CHAPTER ONE

INTRODUCTION

1.0 BACKGROUND OF THE STUDY

Poverty is a big challenge all over the world; hence governments, non-governmental organisations and other stakeholders are trying to promote co-operative societies as a mechanism of alleviating poverty (Thabo, 2008; Anderson, 2007; Mubaiwa, 1989). According to the World Bank (WB, 1992) recent estimates indicate that almost a quarter of the world population live in poverty, with an estimated 280 million people living in absolute poverty in Sub-Saharan Africa. In Zimbabwe the poor account for 88 percent of the population (WB, 1990). The WB (1998) again estimated that urban poverty in Zimbabwe in 1990/1991 was 12 percent and by 1995 The Poverty Assessment Study found that this had risen to 39 percent. What is evident from these statistics is that urban poverty is increasing at a very high rate therefore some of the urban poor have resorted to co-operative activities as a survival strategy. It is against this background of increasing urban poverty and declining employment opportunities that this study puts forward some suggestions for eradicating poverty through co-operative activities.

Different countries have used different strategies to address the problem of poverty. Co-operative societies are one such strategy that has been experimented with. The concept of co-operative societies embodies a group of people working together for a common purpose. These people organise themselves and co-operate to achieve common goals with each member getting an equal share. In other words these are associations of persons, usually of limited means, who have voluntarily joined together
to achieve a common economic end through the formation of a democratically
controlled business organisation and making equitable contributions to the capital
required.

Over the past 20 years, co-operative societies in Zimbabwe have been operating under
a period of crisis. This was caused by the Economic Structural Adjustment Programme
(ESAP) which was implemented from 1991. ESAP meant reduction of government
expenditure. No more government subsidies and free agriculture extension services to
agriculture co-operative societies. Agriculture inputs became very expensive. Farmers’
products were no longer marketed through Agricultural Marketing and Supply Co-
operative Societies. Farmers had to look for their own clients. It was also difficult to
secure loans from banks due to lack of collateral. Hyper-inflation which reached more
than 14000 percent according to the Central Statistical Office (CSO, 2008) made
lending and borrowing difficult.

Housing co-operative societies stopped completing most of their projects because
building materials became very expensive. Most of these materials like cement were no
longer available on the local market. Even if they wanted to import these materials,
there was a critical shortage of foreign currency on the local market. Hyper-
inflationary rate during the period had also a negative impact on micro-finance co-operative
societies. Savings became impossible. Most savings clubs closed (Gono, 2008). This
was also a period where war veterans spear-headed the re-emergence of housing co-
operative societies (Masuko in Moyo (2008). This approach to housing in urban areas
raised debate on what has been known as “the urban land question in Zimbabwe”,
Toriro in Moyo (2008). This showed that inequality in land distribution was not in rural areas only but also involved housing land in urban areas.

Some of the housing co-operative societies formed in Harare under the Fast Track housing co-operative societies were Madzibaba Border Gezi, Joshua Nkomo, Hondo Yeminda, Moven Mahachi, Simon Muzenda, Sally Mugabe and many more. These housing co-operative societies were named after politicians.

The various co-operative societies that were established in Harare Municipal Area of Zimbabwe appear to have had little or no positive sustainable impact on poverty alleviation. The provision of affordable but decent accommodation, securing adequate food supplies at affordable prices, availing micro-finance credit facilities and other noble objectives intended to benefit the urban poor members and dependants were not realised.

1.1 STATEMENT OF THE PROBLEM

The debate on the efficacy of cooperative societies in social and economic empowerment of the poor has transcended many decades and economic systems. The subject has remained controversial among social, economic and political scientists of the 21st century as it was in the previous century. On one hand is the view that co-operative societies are not effective mechanisms of social and economic empowerment of the poor. This view emanates from the fact that cooperative societies have been associated with socialism which is characterised by the absence of competition among economic agents. It is often regarded as an inefficient economic system which also does not maximise the social and economic empowerment of the poor. On the other
hand, co-operative societies are associated with trade unionism and socialist political parties thereby defeating their role in poverty alleviation (Chimbgandah, 1981).

Various studies on co-operative societies in developing countries suggest that co-operative societies tend to be manipulated by dominant socio-economic classes and institutions to the extent that they eventually work against the poor they ostensibly should empower. Government officials often decide to achieve their own political objectives through the abuse of co-operative societies. According to (Bayat, 1991; Wasserstrom, 1985) it therefore becomes important to establish whether under circumstances of manipulation of co-operative societies by dominant classes, their contribution to poverty alleviation will be realised using the case of agricultural, micro-finance and housing co-operative societies in Zimbabwe.

Rhodes (1995) suggests that the interference by governments only cramps the energies of co-operative societies and misdirect them to unprofitable ends. State sponsored co-operative societies are often viewed more as simple administrative structures for the execution of governmental programmes rather than private organisations for promotion of the interests of their members. Thus the underhand of politics undermines the perceived efficiency of co-operative societies and thus their impact on poverty is devalued. In view of these divergent views on co-operative societies, there is an urgent need to establish the contributions of co-operative societies to poverty alleviation in urban areas in Harare.

This study therefore aims at examining the effectiveness of co-operative societies in alleviating poverty in Harare, Zimbabwe in view of the various controversies surrounding
co-operative societies and isolate factors which define a co-operative society that has a potential of dealing with poverty.

1.2 OBJECTIVES OF THE STUDY

This research study’s objectives were as follows:

(a) to examine the effectiveness of co-operative societies as a mechanism of alleviating poverty among the urban poor in Zimbabwe;

(b) to establish reasons leading to the formation of agricultural, micro- finance and housing co-operative societies in Harare;

(c) to find challenges being faced by co-operative societies in the urban areas of Zimbabwe;

(d) to find out how co-operative societies are being used as a tool for poverty alleviation;

(e) to establish factors leading to the success or failure of co-operative societies; and

(f) to make policy recommendations on how co-operative societies can be used cost-effectively and sustainably for poverty alleviation.

1.3 RESEARCH QUESTIONS

The following research questions guided the effort to attain the afore-mentioned research objectives:

(a) how effective have co-operative societies been as a tool for poverty alleviation among Zimbabwe’s urban poor?

(b) what are the reasons leading to formation of co-operative societies?

(c) what are the challenges being faced by co-operative societies in Harare?
(d) how are co-operative society members using co-operative societies as a tool for poverty alleviation?

(e) what factors account for the success or failure of agricultural, micro-finance and housing co-operative societies in Harare? and

(f) what feasible policy recommendations can be given in order to make co-operatives societies cost-effective tools for sustainable poverty alleviation?

1.4 SIGNIFICANCE OF THE STUDY
There has been very little research done in Zimbabwe on the effectiveness of co-operative societies in alleviating poverty especially in the urban areas. The debate on the effectiveness of urban-based co-operative societies remains unsettled. Thus, this study contributes to the current body of literature on co-operative societies. The study would inform co-operative policy and contributes to the evaluation of such policy in Zimbabwe. Rakodi (2002) points out that the world’s urban population is set to rise by almost 1.5 billion in the next 20 years a significant pattern of whom will be poor thus making it imperative to carry out the study.
Furthermore, the rising levels of poverty in Zimbabwe require an analysis of effectiveness of various strategies aimed at harnessing it, including an analysis of co-operative societies themselves. In this regard, governments, local authorities, non-governmental organisations and co-operative societies themselves stand to benefit from this study by using findings from this study to construct co-operative policy.

1.5 DELIMITATION AND LIMITATIONS OF THE STUDY
This was a single case research study of urban based agricultural, micro-finance and housing co-operative societies in Harare, Zimbabwe where the researcher stays (see
Appendix, xii). The study covered the period 1980 – 2010 because Zimbabwe got its independence in 1980 and thus many co-operative societies were born after scrapping the apartheid restrictive rules which controlled movement of people into urban centres.

The study covered consumer co-operative societies in areas of agriculture, micro-finance and housing since they cover the basic needs required for people’s survival in the community. According to Bentul (2008) over 1 billion people in the world, live on less than one dollar a day. Empirical evidence tends to suggest that micro-finance co-operative societies can prove to be powerful instruments for poverty alleviation since they enable the poor to build asset bases, increase household incomes and reduce their vulnerability to economic stress.

Many other types of co-operative ventures such as those involving furniture manufacturing, marketing of agricultural produce from Zimbabwean rural areas, small scale repairing and servicing of both household and agricultural equipment and tools were excluded from this research study. Also definitely not included in this research study were unregistered co-operative societies that are to be found in modern day Harare. The activities of co-operative societies established during the period before 2008 are included only if and when relevant to this research study.

The study was also negatively affected by power cuts which slowed down the typing of this dissertation hence it took a long time to complete this work. However the researcher had to seek permission to type from people who owned generators.
1.6 DEFINITION OF TERMS

1.6.1 The term “co-operative societies” is defined by the International Co-operative Alliance (ICA, 2009) 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. The same term is defined by the International Labour Organisation (ILO, 2006) as an association of persons, usually of limited means who have voluntarily joined together to achieve a common economic end through the formation of a democratically controlled business organisation making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking. The above stated definitions concur with Olaleye who defines a co-operative society as a business voluntarily owned and controlled by its members. She further points out that the co-operative organisation aids in redistribution of income and wealth, harmonises interests, aid members’ economic and social development and also creates jobs and income for its members.

These definitions support the Co-operative Principle Model which calls for democratic control which means everybody is free to participate in decision making. The Zimbabwe government Co-operative Policy (2005) defines a co-operative society as “co” which means working together and “operative” which means work. This Zimbabwean co-operative policy of 2005 defines a co-operative society as a voluntary social organisation of economic units, based on equality carrying out allocated or self-given economic objectives aimed at uplifting human living standards. The Department for International Development (DFID, 2010) defines co-operative societies as private sector enterprises set up to meet their members’ needs and that they are owned and
democratically controlled by their members and based on shared values but in practice they have been controlled by the government. However this study used the Zimbabwe Co-operative Societies Act, Chapter 24:05 of 1996’s definition which defines a co-operative society as an autonomous association of persons who voluntarily join together to meet their economic, social and cultural needs and aspirations through formation of a jointly owned enterprise, contributing equitably to the capital required, accepting a fair share of the risks and benefits and participating actively in its management and democratic control since this is the relevant legal framework within which all registered co-operative societies, including those in Harare, must lawfully be formed and their objects managed.

1.6.2 “Urban area” has been defined by Swanepoel (1996) in terms of spatial, social, economic and demographic terms. Urbanisation is a process in which people (demographic aspect), services (social aspect), opportunities such as employment (economic aspect), are concentrated in a limited geographical area (spatial aspect). Therefore urbanisation in this study is a process which takes place continuously.

1.6.3 “Housing Co-operative society” has been defined by Lewis and Higgins (2004) as a viable homeownership alternative that provides affordable, quality living space as well as a number of social benefits. However this study uses the Ministry of Public Construction and National Housing (MPCNH, 1989) definition of a “housing co-operative society” as bonafide groups of beneficiaries working as collectives for the purpose of constructing each other a house. These people pool together their resources that are finance, labour, building materials, tools and other materials in an effort to lower housing costs. Hardiman and Midgley (1982) assert that typical housing co-operative
societies consist of members who jointly raise capital to purchase or construct their dwellings for their own use without profit hence the criticism that they are just social organisations whose aim is to achieve social objectives hence eliminating competition making them inefficient.

1.6.4 “Financial co-operative societies” have been defined by Chimbgandah (1981) and Bottomley(1979) as thrift and credit/loan or credit unions. Their main aim is to encourage members to save regularly and using the savings collected to make loans to members who need them. However this study limits itself to micro-finance co-operative societies or savings clubs due to limited time and resources.

1.6.5 “Agriculture co-operative societies” in this study refer to poultry production, dairy farming and fishing co-operative societies.

1.6.6” Effectiveness/Success” in this study means a co-operative society which is able to meet the organisation’s goals and objectives such as the basic needs of the members of the co-operative society such as food, shelter, access to micro-finance and information, participation in decision making and if members would be able to generate US$526 per month from co-operative activities which is recommended by the (CSO, 2010) to be enough for a family of four in Zimbabwe. The ability to alleviate poverty by letting members have access to resources, technical knowhow, education and being sustainable.

1.7 CONCEPTUALISING POVERTY

“Poverty” has been defined by (Smith, 2005) as hunger. He further points out that 17 percent of the world population is classified as undernourished or suffering from chronic
hunger. He further defines poverty as poor health and early death. Smith (2005) points out that about 30,000 children in developing countries die from preventable causes every day and the under five year-old mortality rate is 126 per 1000 live births in low-income countries while life-expectancy at birth in Sub-Saharan Africa is only 46 years.

The term poverty is also termed as loss of childhood. According to the ILO, in Smith (2005) at least 180 million child labourers are either under 14 years of age or work under conditions that endanger their health or well-being as well as exposing them to sexual exploitation, human trafficking and debt bondage. Debeer and Swanepoel (2000) point out that many people recognise poverty when they see it but only a few are able to give a definition that will be generally acceptable. They further point out that poverty is a relative concept. They concur with Olaleye (2004) who points out that poverty is a relative term which means measurement varies from one location to another and that poverty can be defined as lack of access to production resources, lack of education, working skills and tools, political and civil rights to participate in decision making process concerning socio-economic conditions of their commitments. She further points out that in Nigeria, one of the various strategies employed to tackle poverty among the people is the co-operative society hence the need to investigate the impact of co-operative societies on poverty alleviation among the urban poor in Zimbabwe.

Chingarande (2008) points out that poor people may not necessarily be to blame for all their poverty, for poverty is broader than lack of income. She further points out that urban poverty can be seen as a direct result of socio-economic processes, policies and institutional systems that restrict the productive capabilities of individuals or households.
The First Millennium Development Goal (MDG) in Zimbabwe calls for eradicating extreme poverty and hunger while the third resolves to promote gender equality and empowerment of women which can only be found in co-operative activities where there is democratic control. The Urban Poor have resorted to livelihood strategies and the most common is co-operative activities in order to develop themselves. This also calls for sustainable development which is defined by the Brundtland Report in Chingarande (2008) as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” This study intends to investigate if fishing and agriculture co-operative societies were considering future generations who need the same resources. It is important to discuss the background to poverty situation in Zimbabwe in order to contextualise urban co-operative activities.

“Poverty is pain; it feels like a disease. It attacks a person not only materially but also morally. It eats away one’s dignity and drives one into total despair”. A poor woman in Narayan (2000). It is because of poverty that some of the urban poor have pooled their resources to form co-operative societies. “If poverty is so painful, why do the poor remain poor?” (Narayan et al 2000).

Muzaale (1986) however defines poverty as more than just a physiological phenomenon denoting a lack of basic necessities like food, health, shelter and clothing. He further points out that poverty is also a state of deprivation and powerlessness where the poor are exploited and denied participation in decision making in matters that affect them. Muzaale’s definition is consistent with that of 1997 Human Development Report which shows three perspectives of poverty for example the income perspective. The income perspective makes use of a poverty line below which one is considered
poor. The other approach is the basic needs perspective. The basic needs approach considers one to be poor if that person is unable to meet the basic needs of life. These are necessities needed for survival. The capability perspective regards powerlessness and the consequent inability to satisfy basic needs as poverty.

Literature has four ways of conceptualising poverty. We have the absolute, relative, capabilities approach and consensual dimensions of poverty. The W B (1975) describes absolute poverty as a situation where incomes are so low that even a minimum standard of nutrition, shelter and personal necessities cannot be maintained. In other words, absolute poverty means that an individual is poor when his/her next meal may mean a difference between life and death. The World Summit for Social Development (1995) defines poverty from the absolute perspective, as a condition characterised by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information. This also includes lack of access to social services. This definition concurs with that of Dhemba (1999) which points out that poverty can be conceptualised in physiological and sociological terms that is absolute and relative poverty. Absolute is an extreme form of human deprivation where the basic needs such as food, clothing and shelter that are fundamental for the survival of a human being would be lacking. Housing co-operative societies help to eradicate this type of poverty by providing shelter for co-operative members.

The W B (2000) uses the poverty datum line as a bench mark of 1$US per day to denote a state of poverty. May (1998) similarly uses the income approach to define a state of poverty. This may be so since expenditure patterns are good indicators of well-
being of a society for if a person does not have enough income he/she may not be able to buy necessities for his/her and dependants’ survival.

The WB (1996) also defines poverty in the urban context as lack of access to productive employment, basic services, and resources of urban employment to meaningful representation and to security of justice. Thus poverty reflects the inability of an individual household or community to satisfy certain basic minimum needs.

Relative poverty is an expression of the poverty of one entity in relation to another entity (Swanepoel, 1996). Relative poverty reflects extreme differences in levels of living between the top and bottom strata of the society (WB, 2000). Dhemba (1999) agrees with the WB definition of relative poverty when she points out that relative poverty are situations where individuals or groups in the society are unable to meet the standard of living taken for granted by others in that society. This means one group in the society will be able to meet basic needs like shelter, food, water and health and others cannot afford to meet those basic needs. Some people are materially disadvantaged compared to others living in the same community or society. Hazlift (1976) similarly defines poverty in relative terms. He explains that poverty means being worse off than somebody else. According to him, it means failing to maintain a decent standard of living and those who’s basic needs exceed their means of satisfying them. Galbraith (1982) terms this type of poverty as the one which afflicts the few or minority in some societies. This is because some people are excluded from general well-being. This is case poverty.
Therefore governments are encouraging people to take long-term strategies to alleviate poverty such as land reform through agriculture co-operative societies like what happened in Kenya to deracialise the Kenyan Highlands (Chimbongdah, 1981) and community development through forming co-operative societies.

However it was difficult to operationalise this approach since one could never be able to eliminate poverty. The poor will always be there (Adams and Patel 1981). Galbraith (1979) talks about the equilibrium of poverty. Attempts to eradicate poverty might bring some relief, but soon the balance or equilibrium returns and the poor remain as poor as before so the debate on poverty has resulted in different definitions of poverty.

The third dimension of the attempts to define poverty is the capabilities approach. In this approach Sen (1983) combines the relative and absolute concepts of poverty. This author views poverty as absolute in space of capabilities but relative in the space of commodities, resources and income. Capabilities include essentials like nutrition and shelter without which it is difficult for people to survive. An absolute set of capabilities translates into a set of goods requirements which are relative to a particular society and its standard of living. This approach also includes physical functioning which requires a set of goods fixed in absolute terms which allows a person to do things of intrinsic value (Sen, 1983). Inadequate physical functioning means lack of basic needs like food, shelter provision or lack of worth. The capabilities approach has also a social dimension. Inadequate social functioning includes lack of respect, shame, alienation and lack of participation in decision making. Co-operative models where everybody has a right to decision making may be seen as solutions to this form of poverty. The main weakness of the capabilities approach is that it is difficult to operationalise as most of its
elements are abstract. In addition, the Sen (1992) approach has not proposed a well-defined list of capabilities.

Poverty also takes the consensual dimension (Mack and Lansley, 1985). This approach looks at necessities needed to have an acceptable standard of living. This approach looks at poverty in terms of what is perceived by the society at large to be necessities of life for an acceptable standard of living. People who do not have these necessities are considered to be poor. Equally, the consensual dimension is difficult to operationalise. It is difficult to agree on necessities among social groups since what is necessary to one social group may not be necessary to another.

This study used the World Summit for Social Development (1995) definition of poverty from the absolute perspective to poverty since it is easy to operationalise and to draw conclusions on the wellbeing of a society. The absolute approach to poverty is more appropriate for this study as it makes comparisons possible.

1.8 CAUSES OF URBAN POVERTY

1.8.1 Causes of urban poverty in general

Hardiman and Midgley (1982) point out that poverty is a result of laziness, insobriety and irresponsibility. However this study argues that poverty is not always caused by laziness on the part of the poor but may be caused by lack of resources.

Rakodi and Jones (2002) point out that research on urban poverty in the 1990’s was stimulated by the adverse impact of recession and effects of Structural Adjustment Policies (SAP) on many urban groups. They further point out that more appropriate conceptualisation of urban poverty was necessary. They define urban poverty as when the resources they command are insufficient to enable them to consume sufficient
goods and services to achieve a reasonable minimum level of welfare. Debeer (2000) adds that urban poverty manifests itself through lack of job opportunities, housing and other services. However the dependency school attributes chronic poverty in the developing countries to the dominance of the developed countries.

Development theorists like Prebisch and Dosontos in Dhemba (1999) point out that the only solution to eradicate poverty in developing countries is to cut ties with the developed countries. However this study argues that cutting ties with the developed countries might worsen the situation as proved by Zimbabwe's prevailing economic conditions after cutting ties with the developed countries. Developmentalists call for government intervention and the adoption of specific poverty alleviation measures like use of co-operative societies as a strategy for alleviating poverty since the use of market forces which was caused by the introduction of ESAP caused many people to suffer. Of interest to this dissertation is the adoption of the co-operative strategy in fight against poverty which among other strategies is advocated for by developmentalists. However there is controversy on the capability of the co-operative approach as a strategy for alleviating poverty.

Rural deprivation and poverty “push” people towards cities. People try to escape poverty in rural areas by migrating into cities which they view as having better opportunities. Goldstein (1983) points out that rural poverty has been converted into urban poverty. These were some of the people who have decided to form co-operative societies after failing to secure formal employment in urban areas. In the rural areas there is little land for income generation and too few job opportunities. Urban areas seem to hold much promise and therefore “pull” people towards them. There would
appear to be more employment opportunities and better or more health and educational facilities in the urban areas. Cities hold so much promise because of urban bias resulting from government policies that favour investment and large development projects in cities (Debeer, 2000).

Governments of developing countries tend to do more capital investments on roads, schools, hospitals, and airfields in urban areas where the ruling elite live. Unemployment rate is very high in Zimbabwe with more than 80 percent of the population unemployed (Tibaijuka, 2005). This was because urbanisation in developing countries was not accompanied by industrialisation as was the case in western countries. Thus finding a job becomes a priority on the needs list of the poor (Debeer, 1993; Debeer and Swanepoel, 1994). Urban life then fails to meet their expectations as described by Harrison (1990) as:

The developing world city is a dual city on an island of wealth surrounded by a black belt of misery. Outside the bright shining modern city of skyscrapers, flyovers and desirable residences, the poor are camped in squalor, disease and neglect, in shacks and hutments of plywood, cardboard, mud or straw, usually without clean water, sewers, health centers, schools, paved roads or paying jobs.

These people then had to find strategies of getting themselves out of these miseries like forming co-operative societies for example in agriculture, arts and craft, housing or micro-finance. This might bring in extra income into the household since urban poverty manifests itself through lack of job opportunities, housing and other services.

According to the United Nations (UN, 1980) urban growth might also be attributed to natural population increase as compared to rural –urban migration. WB (1980) estimates that by 1990, more than half of the poor were living in urban areas. These
were some of the urban poor who formed co-operative societies as a survival strategy. Swanepoel (2000) point out that of the one billion absolutely poor in the world, 85 percent live in rural areas. Some of these poor then try to escape poverty by migrating to cities which they view as places of opportunities which results in densification of urban poverty. Thus rural deprivation and poverty “push” people towards cities. In the rural areas, schools and clinics are few and far, all contribute towards hardships experienced by rural inhabitants thus people are forced to find better job opportunities in cities.

