this arrangement is going to last even though, they have a verbal agreement that the arrangement will not go on indefinitely.

SEDA (2013), recommends that mentors should be committed to assisting co-operatives, with one mentor being allocated to a co-operative throughout their development path. Furthermore, the use of the mentor can be enhanced using an industry expert (SEDA, 2013).

Through its function of support and extension services, the Co-operative Amendment Act No. 6 of 2013, makes provision for the Co-operative Development Agency amongst other activities falling under this function, to:

- 1) Promote and provide business development and other relevant support to co-operatives, and
- 2) Provide mentorship support to co-operatives.

It is important that newly formed co-operatives be assigned an industry mentor or expert in the field for a period of at least three years, and payment of the mentor will be a matter between the co-operative and the industry where necessary or where affordable or through the CIS.

### **8.3.5 Database**

Some of the government departments maintain a database of the co-operatives they are assisting. SEDA's database is accessible on their website. It was from this database that four co-operatives were recommended for inclusion in the study.

DAFF, on the other hand, developed a system where they have registered the co-operatives they are supporting, it is called CODA, the Co-operative Data Analysis tool (<http://webapps.daff.gov.za/codas/>).

Apart from this database, the information about the successful co-operatives was made easy by the director interviewed who made the coordinators available to assist further. Other government departments and implementing agencies, including SANACO, do not keep any form of database that is easily available to the public. However, even if they did, each government department would keep the database which is only relevant to the needs of that specific government department. The CIPC, as the organisation responsible for the registration of the co-operatives in terms of the Co-operative Act No. 14 of 2005, should have all the relevant information. All the departments interviewed have indicated that the information that is kept by CIPC is not reliable and user-friendly as indicated earlier in this chapter.

The Co-operative Amendment Act No. 6 of 2013 has made provision amongst other things to “assist the registrar of co-operatives in maintaining and updating the co-operative database and registration database”. The reliable database is a thorny issue to all stakeholders of co-operatives. It is hoped that the Co-operative Amendment Act No. 6 of 2013, will attend to questions around the database. Furthermore, through its function of support and extension services, the Co-operative Development Agency will develop and maintain data on co-operatives in partnership with the registrar, relevant national and provincial departments, municipalities and other interested governmental and non-governmental agencies and other persons.

It is, therefore, important that CIPC revamp its database expeditiously in order to offer reliable information about the status of co-operatives in South Africa.

SANACO as the only Apex body in the country should have a reliable, user-friendly database on member co-operatives.

### 8.3.6 Financial Support

There are co-operatives that need funding to start operations or to expand. They need financial assistance to buy equipment and general infrastructure for the co-operative. Banks do not recognise co-operatives and co-operatives are, therefore, not able to access the bank facilities that are available to other forms of businesses. CIS is currently the only financial vehicle available to co-operatives. However, CIS has been criticised for the lengthy turn-around time. Furthermore, there is a general belief that the indiscriminate granting of CIS by the department has contributed immensely to the failure or tensions within a lot of co-operatives. Some of the co-operatives were formed because members believed that they would get CIS. According to one director, once the funds become available, they become poorly managed, and there is a lack of accountability. This leads to tensions in the co-operative and between the co-operative and the government department. Some of the co-operatives abandon the registered co-operative even before it starts operating, if CIS funding is not granted, hence the high number of co-operatives registered with CIPC that are not functioning. It is believed that some of the co-operatives that received CIS and failed, did so because they did not receive training on business management.

Only **Co-operative I** and **Co-operative O** have never received any financial support from the government or any other organisation. The other fifteen co-operatives received 100% grant funding from either the national, provincial, local government, government agencies or from the private sector. Some received several grants from the same department for different purposes, which shows some reliance and dependency on government funding. This grant funding, in some instances, included a stipend for the members of the co-operative over a period.

The Department of Agriculture, Forestry and Fisheries provided the infrastructure to co-operatives in this sector including planting vegetables for them, a pack house, fencing, offices, a truck, silos, chicken houses/structures. The Department of Agriculture, Forestry and Fisheries did not give any cash advancements but uses one of its implementing agencies to provide the infrastructure. Some co-operatives in the agriculture sector, have been able to access loans from government agencies such as NEF. It has been reiterated by many co-operatives that it is not possible to get any financial assistance from the banks. **Co-operative C** was advised to convert to a private company in order to qualify for the financial facility that they were looking for. They heeded the advice, and during

the time of the visit, they were busy with the process of converting to a private company.

As indicated earlier, it is believed that the banks do not recognise the co-operatives. In some cases, it was reported that the banks do credit checks on individual co-operative members when they apply for bank facilities and not all of them pass the test.

In Gauteng, GEP has assisted with fencing. In Limpopo, LIBSA assisted with finances to buy infrastructure which included premises where co-operatives are operating from. As a result, some of the co-operatives do not pay rent and other municipal services. They only pay for electricity because some of the premises belong to government departments or to the agencies of government. Thus, the financial independence of the co-operative is not always known. The Department of Communication has assisted with computers in the ICT sector whereas the Department of Public Works provided premises that are being used by **Co-operative E** in Limpopo, who do not pay rent. The Department of Rural Development and Land Affairs allocated farms that can be rented with an option to buy. Thus far, only **Co-operative B**, indicated that they are paying rent for their farm to the Department of Rural Development and Land Affairs, and they intend buying when they are given a long-term lease.

In the case of **Co-operative A**, the donation of computers was repeated twice by the same company, which was outsourced by the Department of Communication. At some stage, the computers were rehabilitated. It does not seem like this co-operative ever bought computers for themselves at any stage except to maintain the existing ones. However, this co-operative has innovative ways of generating income, they do not live on government donations, and they have diversified their service offerings in ways that allow them to be financially independent even if they were to stop receiving computer donations from the government.

The grant funding mentioned above, just like the training offered to the co-operatives are not coordinated. The co-operatives can approach most of these departments for grant funding, except from DAFF whose grants are strictly for co-operatives trading in agriculture. Any co-operative can apply for CIS and to DSD irrespective of the sector in which they operate. SEDA provides marketing, branding and business plan services and other non-financial assistance, irrespective of

the sector, through service providers.

One of the broad functions of the Co-operative Development Agency in accordance with the Co-operative Amendment Act No. 6 of 2013 is financial support services (excluding co-operative banks registered under the Co-operatives Banks Act No. 40 of 2007). Through this function, the Co-operative Development Agency will:

- 1) Design financial products to support the needs of co-operatives,
- 2) Take responsibility for and implement any financial support programmes transferred to the Agency,
- 3) Enter into agreements with other financial institutions and development agencies to establish co-funding and other partnership arrangements for the purposes of making financial support available to co-operatives and
- 4) Enter into agreements with the Co-operative Banks Development Agency and the Reserve Bank to link financing of co-operatives with co-operative banks and other financial co-operatives.

Funding is a function facilitated by government and other stakeholders. This function lies outside the capabilities of co-operatives. The government will have to expedite the facilitation of this function which includes amongst others reviving the Cooperative Incentive Scheme to benefit those co-operatives that are genuinely managing their businesses if the government wants to see sustainable co-operatives that are contributing to the growth and economy of the country.

### **8.3.7 Organisational Structure**

Only three out of the co-operatives interviewed have an organisational structure. In some of the co-operatives, a founding member is regarded as the leading co-operative member. In **Co-operative D**, the lead member was a supervisor when they were working for the previous employer, and they regard her as a leader. In **Co-operative O**, the founder member is still the chairperson. Distribution of duties and responsibilities is critical to most of the co-operatives interviewed. **Co-operative B** has someone responsible for marketing, one for finances and another one for administration, while **Co-operative D**, use committees, and members who do not belong to committees are responsible for the maintenance of equipment and scouting for problems in the

field when they have planted. However, there is shared ownership of the co-operative.

**Co-operative I and J** seem to be operating in a similar manner although in unrelated sectors. **Co-operative J** is a supply chain model tried by the joint effort between the Department of Agriculture, Department of Rural Development and Land Affairs and the City of Tshwane. Whereas **Co-operative I** is in the funeral undertakers' sector with each member managing his/her own business in different townships. Members have come together as a co-operative in order to have one voice for the industry.

The Co-operative Amendment Act No. 6 of 2013 has made provision for the organisational structures of the co-operatives. It is thus important that all the co-operatives new and old undertake training on the importance of organisational structure and be assisted in designing their organisational structures.

### **8.3.8 Governance**

In instances where only one member of the co-operative was available for the interview, the impression given was that members did not have equal responsibility over the co-operative. The impression was also created that the co-operative was registered for the convenience of accessing government assistance as was case of family co-operatives in this study. The interview with the researcher could only be conducted when this specific lead member was available. The fact that the lead member seems to be the only person who could speak on behalf of the co-operative is a contradiction to the values of a co-operatives which stipulates equality of all the members (ICA, 2013).

The government's topdown approach to the support and development of co-operatives contributes to members' reliance on government. Some of these co-operatives relegate their responsibility to govern their businesses to government. Beesley & Ballard (2013) and Godfrey et al. (2017) also agree that government is using a top-down approach to develop the co-operatives. This was also evident in this study. The government has developed programmes for those who register co-operatives; they get CIS funding and other types of grants from government departments, even



though the government departments are not monitoring and evaluating the impact of such programmes to ensure they are weaning those co-operatives from government programmes and their dependence on government assistance. However, some government officials did not take kindly to the question on the top-down approach. The question sounded to them as being critical of government involvement and as equating the involvement of government to too much interference.

Most of the co-operatives hold an annual general meeting, for the purpose of reporting their performance or for closing before they take a break in December, instead of nominating members into different organisational structures like the board. Very few of the co-operatives interviewed have a board. **Co-operative O** indicated that the annual general meetings are regarded as special meetings in the co-operative fraternity.

All the co-operatives interviewed acknowledge the importance of good governance, which include keeping good records of weekly, monthly and annual general meetings, as well as financial transaction records. However, only six co-operatives interviewed keep records of meetings held and financial transactions done. Only four of them have audited financial statements or have appointed an auditor.

The co-operatives prepare the financial statements to comply with SARS requirements and continue to do business with the government, although some of them do not seem to be aware that they also need to submit their returns to the CIPC. Although this was not part of the research scope; when **Co-operative H** was asked whether he does file the tax returns with the CIPC, he was oblivious of this requirement. Instead, he suggested that if the co-operative has ever filed, it was because LEDA was doing it on their behalf.

Most of the co-operatives prefer talking about their financial performance without producing any documents. This observation was also echoed by a director at SANACO. It was, therefore, difficult to request to see documents which include an annual financial statement as most co-operatives interviewed felt uneasy. **Co-operative O** felt extremely uneasy even to indicate how much the contract workers are paid.

**Co-operative C** is converting to a company as amongst other reasons, they are not able to comply with the requirements of being a co-operative, which includes holding monthly and annual general meetings and producing related reports. They are unable to have a board and rotate members. This information was volunteered by the member, and it is not clear how many other co-operatives interviewed comply with this requirement as this information was not part of the scope of the research.

Not only has the Co-operative Amendment Act No. 6 of 2013 made provision for the governance of co-operatives, but also the winding up of the co-operatives, as well by order of Tribunal under various circumstances listed in the Act.

### **8.3.9 Access to markets**

For any business to succeed, it is important to have access to markets. Amongst other things that agricultural co-operatives in apartheid South Africa did was focus on supplies and joint marketing of production. As indicated earlier, these co-operatives had easy access to finance through the Land Bank, controlling the Marketing Boards that regulated prices (Phillip, 2003; DTI, 2012; Creamer Media Reporter, 2008). Thirteen of the co-operatives interviewed have access to markets. However, contrary to the scenario of the agricultural co-operatives in apartheid South Africa sketched above, these thirteen co-operatives managed to get access to markets through their own initiatives once they met the requirements needed by the industry. They did not have the backing of the Landbank that the agricultural co-operatives of apartheid South Africa had as indicated earlier. In some cases, the co-operatives learnt the hard way, for example, they needed to acquire quality standards such as SABS certification in order to conduct business with big businesses. **Co-operative H** that needed to do business with the municipalities and the mining industry was informed by the two organisations that they will do business with them provided they have SABS accreditation. It is noted that **Co-operative H**, did not have a mentor, therefore, it is assumed that the co-operatives that had mentors would have been made aware of the industry requirements. The process of acquiring SABS accreditation is expensive, but **Co-operative H** received financial assistance from the Limpopo Tourism. The role of a mentor is important in guiding co-operatives through the processes of access to markets (SEDA, 2013).