Zimbabwe, Zambia and Tanzania used both coercive and incentive measures to decrease urbanisation in their countries (Watson et al 1983). Repeal of repressive legislation and other policy reforms made people flock into cities to escape poverty in the rural areas (Zinyama, 1992). United Nations Commission for Human Settlements UNCHS (1996) points out that civil wars have caused poverty especially in the developing countries.

Anyanwu in Olaleye (2007) points out that poverty is caused by both internal and external factors. Internal factors include factors such as inadequate access to production resources. This means the poor needs resources in their co-operative societies in order to achieve their main objective of alleviating poverty. Unbalanced sectoral policies especially to the disadvantaged who are the poor members of the society, weak financial and micro-economic management were also pointed out as some of the factors causing urban poverty. He further points out that exchange rate policies also contribute to poverty. This also negatively affected co-operative activities in Zimbabwe.
Choice of unsuitable models oriented to western patterns of consumption by the dominating urban elites has also contributed to poverty (Olaleye, 2007). This study argues that policies which have worked well in developed countries, might not work well in developing countries because of different economic environments hence questioning the applicability of the Co-operative Principle Model in developing countries. Over-regulation by the state with inadequate democratic legislation and participation by the population is said to be another internal factor which causes poverty hence the need for the government to stop interfering with co-operative activities.

However Anyanwu in Olaleye (2007) also mentioned external factors which cause urban poverty such as enduring deterioration of the terms of trade for agricultural commodity exporters which could have a negative impact on agriculture co-operative societies. Protectionism by the industrialised countries especially as regards to trade in agricultural products and access to information and technology negatively affects the ability of co-operative societies to compete in the international markets. The other factor mentioned by Anyanwu was the high indebtedness of developing countries to foreign creditors.

1.8.2 Causes of urban poverty in Zimbabwe

Poverty in Zimbabwe can be explained by looking at the agricultural background during the colonial era. According to (Bratton, 1978) land was divided equally between blacks and whites but the ratio was 20:1 in terms of population and whites accounted for only 5.5 percent of the population. Whites had the most fertile land as well. Blacks were given the Tribal Trust Lands which were not fertile and were over populated. Basic
needs of the people were difficult to meet. Livestock rearing and subsistence farming were the only activities on the infertile land.

At independence in 1980, the country inherited an economy where the black majority was poor. This was worsened by ESAP implemented from 1991. Many people lost their jobs through retrenchments. ESAP has been emphasised as one of the causes of poverty because it explains the emergence of the new poor, as opposed to the chronic poor, as a consequence of loss of jobs. As a result, the government encouraged people to form co-operative societies to attract donor/government funding. Thus many co-operative societies were formed in different sectors of the economy.

While the idea of co-operative societies was a step in the right direction for Zimbabwe, the existing co-operative societies were failing to address the problem of poverty. This was shown by the fact that more than 70 percent of the urban population in Zimbabwe is unemployed and 75 percent is living below the poverty datum line (Tibaijuka, 2005).

While the government was trying to use the intervention of the co-operative approach through the Co-operative Policy of which has its 2005’s main objective as poverty eradication and employment creation, the evidence from increasing levels of poverty proves that co-operative societies have failed to achieve the policy objective.

The Human Development Report in Chingarande (2008) points out that poverty in Zimbabwe has its origins in three main influences; a weak economic growth performance, high levels of unemployment and a highly skewed pattern of income and wealth distribution. This study focused on the impact of ESAP in the 1990’s on the livelihoods of Zimbabweans and the Land Policy during the apartheid rule which made
many people lose fertile land which was their main source of livelihood. The failure of ESAP in the early 1990’s is a major negative economic turning point.

The United Nations Development Programme (UNDP, 1998) report reveals that ESAP severely affected urban households. The removal of subsidies on social services meant the prices of basic commodities and social services went up which was beyond the reach of the majority of Zimbabweans. Distribution of resources was left to market forces. Many people failed to survive the retrenchment axe thus lost their jobs. Some of the people who lost their jobs were bread winners and it was some of these who decided to join co-operative societies in order to earn a living.

The government then tried to introduce a number of programmes to help alleviate poverty. This included the Social Dimensions of Adjustment Programme (SDAP) Government of Zimbabwe, (GoZ, 1992). The main aim of SDA was to protect vulnerable groups which were suffering during implementation of ESAP. Social Safety net was also introduced which assisted the poor with school fees, examination fees, health fees and drought relief programmes. In 1994 the government also adopted the Poverty Alleviation Programme (PAAP). The PAAP’s aim was to broaden SDA so as to address wider issues of poverty. This programme was put in place with the aim of reducing poverty and unemployment since these programmes were targeted at the poor and vulnerable segments of the population. UNDP (1998) points out that ZIMPREST introduced two main types of interventions on poverty reduction. These were direct and indirect ways of reducing poverty. The indirect poverty reduction programmes included the macro-economic stabilisation methods which included low inflation and interest
rates and stable exchange rates. These had a positive impact on the poor since they created growth and reduced poverty.

Political factors also deepened the economic crisis for example cash hand-outs which were given to war veterans in 1997 when they threatened to destabilise the government (Tibaijuka, 2005). This sparked an inflationary spiral from which the economy failed to recover. Secondly Zimbabwe’s intervention in the conflict in the Democratic Republic of Congo (DRC) had negative implications on budgetary allocations and deficits. Thirdly the “Fast Track” land redistribution programme of 2000 negatively affected agricultural production which was the mainstay of Zimbabwean Economy. This was worsened by economic sanctions on Zimbabwe by Europe and America. Food shortages, a negative balance of payment, budget deficits and chronic shortages of foreign currency led to contraction of the economy and rising levels of urban poverty (Chingarande, 2008).

“Operation Restore Order” (2005) which was a programme introduced by the GoZ also worsened the poverty situation in Zimbabwe. This meant demolition of illegal vending sites; structures and informal business premises and homes (see Appendix, ix). Tibaijuka (2005) reveals that a total of 92460 housing structures were destroyed which was a major drawback to some housing co-operative societies directly affecting 133534 households. She further points out that 32538 small and medium size enterprises were destroyed yet these were sources of livelihood for many households. Homeless and displaced people were unable to pursue their occupations or maintain their source of income thus increasing the levels of poverty in Zimbabwe. “Operation Restore Order” worsened the conditions of the urban poor in Zimbabwe.
Current trends indicate that poverty is on the increase in both rural and urban areas and that poverty was more common in female-headed households at 72 percent than in male-headed households at 58 percent (MDG Report, 2004). Thus this study aims at establishing if more females were gaining from co-operative activities considering the gendered nature of poverty. Due to harsh economic climate, the urban poor have resorted to livelihood strategies that include co-operative activities. It is important to state that co-operative activities is not a strategy confined to the poor but the rich can also co-operate in order to pull their resources together to increase economies of scale. This study argues that co-operatives are necessary for alleviation of poverty but they may not be sufficient as this study stands to find out.

1.8.3 The Deprivation Trap.

Being trapped in poverty is like being put on a rubber boat in a crocodile-infested river, without oars to row with and to make matters worse you cannot swim. This is the same as the poor who are trapped in their poverty situation in most urban areas. Robert Chambers in Swanepoel (1996)

Chambers in Rakodi and Jones (2002) point out that deprivation occurs when people are unable to reach a certain level of functioning or capability. This includes physical weakness, isolation, vulnerability and powerlessness in addition to lack of income and assets which might be solved through co-operative development. However Bauch in Rakodi (1996) argues that defining a household as poor in terms of consumption may not capture all deprived households and individuals whilst Rakodi (1998) argues that national household sample surveys may not identify women as a poor group but if deprivation includes social subordination, reduced life chances and excessive
workloads since specific categories of poor women are undoubtedly deprived. However this approach casts the poor as passive victims. These problems might be solved through joining co-operative societies where there is democratic control. However this study seeks to discover if this might be true.

Smith (2005) calls "Poverty Trap" structural poverty because it is not a temporary problem which people can eventually escape from sustained efforts. These people suffer from malnutrition, poor health, illiteracy, have little political voice and try to earn a meager living on small marginal farms and in dilapidated urban slums. These were some of the poor who have formed agriculture co-operative societies in order to put food on their table and housing co-operative societies in order to have roof on their heads.

**Fig 1.1: The Deprivation trap**

Source: Chambers Poverty livelihoods, whose reality counts? Environment and urbanisation (1993)
Chambers (1993) came up with five clusters of demerits faced by the poor. These are poverty, physical weakness, isolation, vulnerability and powerlessness as shall be discussed below:

1.8.3.1 Poverty
The poor families in the community become poorer while the rich become richer. Chambers (1993) strongly points out that money given to poor communities should not be in form of handouts because this promotes dependency syndrome thus it is important to promote income generating projects like co-operative societies.

1.8.3.2 The physically weak
Usually these families are large. The income will be too little to feed that family. This results in undernourishment and stunted growth of the concerned individuals amongst some of the urban poor who formed co-operative societies like market gardening in order to grow vegetables to feed their families.

1.8.3.3 Isolation
Peripheral urban squatter settlements usually face the problem of communication. These people might fail to access facilities such as schools, medical care and employment opportunities. High rate of illiteracy might be the result. There might also be lack of transport in such areas. Some might think of solving these problems by forming co-operative societies by pooling together their meager resources in order to get themselves out of the situation they find themselves in rather than to wait for the government and non-governmental sector to help them.

1.8.3.4 Vulnerability
The poor are said to be vulnerable because of their dependence on landlords and traditional authorities. Mostly, the poor household will not have shelter which is one of the reasons why some have joined housing co-operative societies so as to have a roof over their heads.

1.8.3.5 Powerlessness

The poor do not have the power to influence policies. It is therefore necessary for them to join co-operative societies where there is the principle of democratic control. (ICA 1966). Everybody will be free to participate in decision making on matters which affect their lives.

1.9 ORGANISATION OF THE STUDY

Chapter One introduces the research topic and gives a background of the research problem. It also highlights the research objectives, research questions and the significance of the study. Chapter Two reviews literature on the relevant theories and empirical evidence to support this study. Chapter Three is on the overview of the co-operative sector in Zimbabwe. Chapter Four is on research methodology. Chapter Five is on data presentation and analysis whilst Chapter Six discusses the key factors that make a successful co-operative society based on the case study and empirical evidence on co-operative societies. Chapter Seven gives summary and recommendations on what should be done to make co-operative societies a mechanism of alleviating poverty.
1.10 CONCLUSION

This chapter dealt with the research problem of the effectiveness of co-operative societies on poverty alleviation among the urban poor in Zimbabwe. The importance of the study, background of the study, assumptions, limitations and delimitations of the study were highlighted.

This chapter also tried to define poverty from different perspectives since it is the aim of this study to evaluate how effective co-operative societies are in alleviating poverty. However this study used the World Summit for Social Development (1995) definition of poverty. This perspective defines poverty from the absolute perspective as a condition characterised by severe deprivation of basic needs such as food, shelter, education and information. The next chapter reviews related literature.
CHAPTER TWO
REVIEW OF LITERATURE

2.0 INTRODUCTION

This chapter reviews related literature. According to Magwere (2005) a literature review integrates and synthesises what has been thought and researched in the area of interest, in this case consumer co-operative societies. This helps in an attempt to establish a link between the study and the accumulated knowledge on the importance of co-operative societies in poverty alleviation.

Hart (2008) defines literature review as the selection of available documents both published and unpublished on the topic which contain information, ideas, data and evidence written from a particular stand point to fulfill certain aims or express certain views on the nature of the topic and how it is to be investigated and the effective evaluation of these documents in relation to the research being proposed. He further points out that the purpose of literature review is to demonstrate skills in library searching, to show command of the subject area and understanding of the problem in order to justify the research topic, design and methodology hence helping to evaluate the impact of co-operative societies on poverty alleviation among the urban poor in Zimbabwe.

2.1 CONCEPTUAL FRAMEWORK

This discussion will be a reflection on four theoretical frameworks, namely the Co-operative Principle Model which outlines the structural principles of a co-operative
society and has been used as the analytical tool in this study since some co-operative societies which have been applying these principles have been successful although these principles might fail to apply to co-operatives in Zimbabwe, the Group and Dynamics Theory which explains why groups form such as common needs, same goals and driven by fate in this case poverty although there are some groups which may be formed for wrong motives, the Agricultural Co-operative Growth and Development Theory which reveals that co-operative societies are formed as a response to external environment to survive and the Equal Agency Theory which advocates for democracy both at workplace and political life thus all co-operative members are equal which might not be true in real life given the circumstances under which co-operative leaders are chosen for co-operative societies in Zimbabwe. However, Layder (1993) argues that it is not helpful to go into data collection burdened with preconceived theories and ideas.

2.1.1 The Group Theory and Dynamics

The American Psychological Association (2009) points out that groups form to achieve great goals. In this case the urban poor could help themselves out of their situation by forming co-operative societies. This theory points out that a social group is a common feature of almost all human activity. The factors which lead to unity or group cohesion were strong common needs, same goals, good communication skills, group success and constant adjustment to needs as emphasised by the Richmond University (2009) which states that:

Two are better than one because they have a good return for their toil. For if they fall, one will lift up his fellow, but woe to him who is alone, when he falls and has
no another to lift him up. Again, if two lie together, they are warm, but how can one be warm alone. And though a man might prevail against one who is alone, two will withstand him. (Ecclesiastes 4:9-12).

This emphasises the importance of forming groups in order to help each other. Thus by co-operating members would pool their meager resources to achieve greater goals. Even those who could not afford to buy houses could now have shelter over their heads after joining co-operative activities as revealed by literature in this study.

Forsyth (2009) points out that scholars have been fascinated by groups: the way they form, change over- time, achieve great goals and how sometimes they commit great wrongs.

Tuckman and Jansen (2009) elaborate the stages in group formation such as forming when groups form, anxiety about how the groups would work and what would be required of them. In this case co-operative society members need to be educated about co-operative principles and values so that they would know what is required of them first. Sometimes co-operative members just join groups without really understanding the co-operative principles or their responsibilities. This has made many co-operative societies fail because some members might become disloyal (Svanniekerk, 1988). The first of which is forming. When groups form, people would be anxious not knowing how the groups would work and what would be required of them. In this case co-operative members need to be educated about co-operative principles and values so that they would know what is expected of them.

According to Svanniekerk (1988) storming is when things get stormy. In this stage conflicts might emerge and groups might dissolve which is similar to the sink or swim
stage of the Agriculture Co-operative Growth and Development Theory. In this case agriculture co-operative societies might form marketing co-operative societies to help market their products and secure inputs. In this stage individual differences may be expressed and leaders’ role might be challenged and accusations of corruption, for example, the case of Co-operative Societies in the Limpopo Province of South Africa (Van derWalt (2005) which can also be the case for co-operatives in Zimbabwe since the environments are similar. This concurs with the reports in the Sunday Mail of 29 September 2010 where members of co-operatives in Zimbabwe were committing their savings to bogus housing co-operatives.

After storming, comes the norming stage. If the groups survive the storming stage, it means the co-operative society members would work together harmoniously in order to uplift themselves out of poverty. They would understand the reasons for forming the co-operative societies which might be for example lack of food, finance and shelter. Mutual support develops, for example in the case of farmers like pooling together their meager financial resources in order to buy on credit terms farm implements like the combine harvesters and inputs such as seeds, fertilisers and chemicals which they can repay after selling their produce.

The performing stage occurs when the work normally takes off. In this stage, the group accepts a structural method for achieving common tasks under directorship of a co-operative committee.

Mourning stage is when co-operative societies dissolve due to several reasons. Some co-operative societies collapse if they fail to adhere to the co-operative principles and
values like honesty and trustworthiness. Some members might be corrupt even by the way they allocate finished houses thus destroying the whole group. When this happens, much learning happens through informal chat and feedback about group performance. There were some co-operative societies which have ended this way like the Mabvuku-Tafara housing co-operative society in Harare, Zimbabwe, where the group lost direction and its purpose by being politically partisan (Vakil, 1997). This group was being blamed by the major political party Zanu PF for being too political. However there were some co-operative societies which were very successful for example a case study by Dorner (1977) on co-operative farming in Japan where farmers joined to help each other in transplanting rice. These groups have been developed and promoted by farmers themselves rather than the government. As a result, these organisations were very flexible, and could adapt easily to changes in the economic environment and on the other hand they could easily disappear when they no longer had a justifiable reason for their existence.

However, empirical evidence points out that social group is not a common feature of almost all human activity and that some members might have their own motives for joining groups for example a study by Von Freyholds (1979) on Ujamaa villages in Tanzania indicate that groups were formed because it was the government’s initiative not that the people were interested in forming groups. However, these villages failed to achieve their objectives since people felt that there was excessive government interference. The government even failed to supply what they had promised people within the stipulated time and it was using a carrot and stick approach which made people to shun co-operative activities. This confirms with what happens to co-operatives
in Zimbabwe as evidenced by Chimbgandah (1981) ’s findings on co-operatives in Zimbabwe where government was failing to fulfill their promises to these societies,

This study therefore tries to use this approach to explain the dynamics in consumer co-operative societies as relating to poverty alleviation. The various stages highlighted above were used in analysing such co-operative societies.

2.1.2 The Agricultural Co-operative Growth and Development Theory

In contrast to the above theory, the Agricultural Co-operative Growth and Development Theory (Sargent 1982) states that co-operative societies exist within the prevailing political and economic regime of a country in which they are located. Accordingly, the poor respond to the external environment in order to survive. In this case, the urban poor form co-operative societies to survive the harsh economic conditions like cost inflation, depression prices, changing markets, war or unemployment. This approach is clearly supported by literature on Zimbabwe which records the increase in the number of co-operative societies during the years of economic reform programmes and subsequent economic and political crisis in the country for example Mashonganyika’s report (2008) reveals that co-operative societies increased from 1800 to 3500 co-operative societies in 1991.

ESAP (1991-1995) left many people jobless and to some these were their only sources of livelihood. This was worsened by the inflation rate which surged to more than 14000 percent in 2008 (CSO, 2008). The unemployment rate in Zimbabwe reached more than 80 percent (Tibaijuka, 2005). These were some of the people who have formed co-operative societies for example in areas of micro- finance, agriculture and housing in
order to uplift themselves out of poverty. It therefore remains to be established in this study to what extent, these co-operative societies assisted in poverty alleviation.

This theory explains co-operative societies as having three distinct stages as illustrated diagrammatically below:

**Fig 2.1 Agricultural Co-operative Growth and Development Theory**

![Diagram of co-operative growth stages](image)

**Source: Sargent Beyond supply curves. (1992)**

The stages are, birth stage, where the poor decide to form co-operative societies to uplift themselves out of poverty. It has been discovered that co-operative societies which start at grassroots had a better chance of success than the ones imposed from above.

In the sink or swim stage, co-operative societies might fail to take off because of disloyalty of members or even to secure markets for their products and the management for growth or maturity stage, where co-operative societies might need
professional management which formulates strategies for co-operative societies to survive. This might be because co-operative societies may not have been the solution to the perceived problem. This was one of the reasons why poverty alleviation strategies were encouraged at micro-level which meant working directly with community groups in supporting a variety of activities for example micro-finance co-operative societies which entail savings and credit unions and slum upgrading through forming housing co-operative societies. Members might become disloyal if they fail to secure markets which might be solved through forming agriculture marketing co-operative societies. This reduces transaction costs and helps find markets for farmers. For this study, the problems and challenges that the people in co-operative societies face would be established so as to provide recommendations for successful management of co-operative societies.

The theory assumes that during the swim or sink stage virtually all co-operative societies face problems. However some start off very well without any problems especially if initiated from grassroot levels.

The management for growth stage assumes that growth of co-operative societies is a goal in which professional management formulates strategies based on some form of research, which means proper marketing strategies in the case of agriculture producer co-operative societies. Chandler (1966) points out that new business structures should be established through the moving cyclic adjustment process. The moving cyclic adjustment process is illustrated diagrammatically in Fig 2.2.
This supports the strategy used by the Kenyan Co-operative Bank (Muriuki, 2009) which hires professionals like graduates and is listed on the Nairobi stock exchange as the fifth largest Kenyan bank by assets. However, the growth and development are not automatically assured for example it needs capital which might be difficult to borrow from other sources for example a study by van der Walt (2005) on co-operative societies in the Limpopo Province of South Africa proved that lack of funding was one of the major reasons for co-operative failure. It also depends on co-operative member control. Due to geographical expansion, it means farmers needed to be updated of any developments through news letters or meetings. Good management control was essential and should focus on its goals which are also encouraged to all co-operative societies. This might not be applicable to co-operative societies in Zimbabwe since they might lack resources, technologies and expertise from professionals to run these societies.

However evidence showed that in contrast to the life cycle view, co-operative societies did not have an expected life cycle as espoused by the Agricultural Co-operative Growth and Development Theory because there were cases of successful co-operative societies that continued to expand and grow. Gurh (1983) found that housing co-
operative societies in Germany house about 9-10 million people at very low rates in such a way that the urban poor manage to pay rentals. These co-operative societies were growing and the number of members was increasing to the extent that they were competing with private property owners. However given the economic situation in Zimbabwe and the political environment, co-operative societies might fail to achieve their objectives.

2.1.3 The Equal Agency Theory

The Equal Agency Theory advocates for democracy both at the work-place and in political life. All individuals are equal according to this theory. Each person has the right to participate in decision making. This viewpoint was in line with the capabilities approach to poverty as it views poverty in terms of lack of participation in decision making hence supporting the principle which calls for democratic control. Authority is shared and is joint regardless of one’s social class in the society. Authority is understood as being constituted by the individuals in relations and cannot have its legitimation in anything external to that constitution nor can it be attributed to any abstract entity such as rule, law, institution or state. However, this principle of equality might be another factor which contributes to co-operative failure since members might fail to respect each other since everybody is equal.

The Cambridge Co-operative Development Agency (2009) points out that the equal agency theory takes all co-operative members as equals to combat discrimination faced by individuals and promotes equality in the work place and to help co-operative members integrate. Smith (2005) points out that poverty and powerlessness are two
sides of the same coin. When the poor are powerless more often than not they remain poor. Thus the poor should be empowered to free them to innovate, to envision new possibilities so as to become more productive and also to co-operate with others in order to achieve personal goals rather than discriminate against them. Co-operative societies are one such strategy where the poor are given the opportunity to participate in decision making in matters that affect their lives but given the situation in Zimbabwe, where leadership is imposed on co-operative societies, it might fail to apply.

Co-operative society members should also act as equal partners which also support access to self employment. This means everybody whether rich or poor would be equal thus disputing Hazlitt (1976)'s idea that the “rich and the poor form two nations” Most partnerships should focus strongly on the needs of specific target groups for example the handicapped that were marginalised to join co-operative societies since some of them might be talented in co-operative activities. In Zimbabwe the Jairos Jiri association and the Danhiko group of the disabled make very good craft which compete on overseas markets thus helping them earn a living. The unemployed, ex-offenders and women may take leading roles in co-operative activities in order to uplift them out of poverty especially women who had remained in the bottom strata of the society.