Co-operatives in agriculture, especially those farming in vegetables and poultry, need a Health Certificate in order to get contracts with large companies such as the chain supermarkets, mining industry, and restaurants. However, some of them become aware of these requirements only when they approached these chain supermarkets for business. This was the case for **Co-operatives B** and **F** who were in the process of acquiring the Health Certificate during the visit. Even though **Co-operative B** had one before, but it expired, they know that the certificate is renewable annually and that they cannot approach big companies for business without having a Health Certificate. This was not the case with **Co-operative F**. They need sector related information and assistance. Again, it can be assumed that **Co-operative F** did not know about this requirement because they were not one of the co-operatives that had a mentor.

Acquiring a Health Certificate for the first time requires that the co-operative must have a suitable infrastructure and the process requires three visits from the auditors and may require up to R24 000.00 towards the inspection by the auditors. This could be a barrier for co-operatives aiming to grow their business from subsistence to commercial farming. That is the reason that **Co-operative F** had to get funding to complete the process. However, it sounds like the process of acquiring a Health Certificate differs from one local government to another because even though they are both based in Gauteng Province, **Co-operative B** which operates in a different local government area from **Co-operative F** who said they did not pay anything towards the inspection. When they qualified for a Health Certificate, they paid the prescribed fee to acquire the certificate, and they got one.

**Co-operative O** is registered with the Waste Hub, and they advised them about the quality standards in the industry, and as a result, they have the necessary licenses, and permits that allow them to do their business and these are renewable yearly. They know this information because they work under the mentorship of Pikitup.

Co-operatives that are relatively new such as **Co-operative G** and **J** and are not aware that they need to acquire a Health Certificate first in order to qualify to supply retailers and supermarkets. They only learnt about this requirement when they were ready to do business with large companies. Other co-operatives such as **Co-operative M**, that operates in the quarry mining industry, has different requirements and needs a permit to operate whilst it is not known whether other co-

operatives have quality standards expected from their sectors.

There is no one who vigilantly advises the co-operatives about the requirements in their sector, especially upon registering. Not even the CIPC capture the co-operative information on industry level when co-operatives register. If captured, the CIPC can disseminate the information to the relevant government departments or organisations that deal with co-operatives. This observation was reiterated by several directors interviewed, as indicated earlier.

According to Satgar (2007), amongst factors critical in building a strong co-operative movement, is the facilitation of national and international markets for the co-operatives. This, according to the directors interviewed, is what both SEDA and DSBD are planning to do but have not yet started doing. According to the Co-operative Amendment Act No. 6 of 2013, the Co-operative Development Agency, through their function of market development, will:

1. Promote access to exports, marketing assistance offered by organs of state, and bilateral and multilateral agreements with other countries that are available to co-operatives,
2. Link co-operatives to domestic and international markets,
3. Form collaborative relationships with the South African Bureau of Standards and Proudly South African and other stakeholders to promote co-operative products and services, and
4. Link co-operatives with state and private sector market opportunities.

The function of facilitating access to markets, just like that of financial assistance, is a government or stakeholder-facilitated function which lies outside the capabilities of co-operatives. The government will have to expedite the facilitation of this function, which includes that SEDA, as well as SANACO, should speed up the implementation of access to markets for the co-operatives. It must be noted that SANACO is a member of SADC and BRICS and have the potential to facilitate this function on behalf of the co-operatives.

### **8.3.10 Sector Support**

Some of the co-operatives interviewed also believe that they need to have the necessary sector related information when they start the business. Most of the time they stumble against the information needed when the need arises, for example, they come to know about the need to have a Health Certificate when they approach potential customers for business. DAFF is a good example

of the government department that offers sector information and training. They have a diagnostic tool used to assess the business needs of the co-operative in order to render or offer specific training, which includes technical and non-technical.

Most of the co-operatives interviewed were from the agriculture sector, even though directors of national, provincial or government department and agencies as well as SANACO interviewed were requested to suggest successful co-operatives that they know, most suggested co-operatives in the agricultural sector. What became evident was that even if they were suggested by for example SANACO, the co-operatives have a link with DAFF. However, this was not the case with the ones in the arts industry who do not seem to be enjoying support from any organisation in their sector, not even from a government department. Only **Co-operative I and F** are affiliated to SANACO, and one other, **Co-operative H**, know who SANACO is and are very critical about the inaccessibility of SANACO, the rest of the other co-operatives are not affiliated to SANACO.

Co-operatives that trade in the agricultural sector receive support from both national and provincial Departments of Agriculture. As indicated, DAFF has employed nine facilitators responsible for the co-operatives. There are times that the facilitators spend time in the provinces. The co-operatives in the agricultural sector know the facilitators responsible for their regions.

The same sentiments were shared by the co-operatives who were referred by LEDA. The latter looks after the co-operatives that are in their database and they assist in updating the registration documents. In the past, they used to provide an accountant to audit the books. However, there seems to be too much dependence and reliance on government support by the co-operatives. In the case of **Co-operative J**, at the end of the pilot period, it was difficult to raise money to buy chickens. At the time of the visit, they were waiting for the delivery of the chickens which were sponsored through the efforts from the Department of Agriculture.

The dependency on government leads to some of the co-operatives calling themselves “government farmers” as indicated by **Co-operative F**. DAFF is a good example of the government department that offers sector information and training. It is important that other sectors offer the necessary support to start up co-operatives.

### **8.3.11 South African National Apex Co-operative (SANACO)**

The role of SANACO as an Apex co-operative is critical to the success of co-operatives in the country irrespective of the sector or industry in which they trade. According to the Co-operative Amendment Act No. 6 of 2013, the functions of the national Apex co-operative must include;

- 1) Advocacy, and engaging organs of state, the private sector and stakeholders on behalf of its members,
- 2) Any other functions of the national Apex co-operative must be determined by its members included in the constitution of the national Apex co-operative, and
- 3) The Minister may publish guidelines for the functions of the national Apex co-operative by notice in the Gazette.

However, SANACO seems to be very dependent on government. They have the MOU's and other forms of links and agreements with many other organs of government, which includes the SETAs, the provincial and national departments, as well as organisations like Productivity SA. They have links with BRICS and SADC even though at this stage, it is not clear how their affiliated members are benefitting from their partnership with BRICS and SADC. One of the functions of SANACO is to organise jointly with government the International Co-operative Day. Many co-operatives that attend the ICD are sponsored by different government departments. SANACO is reported to have 20 000 affiliated member co-operatives who pay R500.00 annually. SANACO has staff and offices that they are renting in Pretoria from where they perform their national functions. They do not have provincial offices, as a result, co-operatives that are not affiliated to SANACO do not seem to understand how they stand to benefit by affiliating to the apex body. The two co-operatives who have affiliated to SANACO, are aware of the benefits of affiliating to SANACO.

SANACO needs to wean itself from government in order to play a critical international role of being a co-operative Apex that will be the voice of the co-operatives to help the co-operatives to succeed.

### **8.3.12 Values**

The following values cut across most of the co-operatives interviewed;

- a) *Passion*: Although some of the co-operatives did not have skills in the sector they are currently

in, and they started the co-operatives because they wanted to create jobs for themselves as well as for the desire to be self-employed, they developed a love for what they are doing. This is true for **Co-operatives A, B and D**, while members of **Co-operative C** had basic skills in tilling the land, they have remained passionate in their trade and have outsourced all other activities including bookkeeping and Human Resources Management. **Co-operative F and O** started because of the passion they had in the respective industry and what they had already started doing; they reinforced their passion with the necessary skills.

- b) *Respect and trust*: most of them talk of respecting and trusting one another. They become more than colleagues; they become friends and “family” because they have known each other over a period. This is especially true of **Co-operatives D, E, G and O** where members are neither family co-operatives nor have they started as a Non-Governmental Organisation.
- c) *Perseverance*: some of the co-operatives like **Co-operative E**, relate stories of how many people were exposed to the same opportunity as them, but many were not patient and left. In their case, only six women out of the nine different groups stayed in the co-operative started by the ANC, and they made a success thereof. A similar story is shared by **Co-operative O** which has all male members. They had a woman as a member before, and they believe that they did not share the same aspirations and expectations, which is why the female member left. Family **Co-operative F** is struggling with the same sentiments from the younger members who do not share the same aspirations.

The international co-operative values are self-help, self-responsibility, democracy, equality, equity and solidarity. Furthermore, the founders of co-operatives believed in ethical values of honesty, openness, social responsibility and caring for others (ICA, 2013). It is noted that the values mentioned above are either self- taught or earned. However, it will be advisable to include them in the training of all other soft skills that are offered to the co-operatives.

Some of the successful co-operatives, highlighted in the scoping review, have indicated benefits that members get from the co-operatives as one of the reasons that make members stay in co-operatives. The study by Carr, Kariyawasam and Casil (2008) demonstrated that regardless of the type of membership, successful co-operatives offer a valuable benefit to their membership to help them obtain or provide services that are vital in the country’s economy. This is how some

government departments in South Africa, including SANACO, measure the success of the co-operatives, by their ability to create jobs and therefore contribute to the economy of the country. Bonnan-White, Hightower and Issa (2013), highlighted the appreciation of the importance of the workplace as one of the benefits. Members feel that co-operatives have made them more independent and provided economic security. They earn more than ten times what they earned a few years back, developed entrepreneurial behaviour and have increased contribution to the family (Bonnan-White et. al., 2013; Salunkhe & Waykole, 2015; Toomey, 2011 & Datta et al., 2012).

Below is the table that summarises the profiles of the fifteen co-operatives; the sector they operate in, number of members (and gender), number of employees, type of infrastructure, how they generate income, age and financial assistance received.





**Table 8.2 Summary on the profiles of the co-operatives**

<b>Name of co-operative</b>	<b>Sector</b>	<b>No. of members</b>	<b>Staff</b>	<b>Infrastructure</b>	<b>Income</b>	<b>Age</b>	<b>Financial Support received</b>
<b>Co-operative A</b>	Information and Communication Technologies and Internet Café.	5 men.	5 internship employees.	Own building plus rented service point.	MOU with UNISA for the students to access assignments; learnership placements; internet café- printing, copying faxing, emails.	All younger than 40 except for one member (over 60).	Universal Service Access Agency of SA (USAASA) donated ten computers, in later years were refurbished by same company: a business plan competition, won them a R1 million grant fund through LEDA which they used towards acquiring their own property; the National Youth Development Agency (NYDA) bought 16 more computers.
<b>Co-operative B</b>	Agriculture (poultry, maize and cattle).	2 women and 3 men.	5 permanent employees.	Rent 189 hectares land. Own all necessary farm equipment. Own 2 hectares of land.	Sell crop, eggs and cattle.	20, 33, 39, 42 and 43 years.	R230 000 start-up capital for each member NDA in 2005 (NDA). Monthly stipend of R500 (NDA). Technical training: GRAIN SA and AFRIC Coop.
<b>Co-operative C</b>	Agriculture: maize, animal feed and	1 woman and 4 men	22 permanent employees.	Silos & Land.	Sell poultry products.	Youngest member 32 years; eldest member 70 years.	Silo and 8-ton truck (Provincial Department of Agriculture of the Free (2014) R9 million National

Name of co-operative	Sector	No. of members	Staff	Infrastructure	Income	Age	Financial Support received
	chicken.						Empowerment Fund (NEF).
<b>Co-operative D</b>	Agriculture (vegetables).	24 women.	11 temporary workers.	Vegetable pack house.	Sell vegetables.	All older than 40 years.	Pack house, truck and office block built and bought by the Department of Agriculture.
<b>Co-operative E</b>	Clothing.	6 women.	11 casual workers.	Use dilapidated building for free. Industrial sewing machines and over-locker.	Sell school uniforms, clothing and curtains.	All older than 50 years.	R500 500.00 grant (DSD 2012). Renovations to a rundown (Department of Public Works building). R400 000 grant funding (DSD in 2017).
<b>Co-operative F</b>	Agriculture (cattle, free range chicken and vegetables).	3women and 4 men.	5 contract workers.	Rent land from municipality. Own a piece of land(farmhouse)	Sell cattle, chicken and vegetables.	27(2),29, 36,40,43,44 years.	Fence from GEP.
<b>Co-operative G</b>	Agriculture (vegetables).	3 men and 4 women.	10 seasonal workers.	Farm with dam and 2 hectares irrigation system.	Sell vegetables.	Between 40 and 60 years.	R500000.00 grant funding (DSD2016) Continuous non-financial support. From the provincial Department of Agriculture-they test the soil before planting.
<b>Co-operative H</b>	Clothing (school and corporate uniforms) and	1 man and 4 women.	No employee.	Industrial sewing and embroidery	Sell uniforms.	All over 50 years.	As NGO they received money from The National Arts Council. R300 000.00 from LIBSA to kick-start the co-