However, various studies on co-operative societies in developing counties, suggest that co-operative societies tend to be manipulated by dominant classes and institutions which make it impossible for the poor to make their own decisions without outside interference. Greenberg (1996) observed that in the case of co-operative societies in America the wider context determines how co-operative societies function. In South Africa they were used as a means to topple the capitalist industry (Philip 1989). Thus
evidence showed that it was difficult to treat everybody as equal without understanding the co-operative principle which calls for democratic control due to lack of pre-co-operative education. This might be the reason for co-operative failure in Zimbabwe where co-operative leadership is chosen by political affiliation and run sometimes as they wish without consulting all members as revealed by Vakil’s 1984 study on co-operative societies in Zimbabwe.

2.1.4 The Co-operative Principle Model

All co-operative societies have generally adopted the co-operative principle model of operation. This study was underpinned by the Co-operative Principle Model. This model was developed by the first successful co-operative society in Rochdale, England 1844. The Co-operative Principle Model spells out basic principles that enable co-operative societies to be successful although these principles might fail to work for co-operative societies in Zimbabwe.

These principles include open membership which means that everyone is free to join regardless of their respective class in the society. This also showed that co-operative societies were voluntary organisations, open to all persons able to use their services. These people should also be willing to accept the obligations of membership, without gender, social, racial, political or religious discrimination. A co-operative society does not look at gender. Both men and women were free to join co-operative activities. Most co-operative societies were formed by males and females. Females should be included in committees which run the co-operative affairs.
According to the Co-operative Principle Model (ICA, 2005) democratic control allows everybody to participate in decision making whether rich or poor. Co-operative societies are organisations controlled democratically by their members, who actively participate in setting policies which is not the case in Zimbabwe. Co-operative members have equal voting rights on a principle of “one member one vote.” They share all profits and risks which come with their organisation. The principal-agent problem might affect this principle. Management of co-operative societies might make decisions without consulting co-operative members which was one of the reasons attributable to the high failure rate of co-operative societies in developing countries. Members should therefore participate in setting policies, making decisions and voting for committee members. If members are included in choosing leaders of their choice with a limited term of office like what is done in Kenya it means they will run the affairs of co-operative societies according to what members want. Evidence has proved that imposing leaders especially those by governments was a recipe for disaster.

Member economic participation means that each member subscribes to the capital required by co-operative societies. This means members will be free from government intervention unlike in a situation where most of the capital is provided by the government. This capital is used by the co-operative societies to acquire services they require. Some of it is lent to members who pay back at limited interest which has been criticised since co-operative societies nowadays have to compete with other business organisations. If borrowers pay less, the capital base remains narrow. Members should contribute equitably and there should be democratic control of capital of the co-operative society. If members contribute equitably, it might be difficult to encourage
members to invest more thus reducing economies of scale. Some co-operative societies let their members buy a certain number of shares so as to increase the capital base but if benefits are equal, it discourages members from contributing more to the society. Evidence points out that shortage of capital has been one of the reasons why some co-operative societies were failing.

According to the ICA (2005) continuous education of members is one of the co-operative principles called for. Before registering a co-operative society with the Registrar of Co-operatives, one of the basic requirements is to educate the members about the co-operative principles to ensure commitment and success in the desired goals. However the education acquired by members through short introductory courses was not enough for one to contribute effectively to the success of the co-operative society. In Zimbabwe there are no educational institutions which offer co-operative education. It is the duty of co-operative societies to provide training and information. This could be provided through non-governmental organisations like House the People of Zimbabwe (HPZ), who offer such training, audit of books and technical assistance. Training should be given to managers, directors, employees and co-operative members themselves since lack of co-operative education can lead to the failure of many co-operative societies.

Co-operation among co-operative societies help to form secondary co-operative societies, which in turn federate to form apex organisations. These apex organisations then join other co-operative societies internationally and regionally to form organisations like the ICA. If co-operative societies join such organisations, they benefit through taping expertise and experiences of well established and successful co-operative
societies. Well established co-operative societies act as mentors to new co-operative societies.

Concern for the community is also one of the principles of the Co-operative Principle Model. Social responsibility is encouraged in co-operative societies. This means that when co-operative societies produce their products, they should have the poor in mind by making the products that are affordable to the whole community. However given the situation in Zimbabwe, it might be difficult to lower prices in order to cater for the poor since co-operatives in Zimbabwe are competing with private business organizations where prices are controlled by market forces and they can not even benefit from economies of scale like what other co-operatives are doing in the developed world.

There is some empirical evidence which shows that some co-operative societies which have used these principles have been successful. The Australian Bureau of statistics (2005) reveals that the largest supplier of motor vehicle parts in the Southern Hemisphere is a co-operative society in Perth. However this might not be realistic for co-operatives in Zimbabwe who lack resources due to hard economic situations and they are not business minded since their objective is to meet members’ needs and not for business motives.

The Grameen Co-operative Bank in Bangladesh is very successful but it does not follow the co-operative principles. W B (2002) points out that Bangladesh has less experience of democracy unlike India. They are used to military governments therefore people are disciplined, less individualistic and are used to dealing with imposed systems. Bank workers are forced to visit co-operative groups every week and members are used to
mandatory savings which has made this Co-operative bank successful. This might not even work for co-operatives in Zimbabwe where they call for democracy.

The applicability of the above principles to every environment is however suspect. For example, the principle that every member is free to join the co-operative society ignores the fact that the majority of the population in developing countries are born into a society of strong social relations and obligations for the family, clan, age group or tribe. The above mentioned social ties operate as constraints on the independence of the individual to decide whether to join the co-operative society or not.

2.2 ORIGIN OF CO-OPERATIVE SOCIETIES

The idea of mutual assistance between people working together or co-operative action is not new. It dates back to the Babylonian, Greek and ancient Chinese communities where early man formed co-operative societies in areas of hunting, fishing, food gathering and defence. Successful co-operative societies were also recorded in the 18th century in England, for example, the Rochdale Co-operative Society in 1844 (Svanniekerk 1988). This was done by a number of poor weavers. These poor people contributed the startup capital, sold quality goods, traded on cash basis only and members had equal say in all elections on the principle of “one member one vote” (Dooren, 1982).

Robert Owen (1771-1858) became the first person to advocate for the formation of co-operative societies by the poor as a means of attacking concentration of wealth in the hands of the few (Svanniekerk, 1988). Owen maintained that the working conditions with regard to wages, working hours, food, clothing, housing, health services and
education of the working class could be improved through the formation of co-operative societies. During that time, employers provided their employees with inferior facilities at high prices and exploited employees. This abuse of employees was the driving force behind the establishment of first co-operative societies.

Henri Saint Simon (1760-1825) and Charles Founer (1772-1837) started the producer co-operative societies in France. In Germany, Schulzer-Deletzsch (1808-1883) started the thrift and credit societies with the aim of channeling local savings to provide credit facilities to small shop keepers, manufacturers and craftsmen.

In Finland, co-operative societies date back to 1899 when the Pellervo Society was established. Hannes Gebbard (1864-1933) is regarded as the father of co-operation and co-operative movement in that country. Most popular co-operative societies were in agriculture with the objectives of cost-effective marketing of agricultural products and supply of agricultural inputs. Later on, co-operative societies were formed in the areas of retail, food manufacture, hotel industry as well as banking and restaurant business. In the agricultural industry, milk was processed and marketed by dairy co-operative societies.

In Russia, co-operative farming was very popular. After the Communist revolution, the government of Soviet Union formed collective farms with each farm being supplied with a central tractor to be used by farmers who could not afford to buy their own machinery. These farms were managed by a committee. The produce was sold to consumer co-operative societies but the problem was that production per hectare was lower as
compared to well organised small farms of Western Europe because of disloyalty of workers to goods of common ownership.

Co-operative development in Netherlands started in 1877. The first co-operative society processing factory was established in 1886 whilst the first credit supply co-operative society was established in 1892. Co-operative societies were also established in areas of grain harvesting, use of farm implements and in insurance of crops. A central buying organisation was established in 1900 for farmers. Banks which provide loans to co-operative societies, purchasing co-operative societies, processing co-operative societies and sales co-operative societies for milk, meat, sugar and horticultural products were now common. Co-operative societies which rendered services like artificial insemination, bookkeeping, farm implements and information services were also common. People were now increasing their disposable income by earnings from co-operative societies.

Like in Europe and America, co-operative societies are also common in Africa and Asia. Most of them were introduced by the colonial government especially for the white minority (Mubabiwa, 1989). The whites did this to strengthen their economic positions. In Kenya, there were large agricultural unions established on the Kenyan highlands in order to cater for white settlers in marketing their produce like coffee. This was done under the auspices of the Co-operative Society Ordinance of 1931, a government legislation that was to benefit the white settlers only (Bager, 1980). In the period after national independence, land reform in Kenya had been done using co-operative societies in decolonising the Kenyan highlands (Chimbgnadah 1981).
Therefore co-operative societies in the Kenyan post-independence era were formed to deal with poverty, unemployment and general inequality. In Tanzania, there was the popular Ujamaa village co-operative programme (Fearland and Jansen 1977), which has been criticised for failing to achieve its objectives. In Botswana Young Johns and Bottomley (1976), point out that marketing and consumer co-operative societies were still in their infancy stages of development. However, in Bangladesh, the Comilla programme of agriculture co-operative societies registered success (Amit, 1975). In Columbia, the potato co-operative societies were also uplifting the standards of co-operative society members (Ogden, 1985).

Co-operative farms are also common in Israel (Svannie kerk 1988). The Jewish immigrants were physically unsuitable for pioneer life. They were thus obliged to work together in order to survive. In 1924, a cooperative society named Heurat Ordium was established. This was formed with the aim of developing all economic ventures in Israel, because early man knew that if they combine their resources they would achieve their objectives.

In South Africa, the first co-operative movement was established in Pietermaritzberg in 1882 (Svanniekerk, 1988). It was a consumer co-operative society that formed in terms of the local Companies Act. This was followed by another one, the Natal National Co-operative Dairies Limited in 1900 that was established in the Natal Province. In the Cape Province, Hannon (1905) was the superintendent of agricultural co-operative societies because of the vast experience he had in Irish agricultural co-operative societies. The passing of the Act 43 of 1905 of South Africa provided funds for farmers which attracted more farmers to join co-operative societies. Up to today many co-
operative societies are still being formed in different sectors of the economy in South Africa with the aim of alleviating poverty.

In Zimbabwe, co-operative societies did not exist until in the 1950’s. Co-operative societies in the pre-independence era were part of a dualistic society and were fraught with racial oppression of the black majority by the white minority (Gwata, 1986). The first co-operative societies were agriculture co-operative societies which emerged in 1956, under the auspices of the Co-operative Agricultural Society Act (1956). Their main function was to market farm produce for the white settler farmers. By 1925 some of these co-operative societies had been transformed into companies registered under the Companies Act for example Colcom, Mashco and Farmers’ Co-op of Zimbabwe.

In 1956, the government enacted the Co-operative Societies Act No. 193 which enabled the formation, registration and co-operation of African Agricultural Supply and Marketing Societies. Most co-operative societies formed by blacks at that time were in African Purchase Areas but they appear to have had little influence on the economy. These co-operative societies were mostly seen as economic changes to appease growing mass discontent (Bager, 1981). However Chapter Three would give an overview of the co-operative sector in Zimbabwe.

2.3 REASONS FOR JOINING CO-OPERATIVE SOCIETIES

Davidmann (2010) points out that several reasons push people to join co-operative societies. He further points out that when people feel that they are being exploited and oppressed, they co-operate with each other to escape from poverty and to overcome exploitation and oppression. Co-operative societies have democratic control where
every member has the right to participate in decision making especially in matters which affect their lives. This is advantageous especially to women who have remained in the bottom strata of the society but practically, this might not be true for Zimbabwean co-operatives where leadership lack co-operative education since most of the leadership might end up imposing their ideas on co-operative members.

According to Buchanan (2010) co-operative societies act as a “School of democracy” due to their democratic member control. This includes the principle which calls for open membership. Everybody is free to join any co-operative society of his or her choice regardless of sex, race or religion. This source further revealed that co-operative societies facilitate upskilling and capacity building due to their principle of educating co-operative members, training and provision of information. This also lowers economic vulnerability due to risk pooling. Some of the reasons for joining co-operative societies revealed by this source were greater generation of ideas and debate due to existence of multiple owners. This helps members to share ideas. This also allows for greater input into policy dialogues due to their tendency to federate into larger bodies at national and international levels. It also adds that collective action can open up national and international markets as seen with many examples with fair trade market. Co-operative societies were also supported for lowering input and distribution costs due to greater economies of scale.

The Mondragon Co-operative Society (2010) points out that some people join co-operative societies to improve working conditions and quality of their lives. Another Canadian study compared similar co-operative and rental properties and found out that operating costs for co-operative housing were 12 percent lower than that of rental
properties. This study also found out that in New York City, 70 percent of the people who stay in Co-operative housing support it for being reasonable in costs. This makes housing affordable to the poor. At the same time co-operative societies do not sacrifice quality for affordability as has been supported by tenants who rated co-operative housing as the best on housing quality compared to other types of properties using factors like heat, water, plumbing, security, windows, cleanliness and electricity (Lewis and Higgins, 2004). They also found out that co-operative housing scored high on ratings of repair quality and management characteristics including quickness, durability, quality information availability and quality of employees. They also added that residents in Canada were extremely satisfied with their housing and living environments. Co-operative housing was found to provide certain social benefits along with affordable high quality housing. Findings from studies in rural Mid-West, New York City and Canada showed that co-operative societies could have a positive impact on crime, elimination of drug activities, resident capacity building career opportunities and other quality of life factors (Lewis and Higgins, 2004).

A study carried out by Lewis and Higgins (2004) on Housing Co-operative Societies in Canada and New York City revealed that cooperative societies take advantage of economies of scale in initial construction, operations and ongoing maintenance and rehabilitation. This helps to lower costs. They further revealed that they were the most affordable housing alternative when quality of housing in not considered. This concurs with the Canadian Mortgage and Housing Corporation’s study which compared various costs of its housing programmes and found out that operating costs for public housing were at least 50 percent higher than those of Co-operative Housing.
However, even though housing co-operatives in the developed world have been benefiting from economies of scale, and being advantageous to the poor, it might be difficult to compare with co-operatives in Zimbabwe where they are not business minded and just offer accommodation to co-operative members. Co-operatives in Zimbabwe lack the necessary resources and the government does not have the resources to give to co-operative members. Another aspect of democracy is not applicable in Zimbabwe where leaders could just decide to do anything without consulting their members.

Taimi (1997) also notes that one reason for joining co-operative societies as combating exploitation. He gives the example of micro-finance co-operative societies that lend money to their members at reasonable interest rates unlike in some financial institutions where they exploit the poor by charging very high interest rates. He further points out that it reduces disparities since all members were equal and all profits were shared equally among co-operative society members. The other benefits he observed include the improvement in social conditions of members and showing gender sensitivity in their management. This also helps to create a more just society with pronounced concern for environmental protection and sustainable process of development. This makes the co-operative businesses not to expand like other financial institutions which take the advantages of interest rates to expand their businesses hence making these societies fail to alleviate poverty.

Co-operative societies also support peace building initiatives in countries such as Bosnia and Rwanda (DFID, 2010). This is because they bring together people of different political views. They further point out that co-operative societies create more
equitable growth and could help make markets work better for the poor by generating economies of scale. Other reasons revealed were that they increase the poor’s access to information, improve bargaining power, reduce poverty and make poor people access financial services. This money lent to the poor helps to support enterprise start up and expansion. DFID (2010) further points out that those co-operative societies were the largest providers of micro-finance. They further point out that co-operative societies can provide opportunity for self determination and empowerment of the poor people. They make the poor have a voice and participate in a democratic process. Although co-operative societies may be able to bring peace by joining people with different political views, this might not be applicable in Zimbabwe where people with different political views can not work together.

DFID (2010) points out that agriculture co-operative societies help farmers get a better deal at various stages of production and distribution. He further observed that co-operative societies can better collectively negotiate for better prices for inputs, transport and storage facilities as well as expanding the poor’s access to markets. This can not work for co-operatives which are into production of cash crops which are controlled by the state for example the Grain Marketing Act, Chapter 15:02 of Zimbabwe.

HPZ (2002) in a study they carried out in Zimbabwe on housing co-operative societies, found out that some of the reasons for joining housing co-operative societies was because of the failure to get a house or a stand from local municipal authorities. Some people have been on the housing waiting list for a long time. Other reasons given were that co-operative societies provided a promise of affordable housing, access to building society or other funds such as company or donor funds easily. Some people
were sick and tired of living in single or tied accommodation, urban nomadism, need for freedom since some had been staying with relatives for a long time. They also found out that some members needed security in old age and that some members had seen successful housing co-operative societies thus they emulated them.

Bentul (2008) studying co-operative societies in Bangladesh, found out that they could be a powerful instrument to achieve the Millennium Development Goals (MDGs) of halving poverty by 2015. Some of the goals were to address income poverty which could be achieved through loans given to the poor by micro-finance co-operative societies. The other goal is to eradicate hunger and poverty which could also be achieved by increasing production from agricultural co-operative societies. Provision of education is another goal which could be achieved through the provision of co-operative education. Shelter could be provided through housing co-operative societies which could provide affordable housing for the poor. Gender exclusion could also be eradicated through joining co-operative societies which have a democratic control where everybody is free to join whether male or female. However, given the situation in Zimbabwe, it might be difficult to lend money to co-operative societies due to lack of collateral and ever rising interest rates due to hard economic environment. No institution of higher learning provides co-operative education in Zimbabwe thus no people are qualified to run these institutions and these societies do not even have financial resources to hire professionals from other countries.

Some of the reasons for joining co-operative societies can be explained through Maslow’s hierarchy of needs as illustrated Fig 2.3.
Maslow’s hierarchy of needs also explains some of the reasons for joining co-operative societies as illustrated in Fig 2.3 below.

**Hierarchy of needs**

![Hierarchy of needs diagram](image)

**Source: Greenberg Work place Democracy (1995)**

Maslow’s hierarchy of needs plays a very crucial role in explaining the reasons for joining co-operative societies. According to Maslow’s hierarchy of needs (1965) as supported by Greenberg (1995) if basic needs were not satisfied, people would try to find something to do to fulfill these unmet needs hence the need to join co-operative societies. According to him, there are five levels of needs which must be fulfilled in
every person’s life. It starts with the physiological needs like food, and shelter. These can be provided through joining housing and agriculture co-operative societies. Safety needs includes needs like insurance cover yet insurance can only be bought if one has the money to do so.

Thus if the poor join co-operative societies they would have extra funds to buy insurance covers. Social needs like the need for love can be provided through co-operative societies where the poor have the potential to participate in decision making. There is also democracy and love in co-operative societies since everybody is free to join whether rich or poor. Esteem and self-actualisation needs are the needs for self development and realising full potential. This cannot be achieved if physiological needs are not met which might motivate one to join co-operative activities in order to fulfill some of these needs. However, this hierarchy of needs might not be applicable due to hard economic conditions in Zimbabwe where people whom we think have reached self actualization have even failed to fulfill the basic needs like accommodation.

2.4 DISADVANTAGES OF JOINING CO-OPERATIVE SOCIETIES

According to Buchanan (2010) there were also some demerits of joining co-operative societies such as the possibility of conflict among members as revealed in a study by Van derWalt (2005) who studied co-operatives in the Limpopo Province of South Africa. This source further reveals that the decision making process is long since all members should be involved as is supported by the principle which calls for democratic control. Participation of members is also required for success. This also requires extensive record keeping yet some co-operative society members in the developing countries did
not go further with their education and due to the lack of competitive rewards for professionals to do record keeping for co-operative societies, this might lead to their eventual failure. The principle which calls for equal distribution of benefits discourages members to invest more since there is less incentive for investing additional capital. (ICA, 2005). This concurs with a report in the Sunday Mail of 13-19 December 2009 where members were in conflict and taking each other to court (see appendix xvi).

2.5 CHALLENGES FACED BY CO-OPERATIVE SOCIETIES

Gray (2002) in a study of agriculture co-operative societies in America, found out that they were facing a lot of challenges such as low commodity prices, clients failing to pay thus making accounts receivable difficult to realise, high transportation costs, drought resulting in poor quality produce, stiff competition from farmers and lack of participation by members leading to loss of loyalty.

This concurs with a study by Gray and Kraenzie (2002) studying co-operative societies in the United States of America (USA) who also found out that co-operative societies were facing certain challenges such as low commodity prices because of excess supply of agricultural products. The agricultural economy was facing a lot of challenges from cheap imports (The Herald of 6 August 2010 citing the GoZ’s up-lifting of a ban on imports of poultry products). Trade liberalisation means market forces determine demand and supply of products which was a major challenge to some co-operative societies which no longer enjoyed government protection. Some challenges revealed ranged from operational costs, costs of fertilisers, energy sources for example load
shedding which negatively affect dairy and poultry co-operative societies in Zimbabwe since electricity was needed for incubation and pumping water for watering livestock.

Weather changes was another significant challenge revealed since this affects productivity in agricultural co-operative societies (GoZ, 2010). Labour costs and poor earnings were other challenges that reduce profitability (Gray and Kraenzie, 2002).

Gray and Kraenzie (2002) also carrying out a study on 450 co-operative societies in Tanzania and Sri Lanka found out that co-operative societies lacked access to loan finance to help them expand their businesses since they lack collateral which is a prerequisite for one to access loans from financial institutions. They also revealed that co-operative societies in these countries lacked technical knowledge and access to new technology. They also lacked training in business and leadership skills since they did not have capital to train their members. Agricultural co-operative societies in these countries were also lacking access to markets beyond their locality and also lacked knowledge about opportunities for fair trade and over-regulation by the government. They also found out that there was poor corporate governance which led to lack of trust by co-operative society members in their own elected officials. Some of the problems they found out were low profit margins, stiff competition due to trade liberalisation, escalating costs of operation and transport problems especially in agricultural co-operative societies.

Civil wars and ethnic conflicts were causing major disruptions and destroyed infrastructure and social capital in Sri Lanka and Nepal (Gray and Kraenzie, 2002).
These problems may be similar to problems being faced by co-operative societies in Zimbabwe hence reducing their ability to alleviate poverty.

HPZ (2002) points out that co-operative societies in Zimbabwe were facing a lot of problems such as inadequate funding, deaths of many co-operative members because of HIV/AIDS yet the current co-operative by-laws do not have HIV/AIDS clauses which make inheritance difficult. HPZ further points out that those co-operative societies were losing their members due to loss of jobs by co-operative members for example Tichaedza Varombo co-operative society formed by employees from Cone Textiles lost 90 percent of its members (vakil, 1994). Difficult economic conditions for example inflation rate which reached more than 14000 percent CSO, 2008) were also mentioned as some of the reasons for low subscriptions by co-operative members. Shortage of building materials was also another challenge housing co-operative societies faced. Thus this study stands to find solutions to eradicate factors which lead to co-operative failure.

Thomas (2002) studying agriculture co-operative societies in Zimbabwe, points out that changing global and domestic world economy was having a negative impact on co-operative societies. He further points out that over-production, increased imports and low farm prices have folded many co-operative farming businesses. The lack of participation in decision making by co-operative members, low profit margins, increased operational costs, for example high transport costs were also mentioned as some of the challenges co-operative societies were facing (Thomas, 2002). The Ministry of Youth Development and Employment Creation (MYDEC,2003) adds that some of the challenges co-operative societies were facing were regulatory constraints, poor
vocational and managerial skills among co-operators and delays by contractors in constructing houses for co-operative society members. This shows that most co-operative societies were facing similar problems which could be solved through sound research.

Taimi (1997) reveals that some of the challenges faced by co-operative societies in Asia include crisis of capital, the lack of credibility, management crisis, rapid globalisation and formation of trading blocs. These were challenges since co-operative societies had to cope with pressure. Trade agreements need co-operative societies to meet with certain requirements for example the law on “Local Content” which forces exports to have a certain percentage of local raw materials in order to determine the origin of these goods (Customs and Excise Act 23:02). This shows that co-operative societies were also being affected by globalization, hence decreasing their ability to alleviate poverty. The problems they were facing were also similar hence defeating their role to alleviate poverty.

DFID (2010) also reveals several challenges faced by micro-finance co-operative societies such as poor management, low levels of supervision especially of those people to whom they lend funds and political interference since co-operative societies were being used as short-term political tools. This disturbed the activities of micro-finance co-operative societies yet they have a potential to provide services to people far beyond the reach of current formal banks and even provide low cost services than their counterparts. They further point out that the main challenge facing these co-operative societies was over-control and regulation by the government. Thus this study would suggest the extend to which the government can be involved in co-operative activities.
2.6 PRINCIPLES GOVERNING CO-OPERATIVE ORGANISATIONS

Taimi (1997) distinguishes a co-operative organisation from other businesses because of their voluntary and democratic character whereby every co-operative society member has a legal right to participate in decision making. This is unlike in other businesses where not everybody is free to participate in decision making. The participatory nature of co-operative societies and above all their commitment to high ethical standards of honesty, openness and caring for others in its dealings and activities often help to make co-operative societies achieve their objectives of poverty alleviation amongst the members of the co-operative societies. This might not be true for co-operative societies in Zimbabwe where leadership has been accused for corruption and not being honest. (see appendix xvii).

Dooren (1982) defines a co-operative society as an economic organisation with specific objectives such as increasing production and facilitating the sale of co-operative society’s produce. This is typical of agriculture co-operative societies nowadays.

He further notes that some of the characteristics of co-operative societies include:

(a) bringing together of people with same economic objectives. This is because people first realise that there is a common need to be fulfilled especially by the urban poor;

(b) membership of a co-operative society being open to all in the community as long as they fulfill certain conditions;

(c) profit is divided equally among members. The promotes the co-operative value of equality (ICA, 1992);
(d) directed co-operative efforts towards providing the members with goods and services at cost, thus eliminating the unnecessary large profit of middle men. However this has come under criticism since co-operative societies still need financial resources and profits to expand their activities;

(e) personal responsibility is a primary characteristic of a co-operative society. All co-operative society members are owners thus it is their responsibility to see to it that the co-operative society does not collapse;

(f) a co-operative society is a special form of combination of a social unit and a business enterprise; and

(g) the overriding principles of a co-operative society are those of voluntariness and equality.

This eliminates other forms of poverty which is lack of participation in decision making especially by women who have been left in the bottom strata of the society.

However this might contribute to co-operative failure since the principle of equality is difficult to practice given the political environment in Zimbabwe and the fact that it's a social unit brings criticism of the co-operative societies of not being business minded especially in countries like Zimbabwe where they are failing to achieve their objective of poverty alleviation.
2.7 FACTORS LEADING TO FAILURE OF CO-OPERATIVE SOCIETIES AS INSTRUMENTS FOR POVERTY ALLEVIATION

Van derWalt (2005) carried out a case study of co-operative societies in the Limpopo Province of South Africa and found out that in this region, co-operative societies were failing due to poor management, lack of training, conflict among co-operative members, lack of funds, lack of understanding by co-operative members about the role of the management committee, failure of co-operative societies to involve members in policy decision making, inability of members to dismiss members due to inefficient management and failure of co-operative societies to compete with other businesses.

Other reasons pointed out for failure of co-operative societies were the inability of co-operative societies to keep adequate stocks of farming inputs, subsistence nature of agriculture; lack of education; and autocratic leadership style where decisions were often taken without member participation or consultation. Some co-operative societies in the Limpopo Province of South Africa even failed to provide transport for delivery of members’ purchases leading to members also failing to identify with their co-operative societies. This might apply to co-operative societies in Zimbabwe since the environments are similar.

In addition, failure to follow co-operative principles and values (ICA, 2005) for example, the one which calls for continuous education of members and also the ethical values of caring for others were the main reasons for failure. Violation of the principle which calls for democratic control where every member should be involved in decision making on matters concerning co-operative affairs greatly contributed to the failure. Lack of ethical
values in co-operative societies might also be another reason for failure of co-operatives since members do not have enough education to understand the ethical values which are written in English language yet some co-operative members might not understand the English language.

Evidence points out that mixing politics and co-operative work had a negative impact on the performance of co-operative societies as revealed in a case study by Vakil (1994) on Kugarika Kushinga Housing Co-operative Society in Harare, Zimbabwe which collapsed because some members of the co-operative society had strong political motives and were supporters of the major political party, Zanu PF. They thought co-operative societies were a political activity. Co-operative societies were then used as a platform for gaining support from the masses.

Chimbagandah (1981) adds that governments of the developing world use co-operative societies in the context of political parties as a method of mobilising the masses and conscientising them. ICA (1992) agrees with Chimbagandah (1981) when it points out that co-operative societies could not be neutral on political issues since there was no separation between co-operative activities and political issues. In Tanzania, a government white paper (1966) states that “co-operative societies by their nature and role they play in the economic life of the nations could not be isolated from political life.

Bakaramutswa (1980) also points out that co-operative societies were initiated by politicians through “people brought together who were not convinced of what they should do”, yet Co-operative Alliance Article 2, states that “alliance does not interfere with politics or religion”. Bottomley (1987) also points out that increasing government
and political influence or intervention tended to gradually transform agricultural co-operative societies into mere elements of a centrally controlled economic system.

In Northern Africa, co-operative policies have been associated with the need to redistribute land. In Tunisia, Zimbabwe and Kenya, the very concept of land reform has been conceived of as being related to agricultural co-operative societies.

According to the Co-operative Council (1996) in many developing countries the marketing of cash crops is subject to strict government regulations. State monopolies (parastatals), buying agencies’ prices negatively affect agricultural co-operative societies. The Co-operative Council (1996) further testifies that state sponsored co-operative societies tend to become an administrative structure for execution of government programmes rather than promotion of the interest of their members. The Co-operative Societies Act Chapter 24:05 of Zimbabwe (1996) gives excessive power to the Registrar of Co-operatives and leaves co-operative societies with almost no power.

The Kenya Creameries Co-operative (KCC) was founded in 1925 during the British occupation of Kenya by the white dairy farmers. After independence, blacks replaced the white dairy farmers. This co-operative society faced problems because the board of directors failed to implement one of the co-operative principles of educating their members on co-operative issues. As a result the dairy farmer members thought it was an entirely new political system in which people voted for leadership. This leadership then had authority to run things as they saw fit without any input from those who elected them into power thus undermining the co-operative principle which calls for democratic
control. This study also explores whether there is any effect if a foreign language is used to write the principles rather than a local language.

Given the situation in Zimbabwe, where co-operatives are controlled by the government through the registrar of co-operatives, it might be difficult not to mix co-operative activities with politics hence leading to their failure.

Saul (1971) studying co-operative societies in Tanzania found out that on attaining independence, the Tanzanian government embarked on a programme of promoting housing co-operative societies. These have been unsuccessful because those who were chosen to run the co-operative societies lacked co-operative training and quite a number of these have either seen jail sentences because of misappropriation of funds as pointed out by Apthorpe (1972). Lewis (1981) points out that co-operative members lack sufficient knowledge on co-operative principles. He further points out that members of co-operative societies in developing countries were not knowledgeable about their rights, duties and responsibilities which have often led to conflicts and misuse of power as evidenced by a study carried out by Chimedza (1984) on savings clubs in Zimbabwe. The first savings club failed because of lack of education of members and misuse of donor funds. The government then took control of co-operative activities through the Registrar of Co-operatives. The lack of education and knowledge of co-operative societies also led to the folding of the first consumer co-operative society in England in 1830. The co-operative society members also excessively used credit facilities forgetting that co-operative societies should be operated like any other business. This forced the Rochdale Co-operative Society in England to trade on cash basis.
Svanniekerk (1988) doing a survey of co-operative societies in developing countries investigated the reasons for co-operative society failure in these countries. The major reason noted was the scarcity of academically qualified persons with the necessary management experience. The study also observed that in most developing countries there were no colleges or universities which offered co-operative training. Co-operative societies in these countries were not affiliated to the international bodies like the ICA so as to tap benefits which come with membership of such bodies.

On the other hand, where qualified management was available, co-operative societies were unable to pay them a competitive remuneration which forced them to join trade unions to fight for their rights (Svanniekerk, 1988). He further found out that capital resources were also inadequate as most co-operative societies in developing countries lack government support in the form of loans which might be the case in Zimbabwe.

Disloyalty of members due to disgruntlement caused by unsatisfactory monetary benefits was also pointed out as one of the reasons for high turnover of membership in co-operative societies. Corruption and one man control where members were not given opportunity to communicate their views were sighted as other reasons for failure. Co-operative societies established by government leaders and politicians during the time when they just wanted votes from the urban poor fell into the failure trap (Chimbgandah, 1981).

This concurs with what Van derWalt (2005) found out about co-operative societies in the Limpopo Province of South Africa as described earlier on. Worsley (1975) concurs with Chimbgandah (1981) when he points out that those co-operative societies often fail to
live up to their expectations. Some were empty shells ignored by their supposed beneficiaries whilst others were simply arms of government bureaucracy and yet others were plundered by local elites giving few if any benefits to those who need them. Many co-operative societies in the developing countries have members who were uninformed about the nature of co-operative activities and how they are supposed to perform their functions. This might be case with co-operatives in Zimbabwe where leadership might be selected in terms of political affiliation as this study stands to prove.

2.8 FACTORS LEADING TO THE SUCCESS OF CO-OPERATIVE SOCIETIES AS INSTRUMENTS FOR POVERTY ALLEVIATION

There are some co-operative societies which have been successful through proper application of co-operative principles. Siole and Zacharuk (2009) carried out a case study of the Nelson British Columbia Housing Co-operative Society in Canada. They found out that this Housing Co-operative Society has so far provided housing to more than 90 000 people at affordable rates besides giving opportunity to the poor and single parents to accumulate savings. This housing co-operative society was successfully competing against private property developers. Contracts awarded to individuals skilled in construction work provided employment opportunities.

Anderson (2007) points out that the Housing Federation of Canada (HFC) has a network of over 9 000 co-operative societies which employed over 15 500 employees thus proving that co-operative societies can be used as a tool to alleviate poverty through employment creation.
Several factors have contributed to the success of the HFC Co-operative Society. There were clearly defined tasks—a factor that helps to eliminate confusion among co-operative members. Co-operative education has been provided to all co-operative members. Thus members know the role of co-operative societies and what is expected of them. This Co-operative Society made sure that proper financial records were kept by the co-operative treasurer. Since all work was voluntary, active members were recognised at the general meeting by being awarded prizes and being encouraged to participate in decision making.

Hardiman and Midgley (1982) assert that housing co-operative societies have been most successful in Western Europe where they have enjoyed government support in the form of loans, tax exemptions and other benefits. In some European countries, specialised government agencies were established in order to ensure the sound administrative management of the affairs of established housing co-operative societies and assist to prevent abuse of members’ funds. The state also provides supporting legislation, financial and technical assistance, subsidies and other incentives.

Cakin (1991) notes the vital role played by the government of Turkey in the development of housing co-operative societies which involved establishing the Housing Credit Bank that gave credit to housing co-operative societies. In 1969, a new Co-operative Bill was introduced to create opportunities for housing co-operative societies to purchase land cheaply. Subsequently in 1989, the government passed the Mass Housing Bill that encouraged the use of public housing fund to promote housing co-operative societies. This has made housing co-operative societies in this country successful because of the massive financial support they receive from the fiscus.
In Denmark, Sweden and Norway, Gurh (1983) found out that there were highly developed and widespread housing co-operative networks. These have provided houses to more than one million people and enjoy a lot of government support in the form of cheap capital, technical assistance and audit of their books. Chitereka (1997) found out that the most celebrated housing co-operative society in Sweden is the Riksbygen which promoted co-operative ideas through its own activities. This Co-operative Society has over 3000 employees who manage its affairs in 26 districts thus supporting the idea that co-operative societies help to create employment.

Similar housing co-operative societies established in developing countries like Brazil, Chile, India, Tanzania, Lesotho and Kenya have been established with very little if any government support which has caused some of these housing co-operative societies to fail to successfully take off. Grimes (1976) asserts that one of the main problems in developing countries is that many housing co-operative societies were too ambitious as is evidenced by their engaging in relatively expensive forms of house construction and hence defaulting was not uncommon. There is also poor management and financial control which has caused ineffectiveness of co-operative societies especially in Africa and the Middle East (UN, 1994).

Dooren (1982) studying co-operative societies in England found out that the first successful co-operative society formed in England, Rochdale was successful because of the following factors:

(a) they contributed equally to start up the co-operative society. This helped to make everybody feel responsible. This made everybody have an equal say in matters which
affect their co-operative society hence supporting the co-operative principle which calls for democratic control;

(b) they sold quality goods. This was important for this co-operative society to be successful since co-operative societies should compete with other businesses both in the private and public sectors. Although they sold their goods at reasonable prices and there was no compromising on quality;

(c) they gave fair weight and measure and sold their goods at going retail rates. This helped to retain customers. Most businesses were losing their customers due to dishonest;

(d) they also traded on cash basis only since the first co-operative society in England failed because members had bought too much on credit; and

(e) dividends were shared equally among members and all savings were put in the savings account held by the co-operative society which is the same with micro-finance or savings co-operative societies nowadays. Sharing motivates members to work hard. This shows equality among members whether male or female.

In Kenya, Enrique’s (1986) study found out that housing co-operative societies in that country had been successful due to financial and technical assistance provided by the government through the National Housing Co-operative Fund, the Housing Finance of Kenya and the Bank of Kenya. The most celebrated housing co-operative society is the Dandora housing co-operative society in Nairobi which has managed to build and provide low-cost housing to many low-income earners. This project has also received a lot of government support. Kenya, re-established the Ministry of Co-operative
Development and Marketing which was given the responsibility of promotion, growth and development of the co-operative sector since many co-operative societies were collapsing due to mismanagement, anarchy, leadership wrangles because of the inadequacies of the Co-operative Societies Act of 1997. This has helped in increasing wealth and employment creation. Muriuki (2009) points out that 63 percent of Kenyan population depends on co-operative related activities for their livelihoods. This sector has mobilised 105 billion Kenyan shillings in savings which translates to 31 percent of national savings. Major legal and policy reforms undertaken by the government have enhanced the co-operative activities. Co-operative societies now elect leaders of their choice not those imposed by the government. This has made Kenya to have the most developed co-operative sector among the developing countries.

Dorner (1977) carried out a study on agriculture co-operative societies in Japan using the case study method and found out that these co-operative societies have been successful in transplanting rice. He further points out that they have been successful because they have been promoted by farmers themselves without interference from the government as was the case of the Ujamaa villages in Tanzania that were formed by the Tanzanian government to promote agriculture. These failed because there was too much interference by the government.

Thabo (2008) carried out a case study of agriculture co-operative societies in Swayimane in South Africa, which supply vegetables to Spar supermarkets and has contributed towards putting food on their tables, economic growth and prosperity of the country. These co-operative societies have also provided entrepreneurial skills, training and development to individuals. These co-operative societies were also selling products
at affordable rates to the urban poor. In addition the co-operative societies have educated people with disabilities in practices of group self-determination through producing vegetables. Collins (2008) points out that co-operative societies benefit small scale farmers who could otherwise be excluded from value adding opportunities and discerning markets and also reducing transaction costs through co-operative activities. These co-operatives have been successful because they were started due to members’ initiatives and not imposed by government.

Ortmann and King (2007) carried out a similar case study on small-scale farmers who pooled their resources to form co-operative societies in South Africa. Farmers in the KwaZulu Natal Province of South Africa were doing very well because of government support through subsidised interest rates, tax concessions and price supports. These co-operative societies have served commercial agriculture as suppliers of inputs such as seed, fertiliser and chemicals to farmers. The government of South Africa also introduced a new Co-operative Act No. 14 of 2005 that is based on the International Co-operative Principles. Small –scale farmers in South Africa have limited access to factors of production, credit, information and markets. They are also exposed to huge transaction costs and have inadequate property rights. All this has been solved through formation of co-operative societies.

Charudhary (2007) carried out a case study of a 58- year old consumer co-operative society in Mumbai, India called the Bazar. This co-operative has 67 outlets, 8 departmental stores, 7 supermarkets, 24 food stores, 4 exclusive medical stores and 24 franchises. This co-operative society also specialises in procurement of agricultural produce including dairy procurement and processing as well as exports. This co-
operative society has also won large contracts for institutional supplies to various government and corporate bodies through competitive bidding. This co-operative society’s success has been attributed to the non-interference by the government of India. They introduced an informal committee of elders consisting of ex-office bearers and renowned socialist leaders who vet and nominate the panel of the committee which runs the affairs of the co-operative society. The board of elders also watches over affairs of the Bazar and also acts as a grievance redress body in cases of serious disputes. Monthly meetings were held with key managers so that they kept an eye on the operations of the co-operative society. Stock takes were done every six months to plug incidences of pilferage. Employees were also allowed to join trade unions in case of salary grievances.

Jaffin (2007) carried out a case study of micro-finance co-operative societies in Nepal. The findings were that micro-finance co-operative societies accounted for 56% of micro-finance loans. He further points out those micro-finance co-operative societies play a significant role when mobilising savings deposits. In the central region, micro-finance co-operative societies accounted for 79 percent of all deposits that were mobilised by regulated micro-finance institutions (Jaffin, 2007). He also reveals that in 2005 alone, twenty regulated micro-finance co-operative societies had 180 000 depositors and 28 000 borrowers which saw an upliftment of people out of poverty.

Oyeye (2009) points out that in Latin America, savings and credit co-operative societies (SACCOs) were very successful. He further points out that in Bolivia (SACCO), has helped a poultry producer co-operative society in Cochabamba that produces 60 percent of the country’s chickens and 30 percent of its eggs. In India, according to
Oyeye (2009) micro-finance co-operative societies also played a major role in supporting the green revolution. Over 900 000 such SACCOs exist and they supply 34 percent of fertiliser inputs to farmers in India who could otherwise not afford to buy inputs. He also reveals that Anand SACCOs movement is the largest producer of dairy products, comprising of over 57 000 dairy co-operative societies who receive payments through the SACCO which has more than 6 million members. Manual (2007) points out that those co-operative societies in Latin America, Germany, Australia, United Kingdom, United States of America, India, and Brazil have been successful because of supportive government policies and pre-co-operative education.

Oyeye (2009) carried out a case study of savings and credit co-operative societies in South Africa and found out that micro-finance co-operative societies have enabled savers to acquire the capacity to build low-cost, yet high quality housing units and to buy vital household items as well as put their children through affordable school systems. He also points out that micro projects like restaurants, taxis, salons and kiosks have been started from loans taken by members of SACCOs and some members have invested some of their loans in agricultural development, thereby increasing productivity in the agricultural sector and enhancing food security. In Tunisia, for example, 60 percent of milk was marketed and payments were made through SACCOs.

However Oyeye (2007) laments that:

In as much as I appreciate the social benefits that the South African government grants to its disadvantaged citizens, too much reliance on hand-outs and the attitude of dependence should be discouraged in the society. Even where the individuals could mobilise themselves and produce goods and services or where the
individuals could come together, work together and save. The motivation to do that is not present. The remedy is to identify opinion leaders, in this case co-operative management, in our society and let them travel outside this country to see what other people have done for themselves.

This shows that it was difficult for the poor to pool their financial resources together and start income generating projects to uplift themselves out of poverty. Oyeye (2007) recommends that a culture of saving should be cultivated among South Africans by introducing a co-operative curriculum which should be developed and taught at all levels of the school system. He further points out that formation of savings and credit co-operative societies should be encouraged at all work places. Kenya has introduced co-operative training in schools which has resulted in the high development of the co-operative network system.

Ngwevebu (2008) points out that in South Africa, SACCOs’ financial base is weak and over- dependence on donor funding. He further points out that one of the goals of SACCO is to increase membership from 15000 to 30000 by year 2010. The Co-operative Banks Act no.40 of 2007 was passed by government with the aim of protecting members’ deposits. This showed that the government sought to promote and advance the social and economic welfare of South Africans by enhancing access to banking services under sound and sustainable Co-operative Banks.

All the above cases of successful co-operatives have because of government support through financial, capital and technical assistance which might be difficult for Zimbabwean Co-operative Societies because the government is facing hard economic conditions which makes it difficult to give resources to co-operative organizations.
2.9 CO-OPERATIVE VALUES. (ICA, 1992)

The ICA (1992) reveals that co-operative societies were based on values of self-help which meant that the poor should help themselves out of poverty by pooling together their resources. Democracy, equality, equity and solidarity mean everybody is free to participate in decision making which was one area where the poor were marginalised (Lodhia, 2009). The poor should have a right to participate in matters which concern their lives.

Co-operative societies also believe in ethical values of honesty, openness, social responsibility and caring for others. According to previous studies by Van derWalt (2005) co-operative societies in the Limpopo Region of South Africa were failing due to corruption and theft. This showed that honesty and caring for others were values that were lacking. ICA (1992) points out that values which seem to receive more attention than others among the basic ideas were equality, democracy and equity. These might be interpreted as personal qualities. They can also be identified as co-operative spirit and co-operative culture for co-operative organisations. As highlighted earlier on, co-operative societies had failed due to lack of honesty on the part of their respective management committees as well as general membership. This might also apply to co-operatives in Zimbabwe where leadership has faced jail terms because of dishonesty for example the case of bogus housing co-operatives in Zimbabwe which were duping the desperate (Sunday Mail 29 Semptember 2010) see Appendix xvii. The ICA is also based in Europe and it might be difficult for them to be a body formed by co-operative societies from different environments whose success factors might be different and
this might mean forming a society for co-operatives in the developing world as this study stands find out.