<b>Name of co-operative</b>	<b>Sector</b>	<b>No. of members</b>	<b>Staff</b>	<b>Infrastructure</b>	<b>Income</b>	<b>Age</b>	<b>Financial Support received</b>
	Personal Protection Equipment.			machine and premises.			operative operations. R300 00.00 from CIS in 2011. LEDA bought the premises for them for R200 000.00. accreditation by SABS paid by the Limpopo Tourism and Development.
<b>Co-operative I</b>	Funeral Undertakers.	4 men and 8 women.	No employee.	No infrastructure. Make use of resources from individual funeral undertaking businesses.	Contribute R1000.00 monthly for saving.	Between 50 and 65 years.	No financial assistance received. Training received from Soweto Funeral Undertakers Association (SOFUA); The Gauteng Department Economic Development; Financial Services Board and SANACO.
<b>Co-operative J</b>	Agriculture (Egg-laying).	3 men and 2 women.	1 employee.	Each member has 2 structures corrugated iron structures used as chicken houses.	Selling eggs.	Ranges between 45 and 60 years.	Value of corrugated iron structures housing the chicken is unknown. Joint grant funding from the Department of Agriculture, City of Tshwane and Department of Rural Development and Land Affairs. The value of 100 chicken that came with the structures is R8000.00.
<b>Co-operative K</b>	Cleaning (grass)	6 members.	14	Land and own	Sell services.	Between 35 and	Seed capital for 6 months from Halls

Name of co-operative	Sector	No. of members	Staff	Infrastructure	Income	Age	Financial Support received
	cutting, bush clearing, irrigation, gardening landscaping and horticultural work).		permanent employees and 8 seasonal workers.	buildings.		45 years.	Properties; Servest: 1) Professional horticultural practices and management advice, 2) Operator training and evaluation, 3) Applicable health and safety and environmental training, 4) Service quality and quality auditing and 5) A lot of other necessary skills to get the co-operative started; Rudamans- grass cutting equipment to the value of R25 000.00: SEDA: provided training.
<b>Co-operative L</b>	Agriculture (Vegetables and poultry).	5 women.	65 employees (47 females and 18 males).	17 hectares land, farm implements, furnished administrative offices, pack house, 7 hectares irrigation system: delivery	Sell vegetables and poultry.	All over 50 years.	Financial and non-financial support as: (DSD)- funded the Lister diesel for the engine to pump enough water for irrigation; grant funding from the National Development Agency (NDA), for three cool rooms and a pack house for vegetables, administration office, irrigation pipes (for 7hectares), water pump engine, delivery vehicle and office equipment;

Name of co-operative	Sector	No. of members	Staff	Infrastructure	Income	Age	Financial Support received
				vehicle.			grant funding: (DTI), towards the installation of the drip irrigation system on the farm. (SEDA)- developed the spraying and planting programmes and training on packaging.
<b>Co-operative M</b>	Mining (quarry mining).	1 woman and 4 men.	12 permanent employees.	Rent farm and administrative offices.	Sell sand, ballast stone, crusher sand, concrete and road stone material.	All over 50 years.	SANRAL allotted them the land on which the operations are carried out whilst Actophambili gave a variety of machinery which includes the digging equipment and cranes. Furthermore, Actophambili owns 42% in the company whilst the remaining 58% belongs to <b>Co-operative M</b> . There is a buy-out agreement of the Actophambili shares by <b>Co-operative M</b> over a 5-year period.
<b>Co-operative N</b>	Craft and farming sectors (beading and vegetables).	9 women.	9 permanent employees and 49 seasonal	Rent a place.	Sell beading and farm produce.	Above 40years.	They have never received any financial nor non-financial support from any institution.

Name of co-operative	Sector	No. of members	Staff	Infrastructure	Income	Age	Financial Support received
			workers.				
<b>Co-operative O</b>	Waste management (waste management and re-cycling).	5 men.	15 contract workers.	Use Pikitup premises and truck.	Sell material.	30,31,32, 32,32 years.	Baling machine, a forklift and Personal Protective Equipment (DSD, 2014/2015). Two laptops and bottle crushing Machine (NYDA). Personal Protective Equipment and a Crusher (DAFF). Office equipment- two computers, and printers (GEP).





Computers at the Center owned by Co-operative A.



Industrial Sewing and embroidery machines at Co-operative E.



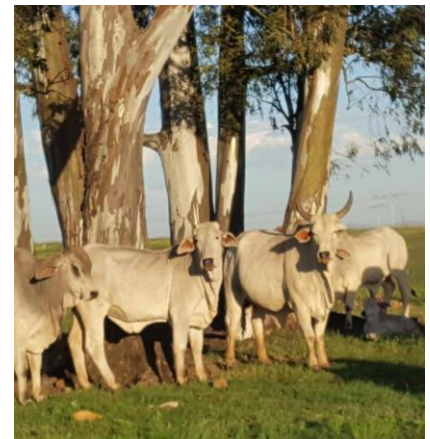
Embroidery machines at Co-operative H.



Vegetables at Co-operative D.



Vegetables at Co-operative G.



Cattle owned by Co-operative F.

**Figure 8.1 Pictures of some products, and infrastructure of some of the co- operatives**

## 8.4 Summary

The government of South Africa is heavily involved in the development of co-operatives. This leads to a ‘top-down approach’ in which the programmes are initiated by government to fill the specific government needs. It is very seldom if ever that the programmes are initiated by co-operatives. This is a tricky situation in that there is a high level of unemployment and poverty in South Africa, and the government is under pressure to grow the economy of the country and eradicate poverty.

The above scenario leads to a high level of dependency from the co-operatives on government assistance to the extent that when government withdraws its support, some of the co-operatives defunct. Government will have to employ other means of educating the communities about co-operatives for members of communities to realise that co-operatives are means of self-employment and it is not necessary to wait for hand-outs from government before they can group themselves to establish co-operatives.

The next Chapter is going to discuss the essential elements that have been selected from the integration and the discussion on the interviews of both the directors and members of the co-operatives to form the Guidelines to Sustainable Women Co-operatives.



## CHAPTER 9

### GUIDELINES FOR SUSTAINABLE WOMEN CO-OPERATIVES

#### 9.1 Introduction

This Chapter focuses on the results of the discussion and integration of the interviews of the directors of government departments and the selected fifteen co-operatives. It discusses the elements that were highlighted from the analysis as contributing to the success of the co-operatives interviewed and how they are perceived by the directors. These elements are presented as the guidelines that will contribute to sustainable women co-operatives.

#### 9.2 Background

In 2005, the government of South Africa introduced the Co-operative Act No. 14 of 2005. Most of the departments in government started encouraging people to register co-operatives as an instrument of fighting unemployment and poverty (Co-operative Act No. 14 of 2005).

The government departments spent a considerable amount of resources in promoting co-operatives. Government departments were given targets to promote and develop co-operatives. Members of the community responded and registered co-operatives in large numbers. Many of the registered co-operatives have not survived. CIPC, the body mandated by Co-operative Act No. 14 of 2005 to register and keep the database of registered co-operatives, does not give reliable information regarding the numbers, nature, regions, and membership of registered co-operatives in South Africa. It has become necessary for stakeholders to assist in developing co-operatives that will be sustainable.

From the previous chapter, the following conclusions were drawn which form the basis of the guidelines for sustainable women co-operatives recommended by the study. It must be noted that some of the elements of the guidelines are within the control of the co-operatives. However, some will need to be facilitated by government, government agencies, SANACO or other stakeholders,

which include the private sector.

### 9.3 Guidelines

As indicated in **Chapter 4**, guidelines have been defined by NHMRC (2016), as sets of non-mandatory rules, principles or recommendations for procedures or practices in a specific field. Specific steps are followed in developing guidelines. In this study, the scoping review of international studies of successful women co-operatives was done. The results of the thirteen co-operatives falling within the ambit of the study are captured in **Annexure A**. The directors and managers of some government departments, as well as SANACO, were interviewed using the **Annexure B** as a guideline. The fifteen co-operatives recommended for inclusion by the directors and managers of these government departments were also interviewed using **Annexure C** as a guideline.

As indicated earlier, these co-operatives included mixed co-operatives owned by women and men, and some were men owned and a limited number was of women-owned co-operatives. The reason for engaging the mixed co-operatives is the high failure rate of women co-operatives in South Africa and it was going to be difficult to get fifteen women-owned co-operatives who fall within the inclusion criterion of the study. The thematic analysis of the discussions of the directors, as well as those of the fifteen co-operatives was done and integrated with theory. Topics emanating from the discussion highlighting elements that contributed to the success of the co-operatives were extracted from the themes and narrowed down to the following topics that form the proposed guidelines that should be considered when forming co-operatives:

#### 9.3.1 Relationships

A co-operative in any sector can be borne from informal relationships between people, based on kinship, friendship and neighbourhood with homogeneous and common needs (Yadav & Grover, 2011; Beerepoot & Hernández-Agramonte, 2009).

The study discovered the role that long-standing close relationships or ties play in keeping members of the co-operative together. Godfrey et al. (2017), also found that,

the sustainability of co-operatives appears to be influenced by the prior association of co-

operative members. Co-operatives that have a long history of association prior to the registration of the co-operative, or have members with familial relationships, tend to create more sustainable co-operatives in the waste sector.

It is thus important that a co-operative should be formed by people who have either worked together before or had known each other before in order to minimise the possibilities of conflict, tensions or disputes. These relationships could include:

- 1) Members of the family or extended family,
- 2) People who have known each other from same communities,
- 3) People who have worked together, and
- 4) People who are in the same trade or profession and have worked and known each other in the past.

Some form of commitment or relationship of trust should exist when people establish a co-operative.

### **9.3.2 Size of the co-operative**

The NCASA (2002), survey of 654 co-operatives conducted in six provinces of South Africa highlighted, amongst others, a lack of capital, skill training, cooperation from other co-operatives, and information on co-operatives, and too many members.

However, according to Philip (2003), in October 2003, SACCOL (Savings and Credit Co-operative League), had a membership base of 8 884 and an asset base of R21.7 million. The single largest of the 32 savings and credit co-operatives (SACCO) is at Alrode Ltd, a metal-sector company in Alberton organised by NUMSA, with 800 members and an asset base of R5.2 million.

The size of the co-operative seems to play an important role in the success of the businesses studied. Godfrey et al. (2017) stated that stakeholders believed that members purposely restricted the number of co-operative to five to minimise the conflict within the co-operative. The above is supported by some of the directors interviewed who attributed the failure of most of the co-operatives to the tensions that emanate from the differences that ensue when the number of the co-operative is too large. It is believed that when the number is large, the members tend to pull in different directions. However, it is noted that numbers can be an advantage or a disadvantage. In

some cases, if members of the co-operatives are many, they have greater buying power, as in the case with consumer co-operatives, it will work to their advantage, but the number also has a disadvantage of creating conflict because of the group dynamics. The recommended number of five members is the ideal number for the co-operative as has been proven in ten out of the fifteen co-operatives in the study.

It is difficult to attribute the failure rate to the size of the co-operative. However, it is imperative that when formulating co-operatives, people must consider the size of the co-operative in order to minimise or eliminate the possibilities of tensions and conflicts.

### **9.3.3 Training**

Low levels of education may lead to a high failure rate of co-operatives Twalo (2012). Twalo (2012) notes that the potential of co-operatives growing the country's economy, job creation and poverty reduction gets compromised not only due to lack of skills, but also due to challenges of accessing markets and other internal co-operatives dynamics that include poor work ethic.

Both the SEDA study of 2013, as well as the study by Godfrey et al. (2017) emphasised the importance of training of the co-operatives. Satgar, (2007), refers to the need to develop skills and that tertiary institutions could play a critical role in developing relevant curricula. Satgar (2007), also highlights the need to have the national college of co-operatives where government officials or those responsible for supporting co-operatives can be trained on co-operatives as they are usually the people who guide the co-operatives.

It is thus imperative that:

- 1) Members of the co-operatives attend the pre-co-operative formation training which entails amongst others what co-operatives are, their origins, and the values and principles of co-operatives,
- 2) The information and knowledge about the importance of co-operatives should be extended to members of communities, who are the potential market,
- 3) Training needs of co-operatives should be assessed prior to training, and training must be customised according to the need's outcome,

- 4) Training undertaken should be accredited and coordinated,
- 5) Members must undertake leadership and managerial training,
- 6) They must undertake financial training which incorporates budgeting and costing,
- 7) General business skills training which includes business management skills, corporate governance as well as computer literacy,
- 8) Training in conflict management and dispute resolution,
- 9) Training should be on the level of the people and be on-going throughout the life of the co-operative,
- 10) Sector-specific technical training which includes requirements to trade in specific sectors,
- 11) Training in digital technologies, and
- 12) Different methods of training should be incorporated which include simulation, experiential and participatory learning as well as training suitable to adult learners.