2.10 GENDER AND CO-OPERATIVE ACTIVITIES

Studies carried out by Princen and Finger (1994) found out that the population of Africa by 1994 was 697,465 million people and half of that population was women. Most women were into poultry farming. However a study by FAO (1995) revealed that women’s participation in co-operative activities was generally low in developing countries because of their culture which makes it difficult for women to speak in front of men. This might also be the case with Zimbabwean women who are tied up in other house-hold chores thus making it difficult to attend to co-operative activities.

This study also points out high level of illiteracy in women, inferior abilities, social pressures for women to play an active and visible role in public and men’s resistance to women’s participation all contribute to keep women out of co-operative activities. This is supported by Lodhia (2009) who points out that in Asian and Pacific countries there was gender inequality in terms of participation by women in leadership of co-operative activities. This was attributed to lack of time on the part of women and also that there were also no child care facilities at venues where women hold meetings. Most women were absent from meetings thus making it difficult to influence decisions (ICA, 2009).

FAO (1995) points out that mostly women were elected to the post of treasurer because of honesty and dedication. Bauch in Rakodi (1998) argues that national household sample surveys may not identify women as a poor group but if deprivation includes social subordination, reduced life chances and excessive workloads since
specific categories of the poor women are undoubtedly deprived. This approach casts the poor as passive victims. This concurs with Wasserstrom (1985) who points out that specialists have recognised that women in developing countries often face unique difficulties of isolation and powerlessness thus joining co-operative societies where everybody is free to participate in decision making might eradicate this problem.

This is proved by Chimedza’s 1984 study on savings clubs which had women elected to the position of treasurer and chairmanship was for men. This is the situation in Zimbabwe where they think women can not afford to make decisions yet there are women who are very capable of providing leadership which might bring success to co-operative organizations.

2.11 ROLE OF CO-OPERATIVE SOCIETIES IN POVERTY ALLEVIATION

Dooren (1986) studying agricultural co-operative societies in Germany found out that the founders were poor people who were ill-nourished and ill-equipped to till their land productively. These co-operative societies gave small farmers advances to till their land since they could not access loans from financial institutions because they were poor and could not afford collateral which concurs with findings from MYDEC (2003) which reveals that a million people’s lives in Zimbabwe are dependent on co-operative activities. They also point out that co-operative societies provide employment for many people thus alleviating poverty. However lack of statistics has made it difficult to calculate contribution of co-operative societies to the gross domestic product (GDP). This Ministry also reported that by July (2003) Co-operative Savings and Credit Co-operative Societies mobilised savings in excess of $675 million from a share capital
base of $40 million Zimbabwean dollars. This money was circulating among members to meet their socio-economic base which proves that if managed properly co-operatives have a potential to alleviate poverty. This shows the ability of co-operative societies to alleviate poverty.

The Ministry of Business, Enterprise and Co-operatives in the Republic of Mauritius (2009) points out that co-operative societies in this country contributed more than 12 percent in the national sugar production and account for more than 60 percent of national production in the food crop sector whilst the Co-operative Bus Sector provides 37 percent of national bus transport services. This shows that co-operative societies have a potential of alleviating poverty which this study wants to prove. This Ministry also adds that co-operative societies were an important means to empower the least privileged persons, give economic security, provide acceptable standard of living and better the quality of life of co-operative society members which concurs with the findings from DFID (2010) which points out that a co-operative society can be a significant economic player that contributes to sustained economic growth as they revealed that the Co-operative Bank in Kenya reported a turnover of 750 million pounds. They further point out that co-operative societies create jobs for over 100 million people globally and help make markets work better for the poor by turning marginal informal sector activities into viable livelihoods.

A recent study by the International Monetary Fund found out that co-operative banks were more stable than commercial banks and that they benefit the poor people by making their views to be heard and offer firsthand experience of democratic process. This might be true for co-operative banks in other countries which enjoy a lot of
government support unlike in Zimbabwe where it is even difficult to establish such type of banks because of difficult legislation requirements and the hard economic environments where all financial institutions are struggling.

DFID (2010) reveals that co-operative societies contribute to the Gross Domestic Product (GDP) for example in Vietnam they contribute 9 percent of the GDP whilst in Kenya they contribute 45 percent. They further reveal that in India dairy co-operative societies had a turn- over of 750 million pounds in the year 2008-9 and sales growth of 27 percent. This might be difficult to establish contribution of co-operative societies to the GDP due to lack of statistics from the CSO. According to the CSO (2008), it was difficult to give correct statistics due to lack of financial resources when the hyper-inflation reached more than 14000 percent thus making it difficult for this academic debate to prove that co-operatives have a potential to alleviate poverty.

2.12 IMPORTANCE OF ASSETS IN CO-OPERATIVE DEVELOPMENT

In the Sustainable Livelihoods Framework, Rakodi (2002) points out that there is need to recognise that the poor may not have cash or other savings but they have other materials or non-material assets for example health, labor, knowledge and skills, friends and family and natural resources around them. Thus there is need to understand these as assets so as to get ways of helping the poor.

2.12.1 Physical Capital

This includes basic infrastructure for example transport, shelter, water, energy, communications and the production equipment which enable the poor to pursue their livelihoods. Land is very important, especially serviced land, because it promotes the
construction of houses for co-operative society members. Other physical assets include infrastructure like well developed roads which are also necessary to enable farming co-operative societies to transport their goods to and from the markets. Shelter as a physical asset can be accessed by the poor who cannot afford to buy houses from the property market through co-operative societies. Water, energy, communication and production equipment enable co-operative society members to pursue their livelihoods.

2.12.2 Financial Capital

The financial resources include savings which are necessary for the survival of micro-finance co-operative societies. This also includes credit, remittances and pensions which provide the poor with different livelihood options. This is very necessary if co-operative activities have to be successful. This enables the urban poor to have livelihood options since urban economies are highly monetised and access to a highly monetary income is essential for survival. Lack of financial services suitable for poor urban households constraints their ability to save and obtain credit thus the need to form micro- finance co-operative societies.

2.12.3 Policies, Institutions and Processes.

Policies, institutions and processes include government policies and laws and rules which affect how the poor access assets. The government sets co-operative policy which has a direct impact on co-operative development. Policies should create a conducive environment for co-operative development. This also influences the poor's participation in decision making and claiming of resources needed to promote co-operative work.
2.12.4 Social and Political Capital

Social resources includes networks, membership of groups through joining co-operative societies, relationships of trust and reciprocity and access to wider institutions of society on which people draw in pursuit of livelihoods. Co-operative societies should network with other societies like the ICA in order to benefit from the expertise imparted on them by such big organisations.

Social resources are very important since they involve social networking with other group members. They involve the formation of co-operative societies, self help groups, associations and linkage with customers and suppliers. This is very important if co-operative societies join other boards like the ICA which is part of social capital they can tap into for their invaluable knowledge and expertise. The political capital is very essential in co-operative development since this has a direct impact on co-operative development. This study has witnessed the collapse of many co-operative societies due to political interference as is evidenced by the findings of a study by Vakil (1994) of Kugarika Kushinga Housing Co-operative in Mabvuku, Harare.

2.12.5 Human Capital

This should consider the quantitative and qualitative dimensions. The quantitative refers to household members and time available to engage in income generating activities such as co-operative activities whilst the qualitative aspect aspects refer to levels of education skills and health status since the level of co-operative education received affects the application of co-operative principles which has made some co-operative
societies successful in Europe and America for example a study by Chitereka (1997) on housing co-operative societies in Sweden.

2.12.6 Natural Capital

Carney in Rakodi (1998) points out that natural resources include land, water and other environmental resources especially common pool resources. These resources are necessary for the survival of co-operative societies. Water for example is needed by dairy farmers to water their cattle and grass in order to increase milk production. Land is needed by both agriculture and housing co-operative societies. Although the above mentioned assets are very important for the survival of co-operative societies, it might be difficult for co-operative societies in Zimbabwe given the economic situation which might make it difficult to attain these assets.

2.13 CONCLUSION

This chapter sought to place the study within a context of available literature by showing the gaps that it is filling as well as the strengths of the available literature. This chapter also attempted to bring light on the impact of co-operative societies on poverty alleviation among the urban poor in Zimbabwe. Some important concepts to be utilised in the study have been clarified.

The theoretical frameworks underpinning this study have been given. Four contrasting theories were closely examined in this research study in order to find out the impact of co-operative societies on poverty alleviation. The study further reviewed some case studies of co-operative societies which have been successful and those which have failed to alleviate poverty. It is therefore argued that co-operative societies have a
potential of alleviating poverty if managed well. The next chapter would give an overview of the co-operative sector in Zimbabwe.
CHAPTER THREE

HISTORICAL DEVELOPMENT OF THE CO-OPERATIVE SECTOR IN ZIMBABWE

3.0 INTRODUCTION
This chapter gives a general overview of the co-operative sector in Zimbabwe. Co-operative societies in Zimbabwe have been operating under hard economic conditions. The introduction of ESAP (1991-1993) was a major drawback to co-operative societies. The government was forced to cut its social expenditure which meant there was no more help in the form of loans, free subsidies or agricultural extension services for co-operative societies. This was worsened by the inflationary environment with the inflation rate reaching an alarming rate of over 14000 percent (CSO, 2008) which negatively impacted on co-operative societies’ activities hence making it imperative for this study to evaluate the impact of co-operative societies on poverty alleviation among the urban poor in Zimbabwe under this hard economic environment.

All the trends taken by the co-operative sector were identified and are discussed in detail in the paragraphs that follow.

3.1 GENERAL OVERVIEW OF THE CO-OPERATIVE SECTOR IN ZIMBABWE

The institution of co-operative endeavors is not a novel phenomenon to the majority of Zimbabwe as it is engrained in African traditional custom. People would organise themselves to co-operatively perform identified tasks such as the ploughing and weeding of fields as well as hunting. At the highest level, this manifested itself in form of “Zunde raMambo” to cultivate a field usually of grain crops, for the purposes of building
strategic grain reserves under the oversight of the chief. The above practices persist to this day particularly in Zimbabwe’s communal lands and villagised A1 Resettlement Schemes established after 1980.

Duly registered co-operative societies did not exist until in the 1950’s. The first co-operative societies were agriculture co-operative societies which emerged in 1956, under the auspices of the Co-operative Agricultural Society Act (1956). Their main function was to market farm produce for the white settler commercial farmers. By 1956 some of these co-operative societies had been transformed into companies registered under the Companies Act for example Colcom, Mashco and Farmers’ Co-op of Zimbabwe.

In 1956, the government enacted the Co-operative Societies Act no. 193 which enabled the formation, registration and co-operation of African Agricultural Supply and Marketing Societies. Most co-operative societies formed by blacks at that time were in African Purchase areas but these had little influence on the national economy. These co-operative societies were mostly seen as economic changes to appease growing mass discontent (Bager, 1981).

At Zimbabwe's independence in 1980, the new government with its socialist ideology supported formation of co-operative societies. In this study, the development of post-independence co-operative sector in Zimbabwe is divided into three phases. The first phase is from 1980-1991 which was termed the socialist era. This was used as part of the demobilisation strategy of the former liberation combatants from the liberation movements of ZIPRA and ZANLA forces who were encouraged to form co-operative
societies during this period. The government of Zimbabwe established the Department of Co-operatives in the Ministry of Lands Resettlements and Rural Development because most co-operative societies formed at independence were agricultural co-operative societies. They were viewed as a way of redistributing land which was in the hands of the minority few and was the main reason for the liberation struggle. In 1989, the department was merged with the Community Development Department to form the Ministry of Co-operatives and Community Development.

During this era co-operative societies mushroomed in all sectors, including building brigades, garment making (school uniforms), bakeries in rural areas, grocery shops and transport. Fishing co-operative societies were also set up for example kapenta fishing in Kariba and fishing co-operative societies at Lake Chivero and Lake Manyame in Harare (Ministry of Small and Medium Enterprises and Co-operative Development (MSMECD, 2009). Co-o-operative societies during this first phase were also used as part of the land redistribution programme with 99 farms under the model B co-operative commercial farming model alongside the model A resettlement which was for individual families. Interestingly all these farms were later subdivided into plots in the late 1990’s (Moyo et al, 2008).

In 1980, 376 co-operative societies were registered and the number increased to 1506 by 1985 (Mashonganyika, 2008). The number of registered co-operative societies further increased to 1800 by 1987, according to http:www.mydjec.gov.zw/policy-coops.htm-accessed 28/08/2008. The main reason was that the government wanted to transform the country’s socio-economic base to promote the government’s socialist ideology.
In 1986, the government realised that they had put too much emphasis on agricultural co-operative societies and then shifted to non-agricultural sectors. The Five-Year National Development Plan 1986-90, Volume11, stipulates provisions in the graduating of projects from pre-co-operative to co-operative status. Emphasis in this area was placed on food processing co-operative societies, marketing, transport ventures, construction, insurance and real estate, micro- finance services and mining. Arts and craft is also one other area where many people were actively participating although this sector had been neglected in the past. Examples in this sector include wood carving, iron carving, stone carving, basket weaving, mat weaving and cloth dyeing. Stone carving in Zimbabwe is known to be the best in the world where Zimbabwe has outstanding artists like Benhura.

Co-operative enterprises in the manufacturing sector include welding, carpentry and bakeries. Most people who had been retrenched during ESAP in 1991, especially from the furniture manufacturing industry joined co-operative societies in this sector. They have been doing very well and have been supplying furniture to large furniture shops in Zimbabwe. Furniture manufacturers include Spring Cabinet which supplies furniture to shops like Bradlows. Other sectors include distribution, restaurant and hotels. Catering was however in its infancy stage (Chikura, 2009). They were still catering for low income earners and were concentrated in high density areas where they got land from local authorities.

Transport and communication services included taxi organisations like Rixi, Avondale, Mini taxis and cross border kombis. Taxi operators were drivers who took over the taxi companies in the 1980’s when the white men who owned these companies left the
country at Zimbabwe’s independence. Due to lack of co-operative skills the new owners have thus been operating individually although registered as a co-operative society and have been paying just for the franchise (Chikura, 2009).

However, co-operative societies in Zimbabwe have a four tier structure which comprises of primary societies, secondary societies which are formed by joining the primary societies, the tertiary Apex bodies formed by the secondary societies and finally the federation which represents all co-operative societies in Zimbabwe. This deals with international organisations like the ICA and the ILO, on behalf of co-operative societies in Zimbabwe and other regional bodies.

In pursuit of its socialist goals of creating a new social order, the government clearly defined its policy on co-operative development. In 1984, the government set the broad objectives for co-operative societies as to enable the people of Zimbabwe to achieve:

(a) economic power and through the application of this power;

(b) control of socio-economic institution so as to eliminate exploitation of man by man and to make the people of Zimbabwe self-reliant;

(c) skills, management, goods and services and establish in themselves a sense of confidence, initiative and high development aspirations as well as to provide an opportunity to develop the community; and

(d) a collective way of living that provides a sound base for socialism and national solidarity.

The specific objectives were:
(a) to improve economic position of members;

(b) to provide psycho-social security to members; and

(c) to promote socio-cultural activities that promotes socialism.

Despite the noble objectives stated above, the interference of politics in cooperative business led many co-operative societies to collapse in their infancy. Kugarika Kushinga co-operative society nearly collapsed when the major political party thought it was an opposition political party.

In 1990, all registered co-operative societies were incorporated under the Co-operative Act of 1990. However the provisions of this Act were not adequate for answering the particular needs of co-operative societies and in some instances hindered their development for example that co-operative societies should pay withholding tax on interest accruing from their savings. By 1992, the number of registered co-operative societies increased to 3575 (National co-operative register, 2009). However the majority of these co-operative societies were agriculture co-operative societies.

The second phase of post-independence co-operative societies is from 1991-2000. This was during ESAP with widespread retrenchments in the public and private sectors. The retrenched people were encouraged to form co-operative societies to take over certain non-core functions of their former employers. A good example involves the provision on contract basis of security services for government buildings as well as providing catering, cleaning or laundry services for government institutions such as hospitals. The private sector saw the formation of mining co-operative societies under ZIMASCO to mine chrome along the Zimbabwean Great Dyke. The reasons for forming these co-
operative societies were to cut costs since many companies decided to do away with overheads such as wages and associated costs and co-operative societies were subcontracted to deliver chrome to ZIMASCO which was the only buyer. This period also led to the rise of housing co-operative societies as ESAP led to a relaxation of many restrictive municipal by-laws. During this phase the co-operative department was placed under the MYDEC when the government realised that most school leavers were failing to secure formal employment. By 1992, the number of registered co-operative societies had increased to 3575.

The last phase of the development of co-operative societies is the post-independence Zimbabwe which stretches from 2000 to date. By 2002, the number of co-operative societies had decreased to 3400 (National Co-operative Register, 2002). This covers the period of “Operation Murambatsvina” or “Restore Order” (2005). During this period, a lot of housing co-operative societies faced a reversal in fortune as their houses were destroyed (see appendices ix and x) “Operation Restore Order” destroyed all informal settlements especially houses belonging to housing cooperative societies formed by war veterans which ignored the municipality by-laws

The macro-economic environment was unfavourable. Inflation soared to an alarming rate of over 14000 percent by September 2008 (CSO, 2008). This was also a period when building materials were very expensive and there was shortage of building materials such as cement and roofing sheets thus many co-operative societies stopped constructing houses.
In this era, there was a rise of a strong opposition party, the Movement for Democratic Change (MDC). This period also saw the ushering in of the Fast Track Land Reform Programme and housing co-operative societies in the peri urban centres in particular Harare. War veterans played a significant role in allocating co-operative land without approval of the local authorities. This included housing co-operative societies on Retreat farm, Beatrice, Saturday retreat and Caledonia farm among others.

The government introduced another Act during this period, the Co-operative Societies Act of 2005 which lays down the guidelines on minimum size of membership, fund raising activities, level of membership, contributions and registration procedures. This was done to promote co-operative activities.

In 2008, this Ministry was placed under Small and Medium Enterprise and Co-operative Development after realising that co-operative societies have to compete like any other businesses in the private sector. As mentioned earlier on some co-operative societies for example the Kenya Co-operative Bank is Kenya’s fifth largest bank by assets and is listed on Nairobi stock exchange. The trends in the historical development of co-operative societies are illustrated in Figure 3.1
The period between 1980 to 1992 saw an increase in the number of co-operative societies which began to decline in 2002 because of the prevailing economic conditions worsened by the drought. In addition government tightened its expenditure due to the then adopted ESAP. This meant a removal of free subsidies for co-operative societies. There was no more free training by extension workers to co-operative society members as well as agro-input supplies such as fertilisers, chemicals as well as soft loans.

Source: Ministry of Small and Medium Enterprise and Co-operative Development (2008.)
ESAP also meant that all co-operative societies were no longer protected and had to face stiff competition from the commercial farmers. Agriculture marketing channels were also closed. Shortage of fuel and hyper-inflation also had a negative impact on co-operative activities.

To make matters worse most people lost their jobs through retrenchment which meant less disposable income for most families. Their buying power decreased and most co-operative society members were becoming disloyal thus withdrawing their membership. The programme “Operation restore Order”, initiated by the government to clean cities had a negative impact especially on housing co-operative societies whose houses were destroyed. This was worsened by the harsh economic environment. Co-operative members could not afford to make savings which were eaten by inflation.

3.2 AN OVERVIEW OF THE HOUSING CO-OPERATIVE SECTOR IN ZIMBABWE

In pre-independence Zimbabwe, housing provision was along racial lines. African housing was well apart from European residential areas. According to Musekiwa in Zinyama (1993), European reasons for this were economic, health and security. The Native Urban Areas Accommodations and Registration Act no.6 of 1946 required local authorities to set aside native urban locations to provide adequate housing for Urban Africans. Employers were to provide free accommodation on their own premises or hire accommodation in townships for their employees. Accommodation in town was tied to employment and had to be vacated when the employee left work.

In the late 1950’s the white government erected several housing units which failed to accommodate all Blacks. According to Hall (1996) the earliest housing co-operative
society formed before Zimbabwe’s independence was in Bulawayo in Mahlahlandlela in the 1950-1960’s. This co-operative society was formed by workers from Wilson-Rowntree who purchased shares in the co-operative society and developed 35 houses. At independence in 1980, the Zimbabwe government inherited a series of urban housing problems because during the war, many people fled rural areas into towns and independence meant free movement of people. The housing policy in Zimbabwe as spelt out in its Transitional National Development Plan (TNDP) 1982-1985 highlights that housing is a basic need and recognises that housing plays an important role in people’s well-being, productivity and economic development. It is also regarded as an effective tool for wealth distribution.

The main objective of this government housing policy was to decrease and eventually eliminate the housing backlog in urban areas, improve quality and the number of houses. It was also aimed at decreasing building materials and construction costs through strategies such as the provision of serviced stands on a self-help approach, mobilising people in solving the housing problem through forming co-operative societies and providing a national housing fund through building societies loans. However, the government realised that it did not have sufficient funds therefore encouraged formation of housing co-operative societies. According to the Co-operative Societies Act, Chapter 24:05 (1996) groups were expected to purchase their own land, arrange their own legal registration and seek their own building materials.

The first housing co-operative society formed in Bulawayo after Zimbabwe’s independence in 1980, was the Cotton Printers Workers’ Housing Co-operative Society.
It was established in 1985 and had an initial membership of 555. However, it was in Harare that a boom occurred in housing co-operative ventures in the wake of the first housing co-operative society, Kugarika Kushinga in Mabvuku where membership was constituted of ZANU (PF) party card-holders. By 1990, there were 5 housing co-operative societies and the number increased to 83 housing co-operative societies in 1996 (Hall, 1996). Most provinces by then had formed housing o-operative societies of their own as illustrated in the figure 3.2 below.

**Fig: 3.2 Housing co-operatives by province as at December 1996**

![Total Number of Cooperatives](chart.png)

**Source: Chitereka; C. 1997. Community Based Housing Co-operatives in Harare.**

As illustrated in Fig3.2, most housing co-operative societies were formed in Harare because it is the capital city and is resident to the majority of the urban population in Zimbabwe. Most of Zimbabwe’s urban-based housing co-operative societies are community based but a few of them are work-place related. Work-place based co-operative societies made a lot of progress initially benefitting from administrative and at
times financial support from their employers. Hall (1996) notes that community based housing co-operative societies moved grant strides due to increased support they received from the local authorities.

Palsma (1995) notes that housing co-operative societies have provided accommodation to more than 8000 people in Zimbabwe. Many other housing co-operative societies were formed in Harare with the support of non-governmental organisations (NGOs). A good example of such a NGO is the HPZ which offers co-operative training, guidance and technical services, book-keeping, trouble shooting and communications. Zimbabwe Homeless People’s Federation (HPF) is a network of community-based housing savings scheme in urban and peri-urban settlements. This organisation managed to help families from refugee holding camps, hostels, squatter settlements and back-yard shacks.