#### **9.3.4 Mentorship**

SEDA (2013), recommended that mentors should be available and committed to assisting co-operatives, with one mentor being allocated to a co-operative throughout their development path. Furthermore, the use of the mentor can be enhanced using industry experts, where they see the expert in action demonstrating what needs to be done.

Through its function of support and extension services, the Co-operative Amendment Act No. 6 of 2013, makes provision for the Co-operative Development Agency amongst other activities falling under this function, to promote and provide business development and other relevant support to co-operatives and to provide mentorship support to co-operatives.

It is important that:

- 1) Newly formed co-operatives be allocated a well-trained or experienced mentor in the field,
- 2) A mentor be assigned for a period of at least three years and beyond who will remain as their consultant. The co-operatives will be able to build a relationship of trust with the mentor, and

3) Payment of the mentor will be amicably agreed upon by the co-operative and the industry or CIS funding.

Mentorship is expensive. Lessons can be taken from programmes such as that of the National Youth Development Agency (NYDA), which is making use of volunteer mentors. Some of these mentors are retired business leaders who want to give back to communities. The government department that is responsible for coordinating the activities of co-operatives or even SANACO can be made responsible for the coordination of the volunteer mentorship programme ([www.nyda.gov.za](http://www.nyda.gov.za)). Mentors should be paid when the co-operatives that they are mentoring are successful. Other stakeholders, such as the private sector through their Enterprise Supplier Development Programmes, can play an important role.

### **9.3.5 Governance**

Mazzarol et al (2011), are of the opinion that corporate governance structures should not be considered in isolation from the more inclusive processes of participation, nor from the operational life of the co-operative. The Co-operative Amendment Act No. 6 of 2013 made provision for the governance of co-operatives and the winding up of the co-operatives by order of the tribunal.

Co-operative governance has been defined by Scholl and Sherwood (2014),

as the act of steering co-operatively owned enterprises toward economic, social, and cultural success. It consists of answering key questions, defining roles and responsibilities, and establishing processes for setting expectations and ensuring accountability.

This study revealed that there is no formula followed by co-operatives in reporting their financial performance anywhere. They are not aware that they are required to submit annual returns to CIPC. CIPC does not monitor the submission of the returns. Those who have annual financial statements, keep them because they want to do business with government, and they want to remain legally compliant. Those who have received grant funding from government comply with the reporting required from them. The co-operatives are a type of business, and members need to govern them in the same way that other forms of businesses are governed, which includes keeping records of meetings they hold and financial transactions.

One can only acquire the above knowledge through training or skills development. It is thus important that co-operatives new and old undertake training on co-operative governance.

### **9.3.6 Organisational Structure**

The Co-operative Amendment Act No. 6 of 2013 has made provision for the organisational structures of the co-operatives. Organisational structure determines how the roles, power and responsibilities are assigned, controlled, and coordinated, and how information flows between the different levels of management ([www.businessdictionary.com](http://www.businessdictionary.com)).

It is important that each co-operative should have their organisational structures reflected in their constitution. Furthermore, all the co-operatives, new and old, should undertake training on the importance of organisational structure and be assisted in designing their organisational structures.

### **9.3.7 Values**

The international co-operative values are self-help, self-responsibility, democracy, equality, equity and solidarity. Furthermore, the founders of co-operatives believed in ethical values of honesty, openness, social responsibility and caring for others (ICA, 2013).

However, the following ethical values cut across most of the co-operatives interviewed, and it is felt that it will be important to incorporate them in the training that will be offered to members of co-operatives even though some to the values mentioned below are self- taught;

- 1) *Passion*: It is a word that people often use to refer to a strong feeling about something or a strong belief in something ([www.collinsdictionary.com](http://www.collinsdictionary.com)) It is not easy to teach people passion, it is an innate feeling.
- 2) *Respect for each other*: It is a way of treating or thinking about someone or something ([www.vocabulary.com](http://www.vocabulary.com)). You cannot teach respect. People earn respect from others; from how they behave or treat them.
- 3) *Perseverance*: It is the art of not giving up. It is the effort required to do something and keep doing it till the end, even if it's hard ([www.vocabulary.com](http://www.vocabulary.com)).
- 4) *Trust each other*: To believe that someone is good and honest and will not harm you or that

something is safe and reliable (<https://dictionary.cambridge.org>).

It is noted that the ethical values mentioned above are either self- taught or earned. However, it will be advisable to include them in the training of all the other soft skills that are offered to the co-operatives.

### **9.3.8 Financial Support**

Access to capital remains a serious challenge to many co-operatives. Commercial banks are reluctant to loan to co-operatives because they do not have assets for collateral (Twalo, 2012; Philip, 2003).

Empowerment of women can thus also be achieved through making funds available to assist institutions aiming at assisting women (Food and Agriculture Organisation United Nations, 2013). Funding is a government-facilitated function which lies outside the capabilities of co-operatives. It is important that government revive the Cooperative Incentive Scheme (CIS) expeditiously to benefit co-operatives that have the potential to be sustainable and in that way these co-operatives can contribute to the growth and economy of the country. Other stakeholders, such as the private sector and the Non-Governmental Organisations, can play an important role in facilitating financial support.

### **9.3.9 Access to markets**

For any business to succeed, it is important to have access to markets. Most of the co-operatives interviewed have access to markets. A lot of them managed to get access to markets through their own initiatives once they met the requirements needed by the industry.

According to the Co-operative Amendment Act No. 6 of 2013 is, the Co-operative Development Agency, through their function of market development, will fulfil the role of facilitating access to markets.

The function of facilitating access to markets, just like that of financial assistance, is a government-facilitated function which lies outside the capabilities of co-operatives. However, the function of facilitating access to markets is not limited to government only, other stakeholders such as Non-



Governmental Organisations and the private sector have a role to play.

### **9.3.10 Sector Support**

Newly registered co-operatives do not know the requirements of the industry. It is necessary to receive sector related information when they start the business. CIPC does not provide information on registered co-operatives to relevant sectors. It is important that CIPC should inform the industry about newly registered co-operatives because co-operatives need guidance and support from the sector or industry under which they belong.

### **9.3.11 Database of co-operatives**

The CIPC is responsible for registering and maintaining the database of registered co-operatives in terms of the Co-operative Act No. 14 of 2005. The Co-operative Amendment Act No. 6 of 2013 has made provision amongst other things to “assist the registrar of co-operatives in maintaining and updating the co-operative database and registration database”. This also is a function that lies outside the capabilities of the co-operatives. However, the Department of Trade and Industry has a duty to monitor that CIPC carries out its mandate effectively. SANACO, as the only apex body in the country, should have a reliable, user-friendly database on member co-operatives.

### **9.3.12 South African National Apex Co-operative (SANACO)**

The Co-operative Amendment Act No. 6 of 2013, highlights one of the functions of the national apex co-operative as advocacy, and engaging organs of state, the private sector and stakeholders on behalf of its members. This makes the role of SANACO as an apex co-operative critical to the success of co-operatives in the country irrespective of the sector or industry in which co-operatives trade.

SANACO needs to position itself as the first port of call for co-operatives in the country and be the real voice of the co-operatives. This is a function that is outside the capability of co-operative members as well as that of government.

## 9.4 Summary

The guidelines presented above were submitted to three international and three national experts for their input. Two international experts and two national experts did not return their input. The input of the three experts has been integrated into the guidelines.

Governance featured highly in the discussion with the directors and selected co-operatives interviewed. However, the directors were more concerned about the internal tensions leading to the failure of some of the co-operatives whereas members of the co-operatives were concerned about their inability to hold meetings, record minutes of the meetings and inability to produce audited financial statements as required by the Co-operative Act of 2005.

Although this was not the focus of the study, one of the fifteen co-operatives interviewed was not aware of the requirement to file annual returns with the CIPC. There is clearly no monitoring of the requirements of the registration as the co-operative. There is also no evaluation of the performance of the co-operatives.

The next Chapter is the concluding Chapter, where the limitations of the study, the recommendations for further research, as well as the recommendations from the study are going to be presented.

## CHAPTER 10

### RECOMMENDATIONS AND CONCLUSION

#### 10.1 Introduction

In this concluding Chapter of the study, the researcher looks at the self-reflexivity, the constraints and the limitations of the study. Furthermore, the researcher looks at the gaps in this research and makes recommendations for future research. The recommendations and the conclusion are presented at the end.

#### 10.2 Overview

The purpose of the research was to study the elements that contributed to the success of the fifteen selected co-operatives which were perceived to be successful by the directors of government departments, agencies and SANACO, irrespective of the gender mix of the co-operative. The scoping review of completed successful women co-operatives was also done. The results obtained were applied in developing guidelines for sustainable women co-operatives. The emphasis was on applying the guidelines on women co-operatives. The reason being that most of the newly established co-operatives were formed by black women as indicated in the study and many of these newly registered co-operatives do not take off or they fail after registration. As it has been established in the literature, women register co-operatives amongst other things, for job creation and to fight poverty (Updated 2016 ICDv5; Shetty & Sreedhara, 2011; Cazzuffi & Moradi, 2010; Balasubramanian, 2013; Bonnan-White et al. 2013; Vakoufaris et al. 2007).

The fifteen co-operatives interviewed give an indication of hope even though nine of the fifteen interviewed are heavily reliant on government funding. After interviewing the selected co-operatives, as well as the directors from government departments, the following pattern emerged; duplication of services by several government departments, lack of coordination of services offered to co-operatives, complaint about the unreliable information from the CIPC, reliance of co-operatives on government assistance; lack of monitoring and evaluation of programmes offered

by some of the government departments with the exception of DAFF, most supported co-operatives are in the agricultural sector and that even the multi-purpose co-operatives have an agricultural leg in order to ensure government support. The saving co-operatives, including the stokvels seem to be working well, they use their own money. There are lessons to be learnt from the savings co-operatives and the stokvels (NASA, 2018; Philip, 2003).

South Africa finds itself in a unique situation in which the previously disadvantaged communities find themselves reliant on government for many things, which include but are not limited to the provision of social grants, granting of housing, as well as the establishment of enterprises. This is a result of the aftermath of the post-apartheid political dispensation in which communities were promised free delivery of services which include and are not limited to housing. It is with the same breath that co-operatives find it the duty of government to assist in developing co-operatives, thus creating a cycle of dependency on government and the government, in turn, feeling duty-bound to provide “top-down” programmes. There is an expectation from communities and politicians for government to deliver on co-operatives to the exclusion of other stakeholders. Government officials find themselves under pressure of dealing with the political as well as administrative pressure to develop the co-operatives. On the other hand, SANACO, which is the only National Apex body established over nine years ago, is still reliant on government assistance.

Even though the information from the DSBD (Updated 2016 ICDv5), found that many women who join co-operatives are below the age of 35years, the study found evidence to the contrary. Many women who are members of co-operatives interviewed are elderly and mostly illiterate. The level of education of members of the co-operatives was not the subject of this study. Furthermore, the literature found that 59% of members of co-operatives are in possession of technical diplomas and certificates; whereas 16% have university degrees and the rest have completed Grades 10,11, or 12 (COPAC, 2005). However, most of the members of the fifteen selected co-operatives acknowledged that the business administrative and managerial knowledge, costing, budgeting, as well as computer literacy was acquired through the many repetitive courses presented by government departments or agencies and other stakeholders. Twalo (2012) observes that most of the co-operatives in South Africa operate in a second economy; mostly from their homes. Most of the fifteen co-operatives interviewed started their operations in the house/premises of one of the

members; however, with time they evolved, found funding for infrastructure which included an office. Most of the fifteen co-operatives interviewed operate from their own offices.

Lastly, contrary to the belief that co-operatives are not contactable or there is no evidence that there are co-operative activities happening (Satgar, 2007); most of the co-operatives interviewed have infrastructure such as offices. Most of the members of the fifteen co-operatives interviewed have mobile telephone numbers. Some of the co-operatives have fax numbers, email addresses and website addresses. However, this information is not available at the CIPC; it is with the relevant government departments or agencies.

It is noted that the co-operatives established under the apartheid government, mostly in the agricultural sector were successful due to huge subsidies that they received from the government of the day. The post-apartheid government needs to demonstrate that they can create jobs and alleviate poverty and contribute to the Sustainable Development Goals. The practice of developing co-operatives in SA at times does not meet the international requirements of allowing co-operatives to be the ‘autonomous bodies, democratically controlled by their members’ (ICA, 2013).