According to HPF (2003) by 2003 1600 housing co-operative societies with a total membership of 45000 households had been formed in Zimbabwe. According to the GoZ Report dated 2009 housing co-operative societies have proved to be the most effective housing delivery mechanism for low-income earners in Harare with statistics showing that 11479 housing stands were provided to co-operative societies. Statistics also show that 2351 housing units have been built in Harare alone through co-operative societies (GoZ, 2009).

Classic examples of housing co-operative societies in Harare include Hatcliffe Housing Co-operative Society in Harare North and the Nehanda Housing Co-operative Society in Dzivarasekwa which has built more than 600 houses for its members (Chikura, 2009).
There were two types of housing schemes used to deliver houses to co-operative society members. These were sites and services schemes and incremental housing schemes. In sites and services scheme, co-operative society members were provided with serviced stands which helped to speed up the construction process whilst the incremental schemes receive subserviced stands and have to hire their own private land developers. This makes their work a little bit difficult. Under this scheme, members normally start with a small housing structure, for example two rooms, which they then develop with time and may end up with an eight roomed house.

3.3 AN OVERVIEW OF AGRICULTURE CO-OPERATIVE SECTOR IN ZIMBABWE

The first agriculture co-operative societies in Zimbabwe were registered under the Agricultural Co-operative Societies Act in 1909. The co-operative societies were established by white farmers for the purpose of marketing their produce and supplying farm inputs. Some of these co-operative societies later became limited companies that were registered under the Companies’ Ordinance of 1895 and were eventually registered under the Companies Act of 1925. These co-operative societies were formed not by the poor working people as the case in European countries, but they were formed by the relatively wealthy white commercial farmers.

The Co-operative Societies Act of 1956 gave so much power to the Registrar of Co-operatives that co-operative societies were left with almost no power or initiatives. The Act was designed to enable the government to keep strong control over black co-operative societies. Co-operative democracy and initiative were not encouraged. Co-operative societies were seen by the ruling white government as a tool which blacks
would use to make themselves independent both politically and economically. The co-operative societies were only meant to serve the interests of the whites and had nothing to do with democracy, independence or socialism (Gwata, 1986). The sweeping dictatorial powers given to the Registrar of Co-operatives made sure that the policies and practices of co-operative societies generally suited the interests of the ruling colonial government.

During the period after Zimbabwe gained its independence in 1980, the government of Zimbabwe promoted co-operative societies as a means of implementing rural land reform programmes. Most of the newly independent African countries, Zimbabwe included, adopted various brands of socialism as their guiding political ideology and rural agricultural co-operative societies were given top priority. This covered crop production, forestry, livestock farming, sewing, fisheries, and agriculture equipments, building projects, land resource management and dairy marketing. Most of these governments were rhetorically committed to a socialist way to dismantling and reconstructing the highly inequitable capitalist economies they inherited at independence. One way was through land redistribution. Co-operative society members were given large farms which they called “Model B” termed “Green Revolution”. Under this structure, liberation war fighters, landless peasants, the unemployed and the urban poor were the intended beneficiaries. Farms were given to a group of about 50 to 200 people. "Model A" farms were intended to benefit individual poor families and no sharing was done under this structure.

Another survey by the Goz in 1984 revealed that there was a clear drop of co-operative membership. This according to the survey’s results was attributable to poor
management, low production performance, weak incentives and low motivation. The other reason that was noted for high membership turnover was that the farm remained state property and this contributed to poor performance of co-operative societies since there was no individual ownership of the resettled land. Co-operative society members were given permits whose validity was determined by the Minister of Agriculture. This was also dependant on productive performance and land use by the co-operative societies. Profits were also distributed according to what the co-operative society members agreed on.

The government supported these co-operative societies through grants from the Agriculture Finance Corporation (AFC) and co-operative education provided through the Ministry of Co-operative Development and Technical Support and extension services from Agriculture Extension Services (Agritex). These groups under “Model B” were registered as a co-operative society under the Co-operative Societies Act, of 1984. Ex-combatants had acquired a collective approach to solving economic problems during the liberation struggle thus co-operative activities were welcome to them. This was the government way to socio-economic transformation of the inherited agriculture sector.

A study carried out in Zimbabwe by Mumbengegwi (2009) revealed that the failure of co-operative societies in Zimbabwe was due to lack of implemental capacity by the government, low levels of formal education by co-operative society members, vocational training acquired prior to joining co-operative societies, lack of decision making and managerial skills. Mumbengegwi elaborates that Internal disputes, embezzlements of funds, poor management, lack of financial accountability, disunity among committee members, undemocratic practices, and lack of imagination and state’s inability to
provide material and technical support schemes caused co-operative societies to eventually fail. Turlock (1998) points out that failure by agriculture co-operative societies in Zimbabwe was due to members who were seeking private gain, individual self-interest and the absence of common goals with which to focus on institutional and members’ collective efforts.

By 1991, the implementation of ESAP contributed a lot to the failure of agriculture co-operative societies. The government had to cut its expenditure. There were no more free subsidies of farm inputs and free extension services to continue educating members about co-operative societies. Commercial banks were also not willing to lend to co-operative societies due to their lack of collateral security except the state-owned Agricultural Finance Corporation. However loans they gave to co-operative societies were seasonal, short term credit for farming inputs like pesticides, fertiliser or seeds. Many members of agricultural co-operative societies defaulted in loan repayments.

ESAP also meant the government was no longer protecting these co-operative societies. Their disposable income declined thus their purchasing power decreased. The co-operative farmers could no longer receive credit, subsidies, credit guarantees or tax privileges. The state could no longer afford financial support or extension services. All the above factors contributed to a marked decline in co-operative agricultural productivity. There was shortage of food supplies besides deepening and widening dimension of poverty.

The 1991-1992 severe droughts worsened the situation by negatively affecting the performance of agricultural co-operative societies. Prices of inputs increased, transport costs skyrocketed, most farmers could no longer afford to bring their produce to the
urban markets and they were also facing unreliable access to credit. This endangered repayments and resulted in unreliable accounting and financial reporting. This led to a decrease in the number of agriculture co-operative societies from 2500 in 1992 to 560 in 2008 (National Co-operative register, 2008).

However, this sector was picking up as of August 2009. MSMECD was resuscitating all warehouses where they source inputs for farmers through the Zimbabwe Fertiliser Corporation (ZFC), PANAR seed, SEDCO and implements from the Harare Polytechnic since the government had relaxed centralisation of buying of grains and inputs. Farmers got inputs through these warehouses on credit and the amount was subsequently recovered on sale of their produce through these warehouses.

3.4 AN OVERVIEW OF MICRO-FINANCE CO-OPERATIVE SECTOR IN ZIMBABWE

Sinnott (2009) points out that in Zimbabwe, savings clubs and credit unions stem from Eastern Canada and date back to 1930’s. These were set up because of economic depression and were used as a new approach to the development of the poor. Chimbangandah (1981) calls these types of micro-finance co-operative society’s thrift and credit/loan or credit unions. Their main aim was to encourage members to save regularly and lend the savings collected to make loans to members who needed them.

The missionary Brother Waddelove in Chishawasha mission in Zimbabwe introduced the idea of savings clubs. The first savings club was formed in 1962 by a group of twenty people (Sinnott’ 2009). This club was named Savings Development Movement (SDM). At independence in 1980, more than 1000 savings clubs were formed per year and depositors were given savings stamps to be the value of their respective deposits.
Eighty-five percent of the membership was women (Chimedza, 1984). This showed that women made up the majority in the co-operators thus reflecting the gendered nature of African poverty. Co-operative societies gave women a chance to participate in decision making. It was only after ESAP in 1991, that most men joined co-operative societies after losing their jobs.

Credit unions like the Agricultural Credit Union and Commercial Farmers Union were formed to offer loans to farmers for purchase inputs. Building societies which offered loans to the poor to buy houses and purchase valuable items were also established. By 1984, 5700 such clubs were formed in Zimbabwe (Chimedza, 1984). The main principle was that if a member failed to deposit the agreed amount within 12 weeks that member was expelled. This helped the club to be successful since a member had to lose all the money deposited with the club on top of membership. Every transaction by the club was on cash basis like the first successful co-operative in Rochdale, England in 1844. The government only intervened for example in 1985 on grounds of misuse of donor funds due to failure to recognise the ethical values of honesty, openness and caring for others (ICA, 2005). The Registrar of Co-operatives suspended SDM. Another club called the Self-help Development Foundation (SDF) was formed whose main objectives were:

(a) to promote the economic and social development of people, encouraging members to save and teaching them how to save for development;

(b) to educate members to account responsibility and promote a spirit of self confidence, mutual trust and close co-operation;
(c) to organise training programmes in income generating projects, self- confidence, mutual trust and close co-operation; and

(d) to teach members to use their savings for development.

The clubs were seen by various stakeholders as part of rural development programmes as run by members at the village level. The SDF facilitated the savings movement by supplying savings stamps to the value of deposits and marketing of craft produced by their respective members. Members were trained in Harare, Bulawayo, Kwekwe, Rusape and Masvingo. In rural areas, the SDF members were trained by field workers. However most of the members who benefited from these training programmes were women thus showing the female dominated membership of these institutions.

SDF clubs were very popular both in urban and rural areas. Some formed burial societies into which members made monthly contributions. The club in return met all funeral expenses in the event of a member’s death. However these burial clubs are not covered in this study.

Savings clubs were also negatively affected by ESAP. Most members were retrenched at their workplaces and hence many failed to pay their monthly contributions to their respective savings clubs. Some who had borrowed failed to make repayments on their loans obtained especially from the Agriculture Finance Corporation. This was worsened by the inflationary environment which rendered any amount of accumulated savings worthless.

According to the RBZ (2008) half year monetary policy statement, out of 309 registered savings clubs, only 150 were still operational by then (Gono, 2008). He further pointed
out that a significant number of micro-finance co-operative societies had since ceased operations and surrendered their licences because of the then prevailing hyper-inflationary environment. The degree of indebtedness and concurrent poverty shot up as most people were increasingly unable to repay their loans. The prevailing economic conditions in Zimbabwe were making savings impossible hence the closure of some micro-finance co-operative societies.

It was only in February 2009, when the government started to pay its workers in foreign currency that many people started forming savings clubs again. Some of these Savings and Credit Co-operatives (SACCOS) include the Zimbabwe Teachers Association (ZIMTA) where teachers make savings in hard currency. Other civil servants also formed their own savings club. The main aim of these savings clubs is to increase their members’ resource base. Members are allowed to borrow in proportion to their contribution and this encourages them to save more money with the club. The money they borrow is interest free except a small administration fee which is levied. When the resource base increases, they allow public accounts holders to borrow money from the club at market rates. This was a way of encouraging people to make savings. However not many people are now used to the culture of savings since their savings had been swallowed by hyper-inflation. However this sector, is now picking up because of the use of hard currency which make savings meaningful (Chikura, 2009). However the number of micro-finance co-operative societies is depicted in Fig 3. 3.
As shown in the Fig 3.3 above, there was a dramatic decrease in the number of savings clubs due to the harsh economic conditions that were then prevailing in Zimbabwe during the period 2008 and 2009. People in Zimbabwe preferred to invest their money in property rather than savings as properties were likely to appreciate in value.

The number of registered co-operative societies by activity is shown in Fig 3.4.
Fig 3.4 Registered Co-operative societies by Activity

Fig 3.4 Source: Co-operative database- Ministry of Small and Medium Enterprises and Co-operative Development (July 2009).

According to Chikura (2009) housing co-operative societies such as the Tashinga Housing Co-operative Society in Dzivaraseka and the Greystone Housing Co-operative Society which were started by domestic workers were doing very well. The later has a membership of 27 domestic workers who managed to build 29 houses within 6 months. Chikura further explains that the other housing co-operative societies which were doing very well were those formed by members of the army and the police which could be attributable to use of command and discipline. Those which were not doing well were those formed by war veterans because there was no order as a result of mixing politics with co-operative work.
Chikura (2009) observes that the housing sector, agriculture in the area of fishing and the service sector were doing very well. In fisheries the reason was that there was no huge capital injection required. It was only the permits from MSMECD that they were required to obtain before staring operations. On housing co-operative societies there were many participants because people recognised that they could not access stands on open market unless they joined co-operative societies.

The other problem facing co-operative societies in Zimbabwe is that the Act does not give the upper limit for the number of co-operative members who can duly constitute number of co-operative members per co-operative. According to MSMECD (2010) Kugarika Kushinga Housing Co-operative in Mabvuku, Harare, for example had membership of well over 1120 people as at January 1996. Some members have had no houses or plots allocated to them since its establishment in 1996 whereas other members have since been occupying co-operative houses for more than a decade now. Members who have been occupying these houses now consider themselves the owners of these houses and not the co-operative property. They even now vote at the general meetings which the highest decision is making body to contribute only US$1 per month which is inadequate to construct other houses which is detrimental to the performance of the co-operative society.

Agriculture and micro-finance co-operative societies were now resuscitating since the use of hard currency was making savings possible and prices of inputs were now steady (Chikura, 2010).
Fig 3.5 Registered Co-operative societies by province

As illustrated in the Fig 3.5 above, Harare has by far the largest number of co-operative societies. Matebeleland Province in Agro-ecological Region v had the least number of co-operative societies especially agriculture co-operative societies because the climate there is not conducive for intensive agricultural activities. Mashonaland Provinces in Agro-ecological Regions II and III are ranked second in terms of especially agricultural co-operative societies because of their favourable climate and soil conditions.

Source: Ministry of Small and Medium enterprises and Co-operative Development (2009)
As illustrated in the Fig 3.6 above, in recent years males have dominated co-operative activities although it used to be women who participated more in co-operative activities. This could be attributed to lack of formal employment on the part of economically active male adults. Many of whom lost their jobs during ESAP and post ESAP period. Many of them turned to co-operative societies as a vehicle to be used to earn a decent and lawful living.

Fig: 3.7 Active versus Dormant co-operative societies

Active Vs Domant Co-operatives by Province as at July 2009

Source: Central Statistical Office, Quarterly Digest of Statistics (2008)

According to the CSO (2008) a significant proportion of duly registered cooperative societies were dormant in virtually all provinces of Zimbabwe. Many of these dormant co-operative societies were to be found in Mashonaland province. This pattern of state of existence of Zimbabwe’s co-operative societies as at December 31 2008 is captured in Fig 3.7 above.

3.5 CONCLUSION

This chapter gave an overview of the co-operative sector in Zimbabwe. All trends taken by the co-operative sector were followed. Thus the development of the co-operative
sector in Zimbabwe was divided into three phases. The first phase was from 1980-1991 which was termed the socialist era where the government used the co-operative approach to achieve its socialist ideologies. This era was characterised by an increase in co-operative activities. The second phase of co-operative development was from 1991-2000. Co-operative activities in this period were negatively affected by ESAP. This resulted in a decrease in the number of co-operative societies.

The last phase was from 2000 up to date. This period was also negatively affected by “Operation Restore Order” which was a programme introduced by the GoZ in 2005. This was witnessed by the decrease in the number of co-operative societies. Although co-operative societies in Zimbabwe were negatively affected by the hard economic conditions which made them to operate under a period of crisis, their role as instruments for poverty alleviation among the urban poor is not devalued. This is evidenced by an increase in the number of co-operative societies in Zimbabwe recently due to an improvement in the economic environment since the GoZ introduced the multi-currency system.

Thus it is imperative to carry out this study which seeks to evaluate the impact of co-operative societies on poverty alleviation among the urban poor in Zimbabwe. Therefore this study argues that co-operative societies have a potential to be used as an effective tool for poverty alleviation as this study stands to prove. The next chapter would be on the research methodology used in this research study.
CHAPTER FOUR

RESEARCH METHODOLOGY

4.0 INTRODUCTION

The central focus of this chapter is to discuss the study’s methodology. It specifically describes and discusses the research methodology, research design, the target population, the research instruments, data collection procedures, interpretation procedures and analysis of data.

Hart (2008) points out that the purpose of methodology is to show the appropriateness of the techniques used to gather data and the methodological approaches employed. He further points out that relevant references from the literature are often used to show an understanding of data collection techniques and methodological implications and to justify their use over alternative techniques hence this study made use of both qualitative and quantitative methodologies so that the weaknesses of one methodology would be overcome by the other.

4.1 RESEARCH METHODOLOGY

The study used both qualitative and quantitative approaches although the qualitative approach was the principal methodology. The qualitative approach is a naturalistic inquiry where data collection will have to discover the natural flow of events and processes and how participants interpret them. The use of mixed methodology is supported by Babbie (2007) who points out that in social science research it is possible to employ the complementary diversity thesis which entails borrowing from other
methodologies especially at data collection and analysis stage. Triangulation is advantageous in that it involves the use of different methods and sources to check the integrity of or extend inferences drawn from the data. Triangulation has been widely adopted and developed as a concept by qualitative researchers as a means of investigating the convergence of both the data and conclusions derived from them (Denzin, 1994). It helps to validate qualitative research evidence. However there is much debate about whether the value of triangulation is to validate qualitative evidence or lies in extending understanding through the use of multiple methodologies as shall be proved by findings from this study.

This study used methodological triangulation where more than one method was used to collect data, theoretical triangulation where three theories were used as lenses through which the study was carried out and data triangulation through the use of primary and secondary research. The same questions which were asked in the in-depth interviews on how co-operative societies were performing and how they were contributing in improving the standard of living for co-operative members brought same results with those given by members of the co-operatives through the use of questionnaires. This helped to cross check the validity of data, increased the credibility and validity of the results from this study.

Lewis (2006) points out that a good qualitative research design is one which has a clearly defined purpose in which there is coherence between the research questions and the methods or approaches proposed and which generates data which is valid and reliable. Pole and Lampard (2002) add that a key strength of qualitative research is that it can explores unanticipated issues as they emerge as should be proved in this study.
However Ritchie and Lewis (2006) argue that in a social research, qualitative and quantitative methodologies should not be combined since these approaches are so different in their philosophical and methodological origins and cannot be effectively blended. This concurs with Brannen (1992 a) who points out that the use of multiple research methods make the researcher confront tensions between different theoretical perspectives while at the same time considering relationships between the data sets produced by different methods. However Depay and Gitlin (1998) argue that each of the two research approaches provides a distinctive kind of evidence and when used together they can offer a powerful resource to inform and illuminate policy or practice.

The concept of qualitative implies an emphasis on the qualities of entities, processes and meanings that are not experimentally examined or measured in terms of quantity, amount, intensity or frequency (Denzin, 2000). Silverman (1993) points out that the qualitative methodology is interested in how ordinary people observe and describe their lives which in this study concern the members of Zimbabwean consumer co-operative societies.

Qualitative research also seeks to understand a particular social situation, event, role, group or interaction as observed by (Lockie, Spirduso and Silverman, 2000). It appreciates the complexity of social existence. For this study, the qualitative approach allowed the co-operative society members to talk about their knowledge and understanding of co-operative societies and picked those abstract and unmeasured behaviour and characteristic features of co-operative societies. It also enabled the poor, in this case the cooperative society members, to talk for themselves. The qualitative research methodology group of research paradigms encompasses the narrative,
phenomenology, ethnography, case studies, grounded theory, field work, participant observation or cultural anthropology (Payne and Payne 2000).

This study adopted the case study method because it assisted the research to achieve its aim of evaluating the impact of co-operative societies on poverty alleviation in Zimbabwe. The study focused on consumer co-operative societies in Harare in areas of housing, agriculture and micro-finance.

Due to the fact that qualitative research methodologies are criticised as unscientific and disguised versions of Marxism or secular humanism (Denzin, 1997) this study used methodological triangulation to overcome the above mentioned weaknesses. Employing both methodologies implies that the weaknesses of one would be the strengths of another. The conditions of life of the urban poor in Zimbabwe could not be better described by any academic specialist and other sympathetic observers than through the direct testimony of poor people themselves through the use of both qualitative and quantitative methodologies.

The qualitative research methods used in this study were field research and the subjective approach. Field research was used in this study because it helped to investigate aspects of social life that could not be measured quantitatively. These are best understood within a natural setting because the unique life styles of co-operative society members can best be understood by field research. The subjective approach studies aspects of human social behavior by ascertaining the interpretations of the participants themselves in this case co-operative society members. Field research methodology was adopted for use in this study because it also produces a depth and
breadth of understanding from a co-operative society member’s view point that is otherwise unattainable with quantitative research methods. The other reason why this study used this method is its adaptability. Thus even after the research has begun, it can be successfully adapted to incorporate unexpected discoveries and new insights or oversights for example about co-operative activities. It also helped the study to get data from co-operative society members where survey research was impossible or was prone to provide biased research results and where some explanations by co-operative society members were unlikely to be unearthed through quantitative research.

Ritchie and Lewis (2006) define qualitative research as a situated activity that locates the observer in the world. It consists of a set of interpretive material practices that make the world visible. They further point out that these practices turn the world into a series of representatives including field notes, interviews, conversations, photographs, recordings and memos. Thus this study took some photographs of successful housing co-operative societies (see Appendix, xiii).

The use of qualitative research had many merits in this study. One such advantage as revealed by Ritchie and Lewis (2006) is its ability to identify the absence or presence of particular phenomena in the accounts of different groups which in this case are different consumer co-operative societies. They further point out another advantage as being that of exploring how the manifestations of phenomena vary between groups and exploring the reasons for or explanations of phenomena or their consequences varies between groups. The use of qualitative research methodology helped the study to explain why some co-operative societies have been successful while others failed to thrive or even survive in the complex as well as dynamic macro-level environments.
However, the use of qualitative methodology for the purpose of this study had the following disadvantages:

(a) the findings from this case study cannot be generalised to similar situations;

(b) the methodology over-relied on personal judgment and interpretations of facts to a given situation or event because of personal blind spots or emotional attachment;

(c) the inexperienced researcher may not be able to accurately interpret its observations;

(d) it was also time consuming particularly when dealing with a relatively large sample size such as the 158 co-operative societies which were included in this study; and

(e) they may also lack objectivity and standardised research procedures which then made it difficult for other researchers to duplicate a field study.

The study also made use of quantitative research methods to overcome the demerits of the qualitative methodology. This type of quantitative research methodology was used to convert data into numerical form in order to subject it to statistical analysis. The research methodology includes survey research and the use of pre-collected data. In a survey research people are asked to answer a series of questions. This method is ideal when studying large numbers of people which as is the case of co-operative societies where individual members had to participate in the survey research. However much care should be taken when selecting respondents and formulating questions (Black, 1998).
Survey research was used in this study because of its precision. In addition, the comparability of responses from the co-operative society members was permitted due to use of close-ended questions. The inclusion of close-ended questions in this study permitted the use of statistical techniques which is a feature they have in common with experiments. The cost of this part of the study was reasonable considering the amount of information the study gathered about co-operative societies. This also allowed the survey to collect large samples, thus permitted more detailed analysis in return. This also helped to eliminate the negative effects of personal opinions on the research results. This enabled the study to solicit data and ascertain the personal and group values and attitudes of co-operative society members through the use of questionnaires and interviews.