The Co-operative Act of 2005 has been controlling the operations of co-operatives in South Africa and was Amended by the Co-operative Act of 2013, which came into operation on 1<sup>st</sup> April 2019. It is noted that it is over fourteen years since the enactment of the Co-operative Act of 2005. There is a sense of impatience on the progress that the government of SA made in the development of co-operatives, and this has attracted criticism, especially because the information on the co-operatives is not well documented. The CIPC, which is the custodian of the database of co-operatives in South Africa, does not provide reliable information. The hosting of co-operatives, which changed from the Department of Trade and Industry to the Department of Small Business Development, did not improve the process.

However, the attendance of more than one thousand co-operators at the International Co-operative Day in 2017 in Bloemfontein, which the researcher also attended, gave the researcher hope for progress. The representatives of the co-operators from the nine provinces that attended were very jubilant and full of hope. It must also be noted that the attendance of many of the members of the co-operatives was highly subsidised by the government departments or their implementing

agencies. The observation at the International Co-operative Day in 2017, together with the visit to the fifteen selected co-operatives as well as the interviews with eight directors from the government departments, agencies and SANACO, and the review of literature, led the researcher to the development of the guidelines presented in the previous chapter as well as the recommendations that are presented at the end of this Chapter.

### **10.3 Self- Reflexivity**

In 2012-2014, I was the Western Cape Provincial Secretary of the South African Women Entrepreneurs Network (SAWEN). I was one of the five members of the Provincial Executive Committee (PEC), consisting of the Chairperson, Deputy Chairperson, Secretary, Treasurer and Membership Liaison. SAWEN was the flagship project of the Department of Trade and Industry and later moved to the Department of Small Business Development (DSBD). Deputy Minister Elizabeth Thabethe was the patron. SAWEN was a Business Networking Platform for women entrepreneurs operating in the SMME sector and those aspiring to become entrepreneurs. It was a Section 21 registered company and was established in all nine provinces with offices in Gauteng (provincial and head office), Cape Town and Durban.

SAWEN used to organise training capacity building workshops, as well as facilitate the inclusion of their members on trade missions organised by the DTI to other African as well as international countries. The SAWEN PEC in the Western Cape together with the office administrators were responsible for coordinating the activities in the Western Cape; this included travelling to other outlying towns. This was a voluntary service, where PEC members were reimbursed for the out of pocket expenses. In 2014, the Western Cape SAWEN PEC were presented with the INKANYEZI SERVICE AWARD for the contribution they made to the women entrepreneurs in the Western Cape. This was presented at the SAWEN Annual Conference in 2014.

During the SAWEN days, the researcher came across many women entrepreneurs who were establishing co-operatives and their co-operatives did not take off or failed after registration. In 2013 the Western Cape SAWEN invited the DTI official based in Cape Town to address women entrepreneurs in Malmesbury about co-operatives. Malmesbury is a small town in the West Coast

about 64.9 kilometres outside Cape Town. On the day of the event, the DTI official phoned giving flimsy reasons why he was not able to come. This was disappointing, and the feeling from all affected was that he had denied the women entrepreneurs the information they needed about co-operatives. It was already common knowledge that the uptake for co-operatives was very low in the Western Cape as compared to other provinces (NCASA, 2002). SAWEN was closed in 2015, after three years with the Department of Small Business Development. According to the Department of Small Business Development, SAWEN did not fall within its mandate.

When doing this research and travelling from one province to the other, the researcher met women who reminded her of some of the SAWEN members; women entrepreneurs who were full of enthusiasm about taking their businesses to greater heights. Not many SAWEN women were in co-operatives. It is safe to say that the researcher had not come across a successful women co-operative in the Western Cape; this was the reason that prompted the desire to undertake the study to search for successful co-operatives, irrespective of the gender make-up of the co-operative, from which lessons could be drawn and applied in making women co-operatives successful.

Two women co-operatives in this journey stand out, **Co-operative D and E**, they seemed very happy with their achievements. Their customers are not government, customers are private businesses, even though these two co-operatives benefitted from government funding when purchasing their equipment. They are the type of co-operatives that one would like to see in five years' time.

#### **10.4 Constraints and Limitations of the study**

The available international literature on successful co-operatives is old, whereas the national literature on the same topic is limited.

Finding successful co-operatives that are not in the agricultural sector was a daunting task. Most of the co-operatives that are multi-sectoral have agriculture as one of the sectors that they are trading in. The Department of Agriculture, Forestry and Fisheries, as well as SEDA were the only government entities that have a database, but SEDA had very limited successful co-operatives that

were not in agriculture.

It was difficult to find successful women co-operatives from whom to draw the lessons. What complicated this was also the different interpretation of ‘a successful co-operative’ by different directors, despite the guideline that the researcher had proposed. As one director indicated, “co-operators are busy going up and down, they know what they are doing, but you must not ask them how much money they are making, they become uncomfortable”.

It was very difficult to get information from the Department of Small Business Development. The director who became available for the interview was filling in for the Chief Director, who is directly responsible for the co-operatives. The researcher was made aware of the non-availability of the Chief Director over-night, and the researcher insisted that there be a substitute because she was already in Pretoria having to come from Cape Town. The substitute director had just joined the section that deals with co-operatives and was not very versatile with most of the activities in this section. As a result, most of the information promised by the director was not received. Most of the directors in government that the researcher was referred to did not respond to the email requests. The director interviewed at DAFF, seemed to be more versatile about the co-operatives than the one in the government department that is hosting co-operatives.

Some of the co-operatives recommended had other expectations from the researcher. The reliance on government assistance gives a false impression that when they are contacted, they are being helped. The researcher had to stress the purpose of the visit before starting the interview. This is the feeling that the researcher has about the two other big co-operatives, one in Limpopo and the other one in Winterveld who were not available on the day of the interview despite prior arrangements that were made with them. They felt they could attend to the researcher at their convenience.

It was not easy to have more than one member of the co-operatives for the focus group. This was because of various reasons which included that some of the members had to continue with the operations, some were absent for various reasons at the time of the visit, and in some cases, it was a preference of the lead member to conduct the interview without other members. The sessions



ended as an in-depth interview instead of focus groups, which still achieved the same purpose. However, it is important to note that one person's view, especially if it is the leader of the co-operative, might not be the supporting view of the others in the co-operatives.

The researcher could have gone to other provinces as well to have a good spread of co-operatives. However, the successful co-operatives in those other provinces which were not included in the study were also in the agricultural sector.

Lastly, it was beyond the researcher's control not to receive the expected input from the three other experts.

## **10.5 Reflections on the Research Objectives**

The study set out to reach the following objectives which have been achieved:

1. To determine the profile/status of the co-operatives in South Africa.

In order to know the co-operatives who are regarded as successful, the researcher interviewed some of the directors and managers in the government departments and the government's implementing agencies, including SANACO. These government departments were selected purposely after learning that several government departments had a Memorandum of Agreement with the Department of Small Business Development (DSBD). The DSBD is the custodian of the co-operatives. The discussions with the directors and managers were captured in **Chapter 6**.

2. To assess/determine the reasons for co-operatives' success by means of a scoping review.

The process of a scoping review has been outlined in **Chapter 5**, and the results of the thirteen international companies that came out of the scoping review process are captured in the attached **Annexure A**.

3. To explore and describe how successful co-operatives are managed.

The review of literature was done in **Chapter 2**. The discussion with the fifteen co-operatives recommended for inclusion in the study is presented in **Chapter 7**. The literature was integrated into the analysis of the discussions with the directors and those with the selected fifteen co-operatives in **Chapter 8**.

4. To explore reasons for the failure of co-operatives.

The review of the literature highlighting the failures of co-operatives both in South Africa and globally was done in **Chapter 4**.

5. To develop guidelines for sustainable women`s co-operatives.

The discussions in **Chapter 6 and 7**, the results of the scoping review in **Chapter 5**, and the integration of literature with the discussions presented in **Chapter 8** highlighted the elements important for inclusion in formulating the guidelines for sustainable women`s co-operatives presented in **Chapter 9**.

## 10.6 Recommendations for Further Research

There are many registered co-operatives since the launch of the Co-operatives Act No. 14 of 2005. Many of these co-operatives are reported to have benefitted from different pockets of government funding. Further research is recommended to determine:

- 1) How many of previously government funded co-operatives have now weaned themselves from government financial support, and in which sectors are such co-operatives trading because many of co-operatives that seem to be on the right track are in the agricultural sectors.
- 2) Investigate co-operatives that were established and continue functioning without funding from government institutions. Establish what makes them operate without any need from the government and the lessons that can be learnt from them.
- 3) It will be important to scientifically establish what percentage such co-operatives are contributing to the GDP of the country.
- 4) What contributes to the success of savings and credit co-operatives including the stokvels in South Africa against the failures of co-operatives?

The Co-operative Amendment Act of 2013 came into effect on 1<sup>st</sup> April 20. Further research will be needed to determine:

- 1) The effectiveness of a single National Development Agency responsible for the

implementation, funding, coordination, monitoring and evaluation of the co-operatives in South Africa.

- 2) A study is needed to determine the impact that some level of education or literacy will have in operating a successful co-operative.
- 3) A longitudinal study will be needed to monitor the effectiveness of the South African National Apex Co-operative (SANACO) in the sustainability of co-operatives. SANACO was established in 2010, to date they are still dependant on government institutions.

Further studies recommended for Social Work Practice is needed to:

- 1) To investigate the possibility of incorporating the teaching of the origins, the principles and values of co-operatives into Community Social Work, and
- 2) Encourage Social Work students to experience the functioning of existing co-operatives as a means of self-employment and self-empowerment in poverty eradication.

### **10.6.2 Recommendations on Policy**

It is important for the government of South Africa to establish laws that enable businesses to thrive. One such law that they have already put in place is the Co-operative Amendment Act No. 6 of 2013, which makes provision for the establishment of the Co-operative Development Agency. It is important to note that this Act came into operation on 1<sup>st</sup> April 2019. As indicated already, according to this Act, the Co-operative Development Agency will cater for all the broad functions, including all the activities mentioned already in this chapter. These functions contain all the elements identified in this chapter necessary to contribute to the success of the co-operatives in South Africa. The Co-operative Amendment Act No. 6 of 2013, will relieve the government from applying a top-down approach in the development of the co-operatives. This function will be left to the Co-operative Development Agency that will have ways and means of educating communities about co-operatives.

As indicated, the Co-operative Amendment Act No. 6 of 2013, makes provision for the establishment of the Co-operative Development Agency. In accordance with the Act, after consultation with the relevant authorities, the agency may establish satellite branches in every province, metropolitan municipality and district municipality. The broad functions of the Co-

operative Development Agency include the following:

- 1) Financial support services (excluding co-operative banks registered under Co-operatives Banks Act No.40 of 2007),
- 2) Non-financial support,
- 3) Education and Training,
- 4) Support and Extension services,
- 5) Market development and
- 6) Monitoring and evaluation.

Most of the functions mentioned above are currently carried out by the government departments and agencies except for the monitoring and evaluation. Most of these functions, especially the non-financial function, is duplicated by the government departments and their agencies whereas the financial function is thinly spread by the government departments that are granting funding. CIS is the only co-operative grant given inconsistently by the Department of Small Business Development. The applicants do not know the turn-around time except for the fact that applicants wait for a long time after submitting the applications. The process followed in allocating CIS does not seem to be clear even to organisations like SANACO who at times wait with bated breath to hear the outcome of the applications of their members who have applied for CIS. According to the 2012 Report on the National Agricultural Co-operative Indaba; between 2005 and end of March 2011, estimated number of 488 co-operatives benefitted from the R92.5 million. It is, however, not known how many of the co-operatives that benefitted from this amount are still operational today.

Many government departments implement the strategies and programmes for the co-operatives without any monitoring and evaluation of the programmes. This was echoed by the Gauteng Department of Economic Development, Department of Social Development, Department of Small Business Development as well as SEDA. SEDA has not started implementing the recommendations carried out in the research that they commissioned in 2013 on the Assessment of poultry co-operatives in South Africa. Most of the recommendations in this report suggest guidelines that can be followed in establishing successful poultry co-operatives. Some of the guidelines deal with the current problems experienced by both the government departments, as well as by the co-operatives. These have already been dealt with in some of the elements that need

to be attended to in making the co-operatives successful. The reason advanced for not implementing the recommendations contained in the 2013 report by SEDA is that leadership has been changing over time, and some of the programmes and strategies fell through the cracks.

The Co-operative Amendment Act No. 6 of 2013 also makes provision for the establishment of the independent Co-operatives Tribunal, which is subject to the constitution of South Africa, which must carry out its functions impartially without any fear, favour or prejudice. In accordance with the Act, the functions of the Tribunal amongst others will include assistance in respect of conflict or dispute resolution as directed by the Minister or as requested by or applied for by the Advisory Council, supervisory committee or member of a co-operative after all internal conflict resolution mechanisms have been exhausted.

The group dynamics within the co-operatives necessitate amongst others, conflict management and mediation skills which government officials do not have. This function, by the Tribunal, will to a greater extent, assist those co-operatives that become dysfunctional because of the tensions or group dynamics prevailing in the co-operatives. At the same time, it will help the government officials who become overwhelmed by the disputes or conflict arising in the co-operatives for which they are ill-equipped to handle.

The Tribunal may order that a co-operative be wound up if amongst others; ‘the co-operative has not transacted business for a continuous period of two years. This function will to a greater extent, help deal with several co-operatives that register and become dormant without having to deregister and huge number of co-operatives that are reported to have failed.

A host of other emerging post-apartheid co-operatives still have a long way to go, and as a result, the challenges facing the development of co-operatives in South Africa are still multiple. Some of the co-operatives interviewed, even though they are not many, already function without the support from government. There are many more though that still need to wean themselves from government support, and they are already on the right path.

When women`s co-operatives are offered the necessary assistance as outlined in the guidelines,

they can be sustainable to the extent that they will no longer need to rely on government support as it is the case with some of the co-operatives in this study. To the extent that co-operatives do not need government support, they will contribute to the GDP of the country.

The guidelines are applicable to the work that will be carried out by the Co-operative Development Agency in terms of the Co-operative Amendment Act of 13. This agency will report its activities to the Department of Small Business Development. The latter co-ordinates all the agreements regarding the co-operatives between government and other stakeholders. It is the intention of the researcher to bring this research report to the attention of the Department of Small Business Development.

## **10.8 Conclusion**

The South African government succeeded in developing policy, strategy as well as the statutory Acts that promote co-operatives in the country. Women continue to establish co-operatives in order to create jobs, however, these co-operatives fail. Only four co-operatives out of fifteen were women-owned because the directors recommending the co-operatives to be included in the study did not have enough co-operatives that met the criteria of inclusion. However, guidelines recommended can be used by all co-operatives regardless of gender.

Lack of coordination of efforts, as well as lack of evaluation and monitoring of programmes have contributed to very slow progress in the development of co-operatives. The political activities, which include moving the responsibility of developing the co-operatives from the Department of Trade and Industry to the Department of Small Businesses Development, impacted heavily on the progress that could have been achieved. The Co-operatives Amendment Act No. 6 of 2013 which became effective on 1<sup>st</sup> April 2019 has been another setback to the co-operative movement in South Africa. Government should be a stakeholder, and an enabler in the development and success of the co-operatives, other stakeholders such as the private sector and the Non-Governmental Organisations also have a role to play.

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**ANNEXURE A.**

Authors, year	Purpose of study	Study design	Sample	Country	Results
Carr, Kariyawasam and Casil, 2008	The study seeks to answer; 1)what the organisational characteristics associated with co-operatives that have experienced success are and 2)what factors affect the success of a co-operative	In-depth interviews	17 co-operatives	USA	The study demonstrated that regardless of type of membership, successful co-operatives offer a valuable benefit to their membership to help them obtain or provide services that are vital in the country's economy.
Vincent K and Cull T, 2013	Provides empirical evidence for the potential of mobile phones to contribute to development. Theories of development was used as economic, empowerment and choice analysis. The article highlights the way in which these women-led farming co-operative, achieved success for all these elements.	Qualitative and Longitudinal case study	The Thulare co-operative	Lesotho	The immediate impact of mobile phones on these women farmers is the way in which the improved ability to communicate contributed to economic growth. The availability of mobile phones contributed to other benefits that relate to empowerment facilitated access to networks and relevant expertise. Empowerment led to increased access to choice. The choices that they made contributed to the economic growth and their empowerment over a period
Salunkhe S.J & Waykole M.V, 2015	The performance of selected credit co-operative societies belonging to Dhule district of	The study is analytical and descriptive in nature	A group of managers of Women Co-operative Credit Society-	India	The daily activities of 43.8% of the societies entails loans, fix deposit and daily collection- half of the societies

	Khandesh region of Maharashtra State		selected through a simple random sampling and a group of customers of women co-operative credit society- selected through two stage random sampling		regularly distributes dividends. Most of the members do not complain about the society. The majority do not employ males and members vote in choosing auditor for women co-operative credit societies in the Dhule region
Toomey G, 2011	Research to conserve the argan trees has helped to boost the income of indigenous Amazigh women. Organised into small co-operatives, the women produce and market argan oil using a mix of traditional and modern methods	Four-year research on medicinal plant species- to develop and improve the argan oil production and business management	One co-operative	Morocco	Women of all ages reap the benefits of membership in the argan co-operatives with 30-40 members. They earn more than 10 times what they earned a few years back. Members feel that co-operatives have made them more independent.
Datta B.P and Gailey R: May, 2012	Seeks to broaden the understanding of women`s entrepreneurship by focusing on a social entrepreneurship venture in India.	Case study analysis	Seven women were interviewed	India	The personal accounts of sister members revealed that this collective form of entrepreneurship has empowered them in three ways: economic security, development of entrepreneurial behaviour and increased contribution to the family.
Marquart S, 2014	The Bahati women were eager to stand on their own. They	Interviews	Eleven Somali women	USA	Bahati mamas now sell independently at two certified farmers` markets. The co-

	wanted to take charge of their lives and destiny of their farm business. They had plans to manage their own customer base, sales accounts and marketing outlets.				operative successfully and independently made sales via farm- to- table restaurants. In 2013, the co-operative nearly sold \$24,000 worth of produce grown on 2.5acres
Todd A, 2007	Women`s Action to Gain Economic Security (WAGES) was founded on the co-operative model so that women can pool their skills and work together to succeed- the aim was to help empower low-income women both economically and socially through co-operative business ownership	Interviews	Three co-operatives	USA	WAGES has had significant impact on the Hispanic women who have taken part. Records indicate that co-operative members are earning 50-100 per cent more than they would working at a conventional cleaning company. On average their household incomes have increased by 40 per cent. As the co-operative grows, they are also able to provide health insurance and other benefits for the other worker- owners.
Vakoufaris H, 2007	The research explores the importance of women`s co-operatives and their contribution to local development	Structured personal interviews- using questionnaires	Chairpersons of eleven co-operatives	Greece	According to the findings, women`s co-operatives are characterised by substantial potential on the one hand and by serious drawbacks on the other. The economic performance of the co-operatives is satisfactory while the use of local resources and `know-how` to contribute

					to the development of the region
Mukherjee S and Pyne S, 2016	The study explores how a rural development project directed towards sustainability in viewing co-operatives as an alternative form of organisation. It highlights how modern organisations can draw on sustainability from Tagore's co-operative movement for creative and effective corporate and social responsibility (CSR) interventions	Qualitative study	Rural development project	India	Business organisations can learn from Tagore's co-operative movement on alternative structures and cultures for effective and meaningful CSR interventions and make a palpable difference in the quality of life and work of the community both within and outside the organisation.
Stockinger J and Gutknecht D, 2014	Local food value chain store finds success factors	Case study	Food value chain store comprising of 300-350 producers, co-operatively owned distributor of organic products, and fifteen co-operatives that operates seventeen retail food stores backed by more than 90,000 co-operative	USA	Demand driven, many owners, shared values, mission includes local food, supportive environment, business focus, shopping convenience, fostering of trust, resilience and learning from mistakes

			member owners and an additional 50 000 shoppers		
Bonnan-White J, Hightower A, & Issa A, 2013	The paper examines the role of motivation and perception on women`s participation in Palestinian Fair-Trade projects which are a means through which women can earn income and participate in co-operative leadership and engage at economic and political levels. The paper further examines the tensions between product quality and market demands existing within couscous co-operatives and the competing demands of child-care needs, household pressures, and military restrictions on Palestinian movement enforced by the Israeli military within the occupied Palestinian Territories.	On-line survey	Four Palestinian women`s maftoul co-operatives	Palestine	Data obtained in the study suggest a more complicated relationship between generalised self-efficacy, resiliency and the importance of workplace empowerment that are appreciated. Also highlighted the need for future examination of differences between the experience of women and men in the non-profit workplace in Palestine, particularly considering obstacles placed on economic, social and political autonomy imposed by Israeli policy.



Bezboruah K, C and Pillai V, 2014	The article supports the belief that the participation of women in microfinance institutions advances development in developing economies.	Stakeholder theory	Three variables are investigated: - the percentage of female board members; percentage of women loan officers and percentage of female managers.	USA	The study concluded that the credit unions and co-operatives could be an effective tool for enhancing women`s participation in organisational administration and governance.
Kazakopoulos L and Gidakou I, 2014	The article focused on features that in the past were considered as bottlenecks to development, and as such they were underrated in the development process.	Case Study; a questionnaire was utilised.	Three co-operatives	Greece	During the fifteen years that rural tourism became an inclusive element of the rural development process, women co-operatives achieved impressive growth. Women co-operatives show that their numerical increase does not reflect the development of those conditions that would make them successful niche market examples. The opposite is true, small units are scattered in the rural space, usually located in far away and democratically weakened areas with no tourism infrastructure.

## **Annexure B: Interview with the Directors.**

1. What guides the Department to support the co-operatives?
2. What kind of support is the Department giving to the co-operatives without playing a top-down approach?
3. How is the Department rolling out its strategy for the co-operatives, and especially linking with other departments/ provinces and municipalities also in terms of reporting and monitoring?
4. How do you measure the successful co-operatives?
5. How do you monitor and evaluate the progress made by the co-operatives and the contribution that they are making to the economy of the province and to the economy of the country?
6. Do you know of co-operatives that are sustainable (older than 5 years, making profit, creating jobs) in your database and can you recommend the ones that we can interview: it must be co-operatives that were started post 1994?
7. Are there women co-operatives among them?
8. Is the Department happy with the current status of the co-operatives?
9. Is there any future of the Department about the co-operatives?
10. Is there any other information that you want to bring to the attention of the researcher?

## Annexure C: Focus Group with members of the co-operative.

S- Sotho, X- Xhosa

1. How long have your co-operative been in existence?

S:Ke nako e kae le qadile co-operative ya lona?

X:Lixhesha elingakani nikho?

2. How many are you in your co-operative and do you all work in the co-operative?

S:Le ba kae ka palo, le sebelletsa co-operative kaofela ha lona?

X:Nibangaphi kulo kopolotyeni wenu, nisebenza nonke kwi kopolotyeni yenu?

3. How did this co-operative start and what kind of skills did each one of you bring?

S:Le qadile co-operative ena ya lona jwang, le tlisitse tsebo efeng ha le qala?

X:Yaqala njani le kopolotyeni, yeyiphi indima okanye inxaxheba ethathwa ngumntu ngamnye kulo kopolotyeni?

4. What kind of investment did you make when joining or starting the co-operative?

S:Ekaba le tlisitse matsete a jwang ha le qala?

X: Luhlobo luni lotyalo-mali olwenzileyo xa uqala kulo kopotyeni?

5. What training did you receive before starting the co-operative and after starting the co-operative?

S:Ekaba le bile le thupello e jwang e le thusitseng ho qala, le ntse le tswella le fumana thupello ha e sale le qadile?

X:Qeqesho luni enilufumeneyo ngaphambili ukuba niqale lo kopolotyeni, nasemwa kokuqala kwenu lo kopolotyeni?

6. As an owner or shareholder in this co-operative , do you also make use of the services or products that you make and why?

S:Ekaba le sebedisa di hlahiswa tsa lona tsa co-operative, haeba le sa disebedise ekaba lebaka ke eng?

X:Njengomnini okanye umnini-nxaxheba kulo mbambiswano, uyazisebenzisa na ezinkonzo, kwaye kutheni?

7. Do you have access to the market for your product and for other resources?

S:Ekaba le kgona ho rekisa dihlahiswa tsa lona, ke thuso tse feng hape tse le di fumanang?

X: Ngaba unokufikelela kwimarike yemveliso kunye nezinye izibonelelo?

8. What kind of financial or other benefits do you enjoy?



S:Hona le thuso ya ditjhelete eo le e fumanang kapa thuso ya mefuta e meng?

X: Ikhona na inxaso ye mali enifumanayo kanye kwezinye iindawo?

9. How many people do you employ?

S:Ke batho ba bakae ba le ba thapileng?