However the use of surveys in this study had the following disadvantages:

(a) it was relatively expensive because it involved a relatively large sample size of 158 co-operative societies;

(b) the use of predetermined nature of survey questions did not allow for inclusion of important but unanticipated information; and

(c) the survey did not probe deeply into the context of the social behavior of the co-operative society members thus it was impracticable to capture relevant data for the total social situation. Thus the study also had to use qualitative research methodology as a matter of imperative.

Questionnaires and data archives were used for collecting data (see Appendix,i). Nkapa (1997); Chikoko and Mhloyi (1995) define a questionnaire as a carefully
designed instrument for collecting data. Questionnaires were used as the major data collection instrument that included both close-ended and open-ended questions. Use of open-ended questions allowed the respondents to provide deeper answers than those obtained through use of closed-ended questions. Payne and Payne (2004) point out that qualitative research regards the social world to be too complex to be represented by fixed questions thus this study also made use of open-ended questions. In addition they state that open-ended questions invite honest personal comments from respondents. Open form of questions allowed the co-operative society members to reveal any information they liked without confining themselves to a single alternative while the closed form facilitated answering in a format that is convenient for the researcher to code and classify responses. A closed-ended question is the one that forces a respondent to choose one of the alternatives provided while an open-ended question has items that allow greater freedom of response. Close-ended questions also forced the co-operative society members to think along certain lines they might not have done if they had been left to make up their own responses. Open-ended questions also allowed the respondents to state their case freely and possibly give reasons as well. They also evoked fuller and richer responses from co-operative society members.

This study used three sets of questionnaires and two interview guides to obtain information on how effective co-operative societies were as a mechanism for alleviating poverty among the urban poor in Zimbabwe. The questionnaires also sought problems faced by co-operative society members and what they thought were the most appropriate solutions to these problems (see Appendix i).
The questionnaire was the preferred research instrument used for this study because, if properly constructed and administered, it serves as an appropriate and useful data collection device. The questionnaire was easy to administer and could be cost-effectively administered so as to ensure very broad coverage. The information collected from questionnaires was easy to code, analyse and interpret. Apart from the low cost, questionnaires eliminated interview bias since there was no personal contact between respondents and the researcher. The data that was obtained through the use of the questionnaire was easy to quantify. The presence of the researcher was not required. They were also effective in gathering data involving feelings, attitudes and opinions of co-operative society members which were subsequently used to investigate more personal issues. The questionnaire was versatile in its usage and also the range of topics that it conveniently covered was enormous. The responses to closed-ended questions were easy to complete, took little time and kept respondents focused on the subject whilst open-ended questions enabled the respondents to state their case and gave reasons as well and did not confine the respondent to a single alternative.

According to Leedy (1997) and Wimmer and Dominick (2000), questionnaires enable the respondents to answer the questions at their own convenience. Participants responded to questions at their own pace, and they had an opportunity to look up facts or check past information. The questionnaires also provided anonymity, since participants completed the questionnaires at home or in their offices which afforded them a sense of privacy which is a critical consideration to the participants.

The major drawback of using the questionnaire as a research instrument is the low response rate it solicits because some respondents might not bother to respond at all.
whilst other respondents might not want long questions. Wimmer and Dominck (2000) argue that a questionnaire has a low return rate of ten to forty percent which is a demerit in the use of questionnaires. The low return rate casts doubt on the validity of the research findings. Questionnaires are also too impersonal and therefore do not normally arouse the interests of some participants as does an interview. In some cases participants provided prestigious answers rather than admitting not knowing something due to lack of knowledge about a particular topic. Other respondents also intend to deceive the researcher by giving incorrect answers to the questionnaire. Furthermore, the work of tabulating and summarising the responses is time consuming and often very tricky business.

However these problems were overcame by the study by keeping questions short, understandably, simple, user-friendly neutral and realistically worded. The researcher also put a key for the participants to follow when answering questions. Long and double worded questions were also avoided in order to avoid confusing the respondents, (see Appendix, i). Close –ended questions were easy to complete, took little time and kept respondents focused on the subject while open-ended questions probed deeper than closed questions. They were instrumental in properly unveiling the respondents’ hidden motivations that lie behind attitudes, interests, preferences and decisions.

Pre-collected data refers to the use of previously collected information also known as secondary data analysis. These included government reports, municipal records or records of meetings by co-operative society members. This data could be on various topics such as education, income, race, marital status or birth, number of houses built or membership. Data archives are the storage of data facilities where researchers can
deposit data for other researchers to use. The study made use of meeting records by co-operative society members, mission and vision statements and housing waiting lists by the Harare Municipality. Records from the MSMECD and the Harare City Council were also analysed upon being granted permission to access files by the Registrar of co-operatives and the Town clerk respectively.

Although data archives have some shortcomings, it is clear that this research method provides excellent opportunities to produce valuable knowledge. This is because, according to Wimmer and Dominick (2000):

Modern research is too expensive. Survey method has become so complex, that it is rare to find one researcher or even small group of researchers who are experts in all phases of large studies. Secondary data analysis is one research alternative that overcomes some of the above problems. Despite the criticism of using secondary data analysis, it has rightfully become an acceptable research method and detailed justifications for using it are no longer required.

The use of secondary data provided inexpensive but quality information on co-operative societies. There was no influence on the respondents’ answers to questions by the researcher since the data was collected by others thus helping to eliminate researcher bias. However the use of pre-collected data had its own demerits in this study, since the information was collected for different purposes and did not exactly suit the current study’s needs on evaluation of impact of co-operative societies on poverty alleviation among the urban poor in Zimbabwe. The people who originally collected the information might have been biased thus the study had to use qualitative research to eliminate this weakness and some of the data collected were not valid for this study on co-operative societies.
4.2 RESEARCH DESIGN

The research design which was used in this study is illustrated diagrammatically below.

Fig 4.1: Research design

According to Thomas and Nelson (2001) a research design is a plan of procedures for data collection and analysis that are undertaken to evaluate a particular theoretical perspective. The research design was the key to control the outcomes of the research study. In this study, the case study design was used. The process began by collecting, measuring and analysing data. Usually the technique of observation is used by most researchers carrying out case studies.

A case study is the most popular approach to field research. A case study is a thorough investigation of a single group, incident or community. Case studies can be done through intensive observation, information obtained from informants and informal interviews. Newspaper files, formal interviews, official records and surveys can be used to supplement these techniques (Leedy, 1997).

The case study method has been used in several studies on co-operative societies both in the developing countries and the developed world. Gurh (1983) and Cakin
(1991) carried out a study on housing co-operative societies in industrialised countries with the aim of finding out if housing co-operative societies are an effective low cost housing strategy for the urban poor. The term “case study” is mainly used in qualitative research and can be used as a synonym for qualitative research thus this study used the case study design so as to enable this study to compare the impact of co-operative societies on poverty alleviation among the urban poor both in developing and the developed world.

4.3 TARGET POPULATION/RESEARCH SUBJECTS

The units of analysis are the providers of information. These are described as the “population" or units of" enquiry” (Best and Khan, 1992; Pilot and Hungler, 1983; Bailey (1994). The first step in data collection was to identify the population which gave reliable information on consumer co-operative societies. Borg and Gall (1983) point out that, this population should meet the chosen set of criteria. The target population was the participants the study proposed to use in this research study. In this study 1000 housing co-operative societies, 120 micro- finance co-operative societies and 456 agriculture co-operative societies were the target population. In total, a population size of 1576 co-operative societies was used in the study.

The study took 10 percent of each population size as the sample due to limited time and resources. The study focused on consumer co-operative societies because they provide basic needs such as food and shelter. Thomas and Nelson (2001) refer to participants as individuals who are used as subjects in the study. They stressed that it is important to select participants who will potentially respond to the treatments and measures used
in the study. The study considered the following aspects during selection of the target population:

(a) the population had special characteristics necessary for the study;
(b) the researcher obtained the necessary permission and co-operation from management and the participants; and
(c) the study managed to get enough participants.

4.4 POPULATION SAMPLING/ UNITS OF ANALYSIS

One of the most important steps taken in the research study was the selection of a representative sample. According to Wimmer and Dominick (2000) a sample is a sub-group or sub-set of a population or universe whilst a sample is defined by Leedy (1985) as a representative group of subjects chosen from a large population with the aim of collecting information on this population as a whole. The sample was carefully chosen so that it had true characteristics or attributes of the whole population. Purposive sampling was used to select sites and individuals so as to collect the required data. The primary units of analysis were co-operative society members who had in-depth knowledge about this sector. In this study, one co-operative society member from management and one from non-management members were targeted from each co-operative society. The other people who were interviewed were Municipal Officials who had in-depth knowledge about urban land use laws and the Registrar of Co-operatives who is responsible for administering the provisions of the Co-operative Act, Chapter 24:05 on co-operative societies.
The study used purposive sampling method in order to identify co-operative societies for inclusion in this study. Chisaka (2000) points out those purposive sampling targets only those people who supply reliable as well as relevant information. This study therefore focused on co-operative society members, the Registrar of Co-operatives and the Harare Municipal Officials. This helped the study to select adequate participants who were true representatives of the whole population. The major limitations in using this sampling technique was the difficulty in choosing participants who were able to give reliable information. The other demerit was the potential of bias and subjectivity on the part of the researcher. These limitations were overcome by choosing participants who were directly involved in co-operative activities.

Mason (2002) points out that purposive sampling involves selection of participants, settings or other sampling units which is criterion based or purposive. He further points out that the sample units chosen should have particular features or characteristics which would enable detailed exploration and understanding of the central themes and puzzles that the study wishes to solve which in this case is the impact of co-operative societies on poverty alleviation among the urban poor in Zimbabwe. Burges (1984) and Honigmann (1982) call this judgmental sampling whilst LeCompte and Preissle (1993) argue that criterion-based sampling is more appropriate term than purposive sampling because all sampling is purposive but purposive is the term most commonly used. Thus this study used the term purposive.

Treece and Treece (1998) point out that the size of a sample is determined by resources, planned analysis methods and validity of the universe from which a sample is being drawn. The study targeted 100 housing co-operative societies, 46 agricultural
co-operative societies and 12 micro-finance co-operative societies. In total, a sample size of (158) co-operative societies were used in this study.

4.5 DATA COLLECTION INSTRUMENTS/TECHNIQUES OF CASE STUDY METHOD

Bechhofer and Paterson (2000) point out that designing a piece of empirical research requires the researcher to decide on the best ways of collecting data that will permit meaningful and insightful comparisons as was done in the study whose purpose was to evaluate the impact of co-operative societies on poverty alleviation among the urban poor in Zimbabwe. However the techniques which were used for data collection are also discussed.

4.5.1 In-depth Interviews

In-depth interviews with key informants or focus groups were carried out for example Registrar of Co-operatives and Municipal Officials (see Appendix, ii) Stacey (1969) defines a key informant as someone who by virtue of his or her particular position in the society knows a great deal about the subject of research. In this case the Registrar of Co-operatives had in-depth knowledge about problems faced by co-operative society members and how to overcome some of these problems. Through expertise, the key informant can refer you to others who are more knowledgeable than themselves. Sarantakos in Denzin (1998) points out that interviewing is the most extensive social research method which covers a range of styles. According to Polgar and Thomas (1991) the quality of data depends on the quality of interviewing.

In-depth interviews allowed for the collection of data from people through questioning whilst noting their feelings, attitudes, interpretations of events and general body
language. Both open-ended and close-ended questions were asked of the respondents. Open-ended questions solicited information that allowed the respondents to elaborate on a question without restriction where as structured questions solicited closed and fixed responses. Open-ended questions permitted the study to obtain answers that were unanticipated since the respondents described more closely their real views of the role of co-operative societies in alleviating poverty. The study also noted that respondents liked the opportunity to answer some questions in their own words. Fowler (1984) points out those open-ended questions are appropriate when the list of possible answers is longer than it is feasible to present to respondents.

Closed-ended questions helped the study to avoid rare answers that were not analytically useful. This also assisted the researcher to perform more reliably the task of interpreting the meaning of answers when alternatives were given to the respondents. Sometimes respondents fail to give useful information due to memory loss of some events thus closed-ended questions help to remind them of some events or facts. The information received was used to determine if co-operative societies were useful mechanisms of alleviating poverty.

**4.5.2 Documentary Analysis**

Documents such as the co-operative Act as amended, as well as the constitutions, financial statements, registers, mission and vision statements of individual co-operative societies were used in this study. Tellis (1997a) argues that the strengths of documents is their stability, exactness and breath of coverage. Documents do not change unless tempered with and can be referred to again and again.
However, Hammersley (1997) points out that the original researcher had direct interaction with people and events and therefore no subsequent analyst can claim access to that original understanding. However this study overcame this weakness through data source triangulation since there was need for trustworthiness, authenticity and credibility when it came to data collection.

This also included letters, memoranda, communication agendas, announcements, and minutes of meetings and other written reports of events by co-operative society members. Administrative documents such as proposals and progress reports were also made use of. Yin (1984) points out that the most important use of documents is to corroborate and augment evidence from other sources. He also adds that documents are helpful in verifying the correct spellings, titles or names of organisations that might have been mentioned in the study. Archival records such as those showing the number of co-operative society members served over a period of time were also useful since the number of co-operative society members also proves how useful co-operative societies were in alleviating poverty. Maps and charts were also retrieved to check geographical coverage of co-operative societies especially from the Municipality of Harare to check houses built for co-operative society members.

4.5.3 Observation

Field visits to the case study “site”, created the opportunity for direct observation. This also included the observation of meetings in-progress of the sampled co-operative societies. The study used direct observation since the researcher had an opportunity to assume her office at the MSMECD. Tellis (1997a) points out that direct observation
covers events in real terms, which means it examines reality in terms of operations under study although it is time consuming.

This study also made use of the visual method which was one of the useful methods of data collection although neglected as a source of data as is observed by Silverman (1997). Silverman (1997) adds that people tend to associate social research with what can be read for example texts, statistics or hear for example interviews or conversations. In this study, photographs of houses built by co-operative members, and members earning a living through selling fish were taken (see Appendices xiii and xiv).

4.5.4 Physical Artifacts

These are some of physical evidence that were collected as part of a field visit. Yin (1984) points out that any finding or conclusion in a case study is likely to be much more convincing and accurate if it is based on different sources of information.

The use of multiple sources in this study made this case study to be rated highly in terms of quality than relying on a single source. Tellis (1997b) also adds that collection of physical artifacts such as instruments or any tools acts as physical evidence in the case study (see Appendix, xi).

4.5.5 Internet sources

Internet sources were of great use in this study as pointed out by Schutt (1999) that literature review may start in the library but soon expands into the virtual library web.
4.5.6 Visiting sites /Field work

Site visits were also done in order to collect correct data through direct observation. The researcher prepared a visitation schedule after making appointments with the respondents. Informal visits to co-operative societies were recorded in the field notebook. A tape recorder was also used so as not to miss anything said by the respondents after getting permission from the respondents. Field visits were made on the following periods after following the ethical requirements as discussed below:

(a) mid June to mid- July 2009;
(b) mid July to mid- August 2009; and
(c) mid July to mid- August 2010.

4.6 ETHICAL CONSIDERATION

Denscombe (2002) defines ethics as the system of moral principles by which individuals can judge their actions as right or wrong, good or bad. In any research design, the study should assess the potential for risk such as physical, psychological, social, economic or legal harm to participants (Sieber, 1998). In qualitative research the inquirer is typically involved in a sustained and intensive experience with participants who introduce ethical issues into qualitative research process (Locke et al 2000). Marshall and Rossman (1999) point out that it is important to gain access to research archival sites after seeking approval of gatekeepers, in this case co-operative society members(see Appendices,iii to vii). Some undercover ethnographic work came under criticism .Covert observation was seen as unethical and unfashionable (Brink, 1993). The post humus publication of Malinowlski’s diary sparked controversies because of undercover
observation. Ditton’s well known extensive use of lavatory where he hid and made notes evoked real concern by co-workers about the state of his bladder in 1973 (Payne and Payne 2004).

Moulton (2001) propounds that “The ethics of science to morality in the creation of knowledge is determined not only by the scientific community but the larger society”. Professional organisations tend to develop specific codes of conduct to ensure that their members adhere to practices that are considered ethical. Anonymity, privacy, and confidentiality were explained and assured to the respondents.

Scott (1990) recommends that in an open and democratic research, participants and institutions must give their “informed consent” to take part in the research and individuals must be consulted and agree about the data to be collected. In this study participants filled in the informed consent agreement form (Appendix, viii) in order to show that they participated on their own free will. Creswell (2002) points out that once data has been analysed, it should be kept for a reasonable time period of 5 to 10 years. This prevents the data from falling into wrong hands that might then use it for other purposes. This study followed this advice by keeping responses from participants under lock.

Fowler (1984) points out that some review committees feel that signed consent forms are not needed, since risks involved in participation are quite minimal and well under the control of the researcher. However (Denzin 1970) dismisses the need to seek permission from the respondents saying that the researcher knows best if subjects would be harmed or discredited. He further points out that,”I place the ethical matter in
the observer’s hands.” Feminists point out that male researchers exploit their position of power over their informants, ignoring both ethical obligations and differences in gender experience (Finch 1984).

In general the study followed the ethical guidelines of the University Of Fort Hare. Names of co-operative societies and participants were confidential. In compliance with the Official Secrets Act, Chapter 11:09 of Zimbabwe, the researcher sought authority from the major political party Zanu PF to access information on co-operative societies because all co-operative societies were formed when Zimbabwe won its independence in 1980 and ZANU PF was the only ruling party at that time.

Fowler and Floyd (1984) state that ethical principles should be followed. The name of the organisation that is carrying the research and the interviewer’s name should be revealed to participants, in this study a letter from the researcher’s supervisor was produced to the participants showing the purpose of the study (see Appendix, vii). A reasonably accurate thorough brief description of the purposes of the research was revealed to the participants stating whether the research was trying to increase general or basic knowledge or some planning or action process that the research was designed to assist. Issues or topics the research was designed to cover were also clearly stated. The study also gave assurance that co-operation was voluntary and that no negative consequences would result to those who decided not to participate. The study also gave assurance to co-operative society members that they could skip any questions that they did not want to answer. An accurate statement of the extent to which answers were protected with respect to confidentiality that was being offered was clearly stated.
Fowler and Floyd (1984) also state some of the key ethical responsibilities of the researcher to interviewers as:

(a) it is the researcher’s obligation to make sure that interviewers have full and accurate information to give about the research. In this study the interviewers had to undergo some training on data collection techniques before going into the field to collect data;

(b) the researcher should not put the interviewer in a position of being deceptive, misleading or inaccurate;

(c) interviewers should be briefed on sensible procedures to reduce the risks of being victims; and

(d) should also be told explicitly that it is not a job requirement to go somewhere they feel unsafe and night calls were also avoided.

4.7 DATA COLLECTION PROCEDURES

Permission to conduct the study was sought from co-operative management, the Registrar of Co-operatives and Harare Municipal Officials (see Appendices iii-vii). Questionnaires were personally distributed to housing, micro-finance and agricultural co-operative societies. These were targeted on a single representative from the co-operative management and also a single representative from non-management members from each co-operative society.

In addition to the above, interviews were also conducted with the Harare Municipal Official and the Registrar of Co-operatives.
4.8 CONCLUSION

This chapter detailed the research methodology and the research design used for collecting data, reasons for using that methodology were also given and the demerits of using such methods were also outlined. This use of multiple methodologies and sources of data enriched this research study since the weaknesses of one methodology or source was overcome by the use of the other. This also helped the study to eliminate bias thus making the findings of this research study reliable. This chapter has also touched on the research instruments, the sampling method used and the sampling technique. The next chapter would be on data presentation and analysis.
CHAPTER FIVE

PRESENTATION OF FINDINGS

5.0 INTRODUCTION

In this chapter the data collected from the field with the aim of evaluating the impact of co-operative societies on poverty alleviation among the urban poor in Zimbabwe were interpreted in line with the main research themes. This data were summarised thematically in order to show emerging trends which were used to provide answers to the key research questions.

This chapter then presents and analyses the data that was gathered from the respondents. Data findings were summarised and presented using tables, graphs and pie charts. The presentation focuses on the major sub-problems as outlined in Chapter One. Descriptive statistics was used for describing and summarising data. Quantitative data were analysed using the Statistical Package for Social Sciences (SPSS) whilst the qualitative data were analysed using the common themes approach and percentages were then calculated.

5.1 THE RESPONSE RATE

Out of the 200 questionnaires which were distributed to 100 housing co-operative societies, 160 of them were returned duly completed thus giving a high response rate of 80 percent. Out of the 92 questionnaires distributed to 46 agriculture co-operative societies, 88 were returned again duly completed thus giving a response rate of 96 percent and all the 24 questionnaires which were distributed to micro-finance co-
operative societies were returned which is a response rate of 100 percent. The overall response rate for all questionnaires that were administered on the respondents is 86.08 percent which according to Wimmer and Dominick (2000) is well above the minimum cut off response rate of about 40 percent that is necessary to validate the findings of a research study. All interviews which were carried out on the Registrar of co-operatives and the Harare Municipality Co-operative Officer were successful which a 100 percent response rate.

The above noted high response rate was achieved as a result of the researcher who personally distributed and created very good rapport with the respondents prior to them completing the questionnaires on their own time before the appointed date for the collection of the questionnaires. In addition the respondents were further motivated into actively participating in the research study after they became aware of the fact that they were contributing towards a doctoral level thesis.

5.2 DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

The key demographic characteristics of the respondents that are relevant to this study include age, gender, marital status, the number of dependants in co-operative member’s household, level of academic and professional attainment, accommodation status and the employment status of the member of the co-operative society. These issues are dealt with in the paragraphs that follow.

5.2.1 The age of the members of co-operative societies

All the members of the co-operative societies fell in the age category 21 to over 50 years old as is illustrated in Table 5.1 and Fig 5.1.
Table 5.1: The age (by years) of the members of co-operative societies.

<table>
<thead>
<tr>
<th>Age (years)</th>
<th>N</th>
<th>16-20</th>
<th>21-29</th>
<th>30-39</th>
<th>40-49</th>
<th>50+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro-finance</td>
<td>24</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>16</td>
<td>5</td>
</tr>
<tr>
<td>Agriculture</td>
<td>88</td>
<td>0</td>
<td>0</td>
<td>37</td>
<td>42</td>
<td>9</td>
</tr>
<tr>
<td>Housing</td>
<td>160</td>
<td>0</td>
<td>20</td>
<td>60</td>
<td>48</td>
<td>32</td>
</tr>
<tr>
<td>Total</td>
<td>272</td>
<td>0</td>
<td>20</td>
<td>100</td>
<td>106</td>
<td>46</td>
</tr>
<tr>
<td>Percentage</td>
<td>100</td>
<td>0</td>
<td>7.3</td>
<td>36.7</td>
<td>39.97</td>
<td>16.91</td>
</tr>
</tbody>
</table>

Fig 5.1: The age (by years) of the members of co-operative societies.