X:Niqeshe abantu abangaphi?

10. How does your co-operative contribute to your community?

S:Ekaba le thusa setjhaba jwang?

X: Ungalichaza njani igalelo le kopolotyeni yenu kuluntu lwenu?

11. What are the challenges?

S: Le kopana le mathata a jwang?

X: Zeziphi ingxaki enithe nahlangabezana nazo?

12. What contributes in making your co-operative successful?

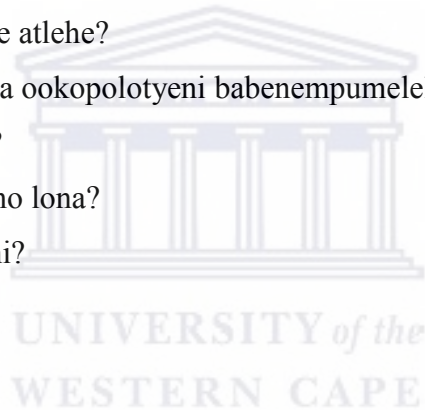
S:Ke eng e thusang hore le atlehe?

X: Zinto zini ezenza ukuba ookopolotyeni babenempumelelo?

13. Who are your customers?

S:Ke bo mang ba rekang ho lona?

X:Ngobani abathenga kuni?



**ANNEXURE D.**



**UNIVERSITY OF THE WESTERN CAPE**  
**Private Bag X 17, Bellville 7535, South Africa**  
*Tel : +27 21-959 2277, Fax : 27 21-959 2840*  
**E-mail: [cshenck@uwc.ac.za](mailto:cshenck@uwc.ac.za)**

**CONSENT FORM FOR PARTICIPANTS.**

**Title of Research Project:**

**Guidelines for Sustainable Women Co-operatives.**

The study has been described to me in a language that I understand, and I freely and voluntarily agree to participate. My questions about the study have been answered. I understand that my identity will not be disclosed and that I may withdraw from the study without giving a reason at any time and this will not negatively affect me in any way.

Participant's name.....

Participant's signature.....

Witness.....

Date.....

Should you have any questions regarding this study or wish to report any problems you have experienced related to the study, please contact the study coordinator:

Study Coordinator's Names: Professor. C. Schenck

University of the Western Cape

Private Bag X17, Belville 7535

Tel : 021-959 2012/ E-mail : [cschenck@uwc.ac.za](mailto:cschenck@uwc.ac.za)

Annexure E



OFFICE OF THE DIRECTOR: RESEARCH  
RESEARCH AND INNOVATION DIVISION

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14 February 2017

Mrs J Modise  
Social Work  
Faculty of Community and Health Science

Ethics Reference Number: HS17/1/40

Project Title: Guidelines for sustainable women co-operatives.

Approval Period: 03 February 2017 – 03 February 2018

I hereby certify that the Humanities and Social Science Research Ethics Committee of the University of the Western Cape approved the methodology and ethics of the above mentioned research project.

Any amendments, extension or other modifications to the protocol must be submitted to the Ethics Committee for approval. Please remember to submit a progress report in good time for annual renewal.

The Committee must be informed of any serious adverse event and/or termination of the study.

A handwritten signature in cursive script, appearing to read "Josias".

Ms Patricia Josias  
Research Ethics Committee Officer  
University of the Western Cape

PROVISIONAL REC NUMBER - 130416-049

A large, faint watermark of the University of the Western Cape logo, featuring a sunburst design, is visible in the background of the lower half of the page.

FROM HOPE TO ACTION THROUGH KNOWLEDGE

**ANNEXURE F.**

**BRIEF TO THE EXPERTS:**

**GUIDELINES FOR SUSTAINABLE WOMEN CO-OPERATIVES**

16<sup>th</sup> November 2018

Dear Prof X

I am a PhD student at the University of the Western Cape, Cape Town, in South Africa. My research topic: Guidelines for Sustainable Women Co-operatives.

I have developed a 10- page document on the guidelines which I need to be validated by experts in the field through their input .

I have seen your work on the co-operatives and was wondering whether you would be keen to participate as one of the 6 experts, three from South Africa and three international?

If so, I will send my guidelines if you agree to participate.

Hoping to hear from soonest.

Regards



**BELOW IS WHAT WAS SENT TO THE EXPERTS.**

## **GUIDELINES FOR SUSTAINABLE WOMEN CO-OPERATIVES**

### **Background**

In 2005, the government of South Africa introduced the Co-operative Act No. 14 of 2005. With it most of the departments in government started encouraging people to register the co-operatives as an instrument of fighting unemployment as well as of poverty alleviation (Co-operative Act No. 14 of 2005).

The government drove the initiative by giving government departments targets to develop co-operatives. The government was promoting the co-operatives so much that people indiscriminately registered the co-operatives even those without a plan on what they wanted to do after registration because they were informed about the Co-operative Incentive Scheme (CIS) which in this case would have been an incentive for registering a co-operative rather than a financial assistance. The result was the high number of registered co-operatives at the Companies and Intellectual Property Commission (CIPC) estimated to have increased from 22 619 in 2009 to 107 266 in 2015 (StatsSA, 2012; Godfrey et al. 2017). This has been substantiated by the Department of Small Businesses that has found that the majority of newly registered co-operatives are owned by black women and that their survival rate is very low (Updated 2016 ICD v5).

Furthermore, this resulted in research articles focussing on the failure of co-operatives in South Africa (Beesley & Ballard, 2013; Datta & Gaiely, 2012). Whereas it is not known how many co-operatives out of the numbers quoted above started operating after registering. This information is not easily available from the CIPC. The information from CIPC is described by the directors interviewed for this study as neither reliable nor user friendly, without addresses, contact details, provinces and the sector or industry of the co-operative captured. The information that they receive from the CIPC upon request is not helpful (Satgar, 2007).

In this study, members of fifteen co-operatives across four provinces of South Africa were interviewed. The directors of the following government departments, agencies as well as South African National Apex Co-operative (SANACO) were interviewed: Department of Small Business Development (DSBD); Department of Social Development (DSD); Department of Agriculture, Forestry and Fisheries (DAFF); Gauteng Department of Economic Development; Western Cape Department of Economic Development and Tourism; Small Enterprises Development Agency (SEDA) and Limpopo Economic Development Agency (LEDA). Fifteen successful co-operatives were recommended for inclusion in the study by some of the directors.

The criterion of inclusion in the study: The selection criteria of the 15 successful co-operatives was similar to that of Satgar & Williams(2008):

- 1)Co-operatives that have been in existence for a minimum period of five years
- 2)Co-operatives that have a wider impact in the community, for an example, job creation. In most cases the co-operatives were represented at the interviews by a lead member: Furthermore,
- 3)Representatives were active members of the co-operative and
- 4)That they had been with the co-operative since the inception or have been a member for at least 5years.

After the above process was followed, the following conclusions were drawn which form the basis of the guidelines for sustainable women co-operatives recommended by the study. It must be noted that some of the elements of the guidelines are within the control of the co-operatives, however, some will need to be facilitated by government or government agencies or SANACO:

### **1. Relationships**

Beerepoot & Herna´ndez-Agramonte(2009), believe that a co-operative in any sector can be borne from informal relationships between people, based on kinship, friendship and neighbourhood with homogeneous and common needs(Yadav & Grover, 2011; Beerepoot & Herna´ndez-Agramonte(2009).

The study discovered the role that long-standing close relationships or ties play in keeping members of the co-operative together. Godfrey et al.(2017), also found that” the sustainability of co-operatives appears to be influenced by the prior association of co-operative members. Co-operatives that have a long history of association prior to the registration of the co-operative, or have members with familial relationships, tend to create more sustainable co-operatives in the waste sector”(Godfrey et al.2017). It is thus important that a co-operative should be formed by people who have either worked together before or had known each other before in order to minimize the possibilities of conflict, tensions or disputes. These relationships could include:

- 5) members of the family or extended family
- 6) people who have known each other from same communities
- 7) people who have worked together
- 8) people who are in the same trade, profession, etc. and have worked and known each other in the past

## **2. Size of the co-operative**

The NCASA(2002), survey of 654 co-operatives conducted in the 6 provinces of South Africa highlighted amongst others; Lack of capital, lack of skill and training, lack of cooperation from other co-operatives, **too many members**, lack of information on co-operatives,

However, according to Phillip(2003), in October 2003, SACCOL(Savings and Credit Co-operative League), had membership base of 8,884 and an asset base of R21.7 million. The single largest of the 32 SACCO's is at Alrode Ltd, a metal-sector company in Alberton organized by NUMSA, with 800 members and an asset base of R5,2 million(Phillip, 2003).

The size of the co-operative seems to play an important role in the success of the business' studies. Godfrey et al.(2017) stated that stakeholders believed that members purposely restricted the number of co-operative to five in an attempt to minimize the conflict within the co-operative.

The above is supported by some of the directors interviewed who attributed the failure of most of the co-operatives to the tensions that emanate from the differences that ensue when the number of the co-operative is too big. It is believed that when the number is big members pull in different directions. However, it is noted that numbers can be an advantage or a disadvantage. In some cases, if members of the co-operatives are many, for an example, they have a buying power, and this will work to their advantage, but the number also has a disadvantage of creating conflict because of the group dynamics.

It is thus difficult to attribute the failure rate to the size of the co-operative. However, it is imperative that when formulating co-operatives, people must consider the size of the co-operative in order to minimize or eliminate the possibilities of tensions and conflicts.

## **3. Training**

The low levels of education lead to high failure rate of co-operatives Twalo(2012). Twalo(2012) further notes that the potential of co-operatives growing the country's economic, job creation and poverty reduction gets compromised not only due to lack of skills, but also with a challenge of accessing markets and other internal co-operatives dynamics that include poor work ethic(Twalo,2012).

Both the SEDA study of 2013, as well as the study by Godfrey et.al(2017) emphasized the importance of training of the co-operatives. Whereas(Satgar,2007), refers to the need to develop skills and that tertiary institutions could play a critical role in developing relevant curricula.

Satgar(2007), highlights also the need to have the national college of co-operatives where government officials can be trained on co-operatives(Satgar,2007) as they are usually the people who guide the co-operatives.

It is thus imperative that:

- Members of the co-operatives must attend the pre- cooperative formation training which entails amongst others what co-operatives are, their origins, the values and principles of co-operatives
- Training needs should be assessed prior to training
- The training undertaken should be accredited and co-ordinated
- Members must undertake leadership, managerial training
- They must undertake financial training which incorporate budgeting and costing
- General business skills training which includes business management skills, corporate governance as well as computer literacy.
- Conflict management and dispute resolution
- Training should be on the level of the people and be on-going throughout the life of the co-operative
- Sector specific technical training which includes requirements to trade in specific sectors

#### **4. Mentorship**

The SEDA study of 2013, recommends that mentors should be available and committed to assist co-operatives, with one mentor being allocated to a co-operative throughout their development path. Furthermore, the use of the mentor can be enhanced through the use of industry expert(SEDA study,2013).

Through its function of support and extension services, the Co-operative Amendment Act No.6 of 2013, makes provision for the Co-operative Development Agency amongst other activities falling under this function, to;1)Promote and provide business development and other relevant support to co-operatives,2)Provide mentorship support to co-operatives.

It is important that:

- Newly formed co-operatives must be allocated industry mentor or expert in the field
- Mentor be assigned for a period of at least three years



- Payment of the mentor will be the matter between the co-operative and the industry where necessary or where affordable

Mentorship does not come cheap. Leaf can be taken from programmes such as that of the National Youth Development Agency(NYDA) which is making use of the volunteer mentors. Some of these mentors are retired business leaders who want to give back to communities. The government department that is responsible for co-ordinating the activities of co-operatives or even SANACO can be made responsible for the coordination of the volunteer mentorship programme([www.nyda.gov.za](http://www.nyda.gov.za)).

## **5. Governance**

Mazzarol, et al(2011), are of the opinion that corporate governance structures should not be considered in isolation from the more inclusive processes of participation, nor from the operational life of the co-operative(Mazzarol, et al. 2011).

Not only has the Co-operative Amendment Act No. 6 of 2013 made provision for the governance of co-operatives, but also the winding up of the co-operatives as well by order of Tribunal under various circumstances listed in the Act.

Cooperative governance has been defined by Scholl M & Sherwood A, 2014,` as the act of steering cooperatively owned enterprises toward economic, social, and cultural success. It consists of answering key questions, defining roles and responsibilities, and establishing processes for setting expectations and ensuring accountability` (Scholl M & Sherwood A, 2014).

One can only acquire the above knowledge through training or skills development.

It is thus important that all the co-operatives new and old undertake training on cooperative governance.

## **6. Organizational Structure**

The Co-operative Amendment Act No.6 of 2013 has made provision for the organizational structures of the co-operatives.

Organizational structure determines how the roles, power and responsibilities are assigned, controlled, and coordinated, and how information flows between the different levels of management([www.businessdictionary.com](http://www.businessdictionary.com)).

It is important that each co-operative should have their organizational structures reflected in their constitution.

Just like the aspect on governance above, it is thus important that all the co-operatives new and old undertake training on the importance of organizational structure and be assisted in designing their organizational structures.

## **7. Values**

The international co-operative values are self-help, self-responsibility, democracy, equality, equity and solidarity. Furthermore, the founders of co-operatives believed in ethical values of honesty, openness, social responsibility and caring for others(ICA, 2013).

However, the following ethical values cut across most of the co-operatives interviewed, and it is felt that it will be important to incorporate them in the training that will be offered to members of co-operatives even though some to the values mentioned below are self- taught;

- a) Passion: It is word that people often use to refer to a strong feeling about something or a strong believe in something([www.collinsdictionary.com](http://www.collinsdictionary.com)) It is not easy to teach people passion, it is an innate feeling.
- b) Respect for each other: It is a way of treating or thinking about someone or something([www.vocabulary.com](http://www.vocabulary.com)) You cannot teach respect. People earn respect from others from how they behave or treat them.
- c) Perseverance: It is the art of not giving up. It is the effort required to do something and keep doing it till the end, even if its hard([www.vocabulary.com](http://www.vocabulary.com))
- d) Trust each other: To believe that someone is good and honest and will not harm you or that something is safe and reliable(<https://dictionary.cambridge.org>).

It is noted that the ethical values mentioned above are either self- taught or earned. However, it will be advisable to include them in the training of all the other soft skills that are offered to the co-operatives.

## **8. Financial Support**

Access to capital remains a serious challenge to many co-operatives. Commercial banks are reluctant to borrow co-operatives due to the fact that they do not have assets for collateral(Twalo,2012; Phillips,2003).

One of the broad functions of the Co-operative Development Agency in accordance with the Co-operative Amendment Act No.6 of 2013 is: Financial support services(excluding co-operative banks registered under Co-operatives Banks Act No.40 of 2007). Through this function, the Co-

operative Development Agency will;1)Design financial products to support the needs of co-operatives, 2)Take responsibility for and implement any financial support programmes transferred to the Agency, 3)Enter into agreements with other financial institutions and development agencies to establish co-funding and other partnership arrangements for the purposes of making financial support available to co-operatives and 4)Enter into agreements with the Co-operative Banks Development Agency and the Reserve Bank to link financing of co-operatives with co-operative banks and other financial co-operatives.

Empowerment of women can thus also be achieved through making funds available to assist institutions aiming at assisting women(Food and Agriculture Organization United Nations, 2013). Funding is a government facilitated function which lies outside the capabilities of co-operatives. The government will have to expedite the facilitation of this function which includes amongst others reviving the Incentive Co-operative Scheme(ICS) to benefit those co-operatives that are genuinely managing their businesses if the government wants to see sustainable co-operatives that are contributing to the growth and economy of the country. It is also important to note that the Co-operative Amendment Act No. 6 of 2013 has not been promulgated.

## **9. Access to markets**

For any business to succeed, it is important to have access to markets. Most of the co-operatives interviewed have access to markets. A lot of them managed to get access to markets through their own initiatives once they met the requirements needed by the industry.

According to Satgar(2007), amongst things critical to building a strong co-operative movement, is the facilitation of national and international markets for the co-operatives. This according to the directors interviewed, is what both SEDA and DSBD are planning to do but have not started doing. According to the Co-operative Amendment Act No.6 of 2013, the Co-operative Development Agency, through their function of market development, will1)Promote access to exports and marketing assistance offered by organs of state and bilateral and multilateral agreements with other countries that are available to co-operatives,2)Link co-operatives to domestic and international markets, 3)Form collaborative relationships with the South African Bureau of Standards and Proudly South African and other stakeholders to promote co-operative products and services and 4)Link co-operatives with state and private sector market opportunities(Co-operative Amendment Act No.6 of 2013).

The function of facilitating access to markets, just like that of financial assistance, is a government

facilitated function which lies outside the capabilities of co-operatives. The government will have to expedite the facilitation of this function which includes that SEDA, the Department of Small Business Development as well as SANACO, should expedite the implementation of access to markets for the member co-operatives. It must be noted that SANACO is a member of SADC and BRICS.

### **10. Sector Support**

Some of the co-operatives interviewed believe that it is necessary to receive sector related information when they start the business. Most of the time they stumble against the information needed when the need arises for an example; they the need to have the Health Certificate in order to supply the retails. This is the information that they get when they approach potential customers for business. The Department of Agriculture, Forestry and Fisheries(DAFF) is a good example of the government department that offers sector information and training. They have a diagnostic tool used to assess the business needs of the co-operative in order to render or offer the co-operative specific technical and non-technical training.

### **11. Database**

The CIPC, as the organization responsible for the registration of the co-operatives in terms of the Co-operative Act No. 14 of 2005 should be having all the relevant information. All the departments interviewed have indicated that the information that is kept by CIPC is not reliable and user friendly as indicated earlier in this chapter.

The Co-operative Amendment Act No. 6 of 2013 has made provision amongst other things to” assist the registrar of co-operatives in maintaining and updating the co-operative database and registration database”. The reliable database is a thorny issue to all the stakeholders of the co-operatives. It is hoped that the promulgation of the Co-operative Amendment Act No. 6 of 2013, will also help attend to the question of the database. Furthermore, through its function of support and extension services, the Co-operative Development Agency will develop and maintain data on co-operatives in partnership with the registrar, relevant national and provincial departments, municipalities and other interested governmental and non-governmental agencies and other persons.

This also is a function that lies outside the capabilities of the co-operatives. It is important that the CIPC should revamp its database expeditiously in order to offer reliable information about the

status of the co-operatives in South Africa.

SANACO also as the only apex body in the country should have a reliable user-friendly database on member co-operatives.

## **12. South African National Apex Co-operative(SANACO)**

The role of SANACO as an apex co-operative is critical to the success of co-operatives in the country irrespective of the sector or industry in which they trade. According to the Co-operative Amendment Act No. 6 of 2013, the functions of the national apex co-operative must include; 1)Advocacy, and engaging organs of state, the private sector and stakeholders on behalf of its members, 2)Any other functions of the national apex co-operative must be determined by its members included in the constitution of the national apex co-operative and 3)The Minister may publish guidelines for the functions of the national apex co-operative by notice in the Gazette.

SANACO is the national apex co-operative that came into being in 2010 after the collapse of NACSA in 2002. They need to position themselves to be the first port of call for co-operatives in the country. They need to move away from their current reliance on government and to be the real voice of the co-operatives. This is also a function that is outside the capability of co-operative members.

## **Conclusion**

The government of South African succeeded in developing policy, strategy as well as the statutory Acts that promote the co-operatives in the country. Lack of co-ordination of efforts as well as lack of evaluation and monitoring of programmes have contributed to a very slow progress in the development of co-operatives. The political activities which includes moving the responsibility of co-operatives from the Department of Trade and Industry to the Department of Small Businesses Development impacted heavily on the progress that could have been achieved. The Co-operatives Amendment Act No.6 of 2013 that has yet to be promulgated is another set- back to the co-operative moment.

## **Annexure G.**

### **Expert 1.**

The government and agencies that support the co-operative enterprise movement, they are not in a position where there are can be able to evaluate and monitor the co-operative enterprises progress, this is my arguments as most of these organisations do not have adequate knowledge on co-operatives enterprises, hence the highest failure rate of co-operative. The co-operative member also does not know the values and principle of co-operative movement. The number of co-operative enterprises in South Africa are formed due to higher unemployment rate, which is a very problematic challenge to start with, co-operative members need to have a common passion and economic interest when forming a coop. the number of the failure rate, is due to co-operative members treating coops as their employer other than a business that the members needs to grow. I totally agree with your statement of involvement of the tertiary education, to play a role of continuous learning were they regularly train co-operative members as well as government officials who are responsible for evaluating and monitoring the co-operative.

Lastly, the involvement of other factors will remain challenging, as collaborating with a single primary co-operative, will never be adequate especially with the procurements, being a service provider. There is a need of the secondary and tertiary co-operatives, which will be able to assist with relevant skills and knowledge in order to service other sectors.

The co-operative movement is possible in South Africa, when all stakeholders involved are aware of the current challenges researchers keeps on outlining.

### **EXPERT 2.**

#### **FEEDBACK.**

Purpose and relevance of the study.

This is an interesting study and it is relevant in this time of cross-roads in the South African economic landscape even more so in the context of actions directed towards women empowerment.

Strengths.

It is commendable to see your systematic reference to the co-operatives act(s) and the analysis you make out of this. The role of government, SANACO and Training institutions (curriculum

development) is well explained and defined.

Areas of improvement.

(1) It seems that the study focuses a lot on government as the anchor than an enabler of co-operatives. Although government is a stakeholder, but it is an issue to see most of the focus being on one stakeholder. I think the role of government is generally that of an enabler from a policy perspective and to some extent resource allocation for co-operatives. Promises, yes, were made by government to empower co-operatives but government does not run co-operatives hence the focus should be balanced across stakeholders. What about private sector? Enterprise Supplier Development Programmes? The success of co-operatives is dependent on the market; this includes buyers and members who buy shares in a co-operative. The question is how co-operative ensures market relevance (in their communities, in business-to-business trading, supplying government and other trading models)

(2) The study's brief analysis seems to be only focused on South Africa; it lacks a global view on co-operatives and looking at success or unsuccessful cases elsewhere. For instance, the UK runs one of the most successful co-operative systems in the world. Kenya in Africa has successful co-operatives and many run by women – they use various technologies to receive money and trade, the like of MPESA and others. Looking at some of the case studies could improve the current position of the study. It is essential for researchers in the area of co-operatives to look at co-ops as a global movement that can create access to resources and support co-ops in need across borders.

(3) Looking at the ideas of Solidarity Economy can help. A new book is coming out in March 2019 titled *Co-operatives in South Africa: Advancing Solidarity Economy Pathways from Below*. It is writing by a Professor from UKZN (Viswas Satgar). It would help to review the ideas of solidarity economy and to better defend the focus on women co-operatives. In my view co-operatives are the same regardless of who runs them. Why do you only focus on women co-operatives? This is not clearly explained and how are they different from other co-operatives? One thing that can differentiate co-operatives is maybe their sector of trade and other things than gender.

(4) Other scholars (including myself) have looked at models that help women-run co-operatives by sector. I looked at Sewing Co-operatives in Gauteng as home-based businesses and which were modelled on the lifestyle of the women. For instance, these women had a skill of sewing, used it to earn an income but over and above working from home with other women gave them a social infrastructure and the ability to take care of their families. About 84 of the co-operatives scored an

opportunity to make school uniforms which they supplied to their local schools and their co-operatives paid by the Gauteng Department of Social Development to do the work. This one model that works for Gauteng. There are a few others in the country that work; looking at KZN can be helpful.

(5) The review seems to be over-reliant on one or two authors (Phillip and Godfrey). I suggest that other authors be considered to improve the study; Wayama is one author to be considered. There also many other databases to look at than CIPC or SANACO's. Different government department have databases on co-operatives they've assisted etc.

The study is interesting and has a great potential if improved.

### **Expert 3.**

Thanks for this opportunity. Since I'm not very familiar with the South African context, much of this is new to me, and so I can't comment on the details of this.

Nevertheless, the overall patterns you describe—the focus on education, sectoral support, financing and mentorship—all seem very consistent with patterns we've seen in co-operative economies elsewhere. But of course, the details of implementation are what make these things work or not work.

My efforts have been primarily focused on co-operative start-ups—projects that are aiming for ambitious outcomes and scale. (See, for instance, Start.coop.) For this, we are seeking to couple the functions of mentorship and financing, by attracting large co-ops as investors and helping them serve as mentors. Thereby, the mentors are not simply being paid for their services, but they seek to gain financially if the co-ops they mentor are successful.

I'm also curious to know how these efforts are supporting co-ops in the development of digital strategies, so that they can have a strong presence in the online economy. This is an area where co-ops have often been falling behind, and I think it's essential that we intentionally plan for having infrastructure to support co-ops in dealing with technology.

I hope this is helpful. Thank you for including me in this, and I am grateful for the opportunity to learn a bit more about co-operatives in South Africa. Let me know if you



have any more specific question.

All my best,

Nathan.