The largest proportion constituting 39.97 percent of the respondents fell in the 40-49 years old age group. This showed that most co-operative members were mature. This also showed the importance of co-operative societies to the active age group. Some of these members were the working age group whose funds were tied up in paying school...
fees for their children and other commitments. This showed that most of the members were mature and had several sources of income which helped them to manage paying monthly contributions. Field work results also showed that young people especially those leaving college were not interested in co-operative activities which leaves the decision making on co-operative activities to mature people who did not have enough knowledge on co-operative activities thus causing co-operative failure.

This applied to the agricultural co-operative societies whose most members fell in the same age group as those in the micro-finance co-operative societies unlike in the housing co-operative societies where most members fell in the age group 30-39 years and most of these members were formally employed. This showed the importance of shelter in people’s lives.

The age group 16-20 years was inactive in co-operative activities since most of them were of the school going age and did not have sources of income to pay for their monthly contributions.

5.2.2 The gender of members of co-operative societies

The distribution of the members of co-operative societies by gender is illustrated in Fig. 5.2.
Fig 5.2: The gender distribution of the members of a co-operative society

As illustrated in the Fig.5.2 above, males dominated in the housing and urban /peri-urban agricultural co-operative societies in Harare. Most of them were retrenches who had lost their jobs during ESAP (1991-1995). In the follow-up interviews, the male members declared that they had turned to co-operative activities in order to survive. Females however dominated in the micro-finance co-operative societies. The study discovered that these women found it as the only cost-effective way to start their own businesses and to fend for their own families.

5.2.3 The marital status of the members of co-operative societies

The distribution of the members of co-operative societies by marital status is illustrated in Fig 5.3 and Table 5.2
Table 5.2: Marital status of the members of co-operative societies

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Single</th>
<th>Married</th>
<th>Divorced</th>
<th>Widowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro-finance</td>
<td>24</td>
<td>12</td>
<td>3</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Agriculture</td>
<td>88</td>
<td>20</td>
<td>48</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>Housing</td>
<td>160</td>
<td>40</td>
<td>60</td>
<td>35</td>
<td>25</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>272</td>
<td>72</td>
<td>111</td>
<td>46</td>
<td>43</td>
</tr>
<tr>
<td><strong>Percentage</strong></td>
<td>100</td>
<td>26.47</td>
<td>40.81</td>
<td>16.91</td>
<td>15.81</td>
</tr>
</tbody>
</table>

**Fig 5.3 below is a representation of the Table 5.2 above**

As illustrated in the Table 5.2 and Fig 5.3, micro-finance co-operative societies had 12 of its members falling under the single and the divorced group had 6 members. Women stated that they discovered that they would improve their respective households' quality
of life through forming businesses using the loans they received from micro-finance co-operative societies. Some even claimed that they managed to send their children to school, bought properties and managed to put food on the table for their families. However in the agricultural and housing co-operative societies, the majority of members were married which shows the importance of sharing ideas by the married couples to improve co-operative activities.

5.2.4 The number of dependents of the members of co-operative societies

The number of dependents of the members of co-operative societies is illustrated in Fig 5.4.

**Fig 5.4: The number of dependents of the members of co-operative societies.**
The housing co-operative societies had a majority of members who had more than 10 dependents. In follow-up interviews, about 70 percent of the co-operative society members in the agriculture and micro-finance co-operative sectors had less than five dependents since most of them were in the age group 40-49 years which is post-child bearing age. Some were just looking after their grand children, a number of whom were HIV/AIDS orphans.

5.2.5 The academic qualifications of the members of the co-operative societies

The academic qualifications of the members of the co-operative societies are illustrated in Table 5.3 and Fig 5.5 below.

Table 5.3: The academic qualifications of the members of the co-operative societies

<table>
<thead>
<tr>
<th>Academic qualifications</th>
<th>N</th>
<th>Primary</th>
<th>ZJC</th>
<th>“O”Level</th>
<th>“A”Level</th>
<th>Diploma</th>
<th>Degree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td>24</td>
<td>0</td>
<td>0</td>
<td>7</td>
<td>5</td>
<td>9</td>
<td>3</td>
</tr>
<tr>
<td>Agriculture</td>
<td>88</td>
<td>3</td>
<td>4</td>
<td>46</td>
<td>23</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td>Housing</td>
<td>160</td>
<td>40</td>
<td>16</td>
<td>42</td>
<td>4</td>
<td>28</td>
<td>30</td>
</tr>
<tr>
<td>Total</td>
<td>272</td>
<td>43</td>
<td>20</td>
<td>95</td>
<td>32</td>
<td>47</td>
<td>35</td>
</tr>
<tr>
<td>Percentage</td>
<td>100</td>
<td>15.8</td>
<td>7.4</td>
<td>34.9</td>
<td>11.8</td>
<td>17.3</td>
<td>12.9</td>
</tr>
</tbody>
</table>
Fig 5.5: The academic qualifications of the members of co-operative societies

A majority of 34.9 percent of co-operative society members held “O”level qualifications. This showed lack of formal employment both in the public and private sectors when most people complete their Ordinary levels. This has forced many people to join the co-operative societies in order to earn a lawful and decent living. A few members of the co-operative societies held ZJC qualifications because most of them were still young and of the school going age.

However, in the Table 5.3 and Fig 5.5 above, in the micro-finance co-operative societies the majority of the members held diplomas because of the fact that the research was carried out in the urban area unlike in the rural areas where most co-operative society members did not go further with their education. In the agriculture co-operative societies, the majority of the members had Ordinary level qualifications. This showed that the majority of the members were failing to secure employment in the job
market and some had lost their jobs through retrenchment. Relatively a few members in both the agriculture and the micro-finance co-operative societies had university degrees. It was established that most of these people preferred white collar jobs and regarded co-operative activities to be inferior to their supposed socio-economic status.

The majority of the members in the housing co-operative societies were holders of Zimsec/Cambridge Ordinary Level qualifications. In the follow–up interviews with them, it was also ascertained most of them were formally employed in either the private sector or in the civil service. However the housing co-operative societies had most members who had university degrees, a fact which shows the importance people attach to satisfying the need for own shelter than rented accommodation. Even those who had primary level qualifications also participated seriously in the co-operative housing societies given the relative ease with which one can access an urban residential stand as a member of a duly registered co-operative society rather than as an independent applicant on the very long Harare Municipality Housing waiting list.

### 5.2.6 The accommodation status of the members of the co-operative societies

The accommodation status of the members of the co-operative societies is illustrated in Fig 5.6.
The accommodation status of co-operative society members is captured in Fig. 5.6 above. In the housing co-operative societies, 57 percent of their members were staying in co-operative houses although some of their grounds were not serviced. This was permitted by the Ministry of Housing Policy on Habitation day Policy (2009) due to shortage of accommodation in urban areas. People were now allowed to stay on their stands as long as there was water and a toilet. They no longer waited for their grounds to be fully serviced and roads to be put in order. However 43 percent were still waiting.
to be allocated with houses which they complained about since some did not have co-operative houses since 1996.

However 5 percent of co-operative society members in the agriculture and 50 percent in the micro-finance co-operative societies had their own houses although 42 percent from micro-finance and 54 percent from agricultural co-operative societies were still lodging whilst 3 percent from the housing, 6 percent from agricultural and 7 percent from micro-finance co-operative societies were staying with their relatives.

5.2.7 The employment status of the members of co-operative societies

The employment status of the members of co-operative societies is illustrated in Table 5.4 and Fig 5.7.

Table 5.4: The employment status of the members of co-operative societies

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Formal employment sector</th>
<th>Self-employed in the SME sector</th>
<th>Unemployed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro-finance</td>
<td>24</td>
<td>8</td>
<td>16</td>
<td>0</td>
</tr>
<tr>
<td>Agriculture</td>
<td>88</td>
<td>0</td>
<td>88</td>
<td>0</td>
</tr>
<tr>
<td>Housing</td>
<td>160</td>
<td>92</td>
<td>44</td>
<td>24</td>
</tr>
<tr>
<td>Total</td>
<td>272</td>
<td>100</td>
<td>148</td>
<td>24</td>
</tr>
<tr>
<td>Percentage</td>
<td>100</td>
<td>36.76</td>
<td>54.41</td>
<td>8.82</td>
</tr>
</tbody>
</table>
Fig 5.7: The employment status of the members of co-operative societies

As shown in the Table 5.4 and Fig 5.7 above, a majority of 54.41 percent of the co-operative society members were self-employed since most of them were taking cooperative activities as full-time employment. The formally employed constituted 36.76 percent of the membership, the majority being in the housing co-operative societies which shows the importance of housing in people’s lives. Some were even unemployed but still participated in co-operative housing which also emphasised the importance of shelter in people’s lives. It was established that the agriculture co-operative society members were self-employed in their co-operative activities from which they earned a living whilst those in the micro-finance co-operative societies were either formally or self-employed.
However some unemployed members stated that they earned additional income from piece jobs they did for other farmers, pensions and money they received from their relatives and their children.
5.3 THE REGISTRATION OF CO-OPERATIVE SOCIETIES

The number of duly registered consumer co-operative societies in the Harare Province of Zimbabwe is depicted in Table 5.5 and Fig 5.8 below.

5.3.1 The number of registered co-operative societies by year.

The number of registered consumer co-operative societies by year is depicted in Table 5.8 and Fig 5.8.

Table 5.5: The number of registered co-operative societies (by year)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing</td>
<td>160</td>
<td>36</td>
<td>40</td>
<td>80</td>
<td>4</td>
</tr>
<tr>
<td>Micro-finance</td>
<td>24</td>
<td>2</td>
<td>6</td>
<td>12</td>
<td>4</td>
</tr>
<tr>
<td>Agriculture</td>
<td>88</td>
<td>4</td>
<td>8</td>
<td>68</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>272</td>
<td>42</td>
<td>54</td>
<td>160</td>
<td>16</td>
</tr>
<tr>
<td>Percentage</td>
<td>100</td>
<td>15.44</td>
<td>19.85</td>
<td>58.82</td>
<td>5.88</td>
</tr>
</tbody>
</table>

Graphically the formation of co-operative societies is represented in Fig 5.8
As illustrated in the Table 5.5, 58.82 percent of co-operative societies in all sectors were formed during the period 2001 to 2005 because of the Land Reform Programme. Most people who had lost their jobs during ESAP took advantage of the situation and joined co-operative societies in order to earn a living. The government wanted to achieve its socialist ideology by redistributing land which was in the hands of the minority few. Micro-finance co-operative societies increased by 50 percent during this period aided by the programme “Women in Business” led by Nyasha Chikwinya (GoZ, 2002).

However the number of co-operative societies decreased from 58.82 percent to 5.88 percent during the period 2006-2010 partly as a consequence of the programme called “Operation Restore Order” or “Operation Murambatsvina” initiated by the government of Zimbabwe to clean all cities by destroying all illegal activities and structures (see...
Appendices, ix and x). Most housing co-operative societies formed by people without approval of the Local Authorities were then destroyed.

5.3.2 The basic requirements for the registration of a co-operative society

According to the Co-operative Societies Act, Chapter 24:05, Section 13, the requirements for the registration of a co-operative society, though stated in the negative, are as follows:

(1) Subject to subsection (2), no society shall be registered –

(a) as a primary society, unless it consists of at least ten natural persons who are not disqualified from membership in terms of section thirty eight, or

(b) as a secondary society, unless it consists of at least five primary societies registered in the same economic section, or

(c) as an apex organisation, unless it consists of at least-

(i) twenty-five primary societies, or

(ii) two secondary societies;

(d) unless it has complied with any requirements imposed by the Registrar in terms of section fourteen, fifteen or sixteen.

(2) the Registrar may register

(a) a primary society with fewer than ten members; or

(b) a secondary society with fewer than ten registered primary societies; or
(c) an apex organisation with fewer than twenty-five registered primary societies or five registered secondary societies as the case may be;

Where he is satisfied that there are good and compelling reasons for the society to be registered and that its registration will be in the interests of the members.

(3) No society shall be registered by a name which in the opinion of the Registrar is likely to mislead the public or to cause offence to any person or class of persons or is suggestive of blasphemy or indecency or which he considers to be undesirable for any other reason.

(4) The word “co-operative” shall form part of the name of every registered society.

(5) The word “limited” shall be the last word in the name of every registered society.

In follow-up interviews, the respondents from the MSMECD, pointed out that they also consult a basic internal Ministry document that is entitled “Basic Requirements for Registration” in determining the minimum requirements for the registration of a co-operative society (see Appendix, xi). In a nutshell these include the following:

(a) a common genuine felt need and a concrete and definite reason for forming a co-operative society for example to obtain economic benefits or unite to fight a common enemy such as poverty or to overcome a problem;

(b) a nucleus of active individuals being not less than ten having a common economic interest to serve as founder members;

(c) the presence of a minimum of a social cohesion in the co-operative group;
(d) a minimum standard of education where possible;

(e) the lodgment of a written undertaking or commitment to observe, comply or adhere to the applicable statutes; by-laws, co-operative principles and regulations;

(f) a capacity to do or be done by any duly authorised person book-keeping for the co-operative society;

(g) previous experience in the preferred economic activity;

(h) Members’ preparedness and/or capacity to contribute towards the capital of the co-operative society;

(i) potential for benefiting from the economies of scale of the co-operative society’s operations;

(j) members who are not disqualified from occupying the position of board members or members of the management committee of the co-operative society;

(k) the keeping of full set of registers, financial statements, records and reports;

(l) every application to be accompanied by three copies of the proposed by-laws, signed by all persons authorised to sign the application;

(m) a record of the resolutions made at the proceedings of the preliminary meeting signed by all persons who attended the meeting;

(n) to pay the prescribed application fee before the processing of the application form;
(o) to furnish the Registrar on the reasons for the formation of the co-operative society such as economic or social need, educational and advisory work pertaining to the co-operative principles and practices which would have been carried out among the members of the co-operative society;

(p) to also furnish the Registrar on the availability of capital or other resources for the commencement of operations;

(q) to carry out a feasibility study, to assess the viability of the co-operative society especially on its capability to achieve its set objectives; and

(r) to make sure that membership is open to everybody meeting the membership criteria.

In follow-up interviews, a majority of 61 percent of the respondents viewed both the registration requirements and process as being bureaucratic, cumbersome and taxing on the members’ patience and resolve. Thus they recommended that the minimum requirements of the registration of a co-operative society be revisited with a view to simplifying the minimum requirements for registering a co-operative society in Zimbabwe.

5.4 REASONS FOR JOINING CO-OPERATIVE SOCIETIES

The reasons given by the respondents as to why persons join the membership of co-operative societies are given in Fig 5.9.
Fig 5.9: Reasons for joining co-operative societies

Several reasons were given for joining co-operative societies which ranged from the need for accommodation since the local authorities were failing to provide houses for most co-operative members who had been on the housing waiting list for a long time. This concurs with the findings from a study on housing co-operative societies in Zimbabwe by HPZ (2002). Those who joined micro-finance co-operative societies needed financial independence. The government was also promoting indigenisation for the collective benefit of the poor and other disadvantaged groups such as women and also a method of fostering participatory human development. Those who had joined
agricultural co-operative societies cited the need for creating opportunities for self-empowerment including self-employment.

Some of the reasons given by the respondents as to why they joined co-operative activities such as escaping exploitation and oppression also concurs with the findings from a study by Davidmann (2010) who also discovered that people join co-operative societies as a method of avoiding exploitation and oppression since there is democratic control in co-operative societies.

5.5 CHALLENGES FACED BY CO-OPERATIVE SOCIETIES

The challenges faced by co-operative societies are presented in Fig 5.10.
All co-operative societies were facing hardships which ranged from:

(a) difficulty in obtaining registration certificates which was taking too long which was the case of some co-operative societies. Some co-operative societies could take up to 2 to 3 years to be registered;

(b) a high membership turn-over that was attributable to several reasons like the city council was giving these co-operative societies less number of stands than the co-operative society’s requirements;

(c) economic hardships also made some co-operative members to withdraw;

(d) all co-operative societies faced a lot of challenges in 2008 when the inflation rate reached an alarming rate of 14000%(CSO, 2008);

(e) all their accumulated savings were eroded by hyper-inflation. The respondents pointed out that it was exceedingly difficult to buy building materials as well as cement on the local market;

(f) disloyalty by members and acts of mismanagement were according to respondents, the major cause of the collapse of cooperative ventures including those that had been formed by war veterans in the 1980’s. Of major concern to the respondents was the issue of rampant abuse of assets of co-operative societies and in practice the misappropriation of funds by some co-operative management;

(g) some co-operative societies in the agro-fishing sector failed to secure markets in other countries because of the lack of funds with which to buy refrigerated trucks,
besides the problems of quality of fishery products associated with the fish being secured from heavily polluted water bodies such as Manyame Dam and Lake Chivero and the absence of economies of scale due to the intensification of the competitive market situation both on the fishing grounds and market. As a result of the liberalisation of the Zimbabwean economy in the period after the Year 2007 as well as the dearth of skilled labour necessary to enable fishing co-operative societies to undertake sustainable fishing practices such as fish breeding and harvesting; and

(h) some respondents drawn from housing co-operative societies complained that the Local Authorities were allocating marginal land in some rocky grounds or wet vlei areas which slowed down their housing construction work and escalated construction costs. Sewage was also said to be over flowing on some of the land allocated to members.

Also (see Appendices, xv to xvii). All the challenges noted above concur with the studies carried out by Thomas 2002 who studied challenges facing co-operative societies in Zimbabwe and also a study by Taimi on co-operative societies in Asia on challenges being faced by co-operative societies.

5.6 MEMBERSHIP OF CO-OPERATIVE SOCIETIES

The membership of co-operative societies by size is depicted in Table 5.6 and Fig 5.11.
### Table 5.6: Number of members of the Housing co-operative societies

<table>
<thead>
<tr>
<th>Number of members</th>
<th>0-100</th>
<th>101-200</th>
<th>201-300</th>
<th>301-400</th>
<th>400+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing (N-160)</td>
<td>96</td>
<td>36</td>
<td>10</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>96</td>
<td>36</td>
<td>10</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>Percentage</td>
<td>60</td>
<td>22.50</td>
<td>6.25</td>
<td>5.00</td>
<td>6.25</td>
</tr>
</tbody>
</table>

**Fig 5.11: Number of members in housing co-operative societies**
### Table 5.7: Number of members in micro-finance and agricultural co-operative societies

<table>
<thead>
<tr>
<th>Number of members</th>
<th>0-5</th>
<th>6-10</th>
<th>11-15</th>
<th>16-20</th>
<th>20+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro-finance(N-24)</td>
<td>4</td>
<td>6</td>
<td>10</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Agricultural(N-88)</td>
<td>4</td>
<td>12</td>
<td>8</td>
<td>44</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total(N=88+24)</strong></td>
<td>8</td>
<td>18</td>
<td>18</td>
<td>46</td>
<td>22</td>
</tr>
<tr>
<td><strong>Percentage</strong></td>
<td>7.14</td>
<td>16.07</td>
<td>16.07</td>
<td>41.07</td>
<td>19.64</td>
</tr>
</tbody>
</table>

**Fig 5.12: Number of members in micro-finance and agricultural co-operatives**
As illustrated in the Tables 5.6 and 5.12 above, membership of co-operative societies ranged from below 5 as is the case of micro-finance and agricultural co-operative societies. This showed that some members had withdrawn from these co-operative societies since the minimum number required for a co-operative society to be registered is 10 according to the Zimbabwe Co-operative Societies Act Chapter 24:05. Some housing co-operative societies had more than 400 members with one co-operative which had 2000 members. However a majority of 60 percent of the housing co-operative societies had up to 100 members. This created a lot of problems for example some co-operative society members had not been allocated with houses since 1996 whilst other members have been staying in co-operative houses. This had created a lot of division among co-operative society members since those occupying co-operative houses were refusing to increase their monthly contributions. This made it difficult to build houses for other members. In micro-finance and agriculture co-operative societies, 41.07 percent of the co-operative societies had more than 20 members. It was advantageous to these co-operative societies since in agriculture co-operative societies it made division of labour possible whilst in micro-finance co-operative societies, it helped to increase their financial base.

The Co-operative Societies Act Chapter 24:05 does not limit the maximum number of co-operative members which was contributing to a lot of problems in housing co-operative societies. This Act also states that the minimum number allowed for a co-operative society to be registered was 10 members which also delayed the registration process if members failed to reach the required number.
The Local Authorities did not have enough land to allocate to co-operative society members yet some co-operative societies were keeping on taking more members.

However all co-operative societies indicated that anyone above the age of 18 was eligible to membership although in housing co-operative societies it depended on the type of co-operative society. Worker based co-operative societies were for those working for certain organisations whilst anybody was free to join a community based housing co-operative society.

5.7 THE IMPACT OF INTERNAL FACTORS ON THE CAPACITY OF CO-OPERATIVE SOCIETIES TO ALLEVIATE POVERTY

Some factors which are internal to a co-operative society were pointed out as having an impact on the capacity of co-operative societies to alleviate poverty as depicted in Table 5.8.

Table 5.8: Impact of internal factors on a co-operative society’s capacity to alleviate poverty. N = 88+24+160+2 (Registrar and the Municipal official) = (274)

<table>
<thead>
<tr>
<th>Factor</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotion &amp; governance of the co-operative society</td>
<td>124</td>
<td>101</td>
<td>20</td>
<td>29</td>
</tr>
<tr>
<td>Management</td>
<td>122</td>
<td>120</td>
<td>15</td>
<td>17</td>
</tr>
<tr>
<td>The diversity, quantity &amp; quality of their resources</td>
<td>134</td>
<td>100</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Organisational culture</td>
<td>112</td>
<td>100</td>
<td>32</td>
<td>30</td>
</tr>
<tr>
<td>Socio-cultural attributes of the members</td>
<td>111</td>
<td>97</td>
<td>34</td>
<td>32</td>
</tr>
</tbody>
</table>
As illustrated in Table 5.8 most members of the co-operative societies strongly agreed that the above internal factors had a great bearing on the capability of the co-operative societies in alleviating poverty. Only a few strongly disagreed that the above mentioned factors have little impact on the capability of co-operative societies in alleviating poverty among the urban poor in Zimbabwe.

In follow-up interviews most of the respondents pointed out that the diversity, quality and quantity of the resources of the co-operative societies was a major factor in determining the success of co-operative societies in alleviating poverty. Management was ranked the second highest factor on impacting on the success of co-operative societies in poverty alleviation since many co-operative societies had collapsed due to mismanagement. The respondents recommended that the Registrar should determine qualifications of the people who would be part of the management committee.

5.8 THE IMPACT OF EXTERNAL FACTORS ON THE CAPACITY OF CO-OPERATIVE SOCIETIES TO ALLEVIATE POVERTY

The impact of factors which are external to the co-operative society in determining the co-operative society’s ability to alleviate poverty is depicted in the Table 5.9.
Table 5.9: The impact of external factors on poverty alleviation N(274)

<table>
<thead>
<tr>
<th>Factor</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political</td>
<td>145</td>
<td>101</td>
<td>17</td>
<td>11</td>
</tr>
<tr>
<td>Economic</td>
<td>134</td>
<td>99</td>
<td>20</td>
<td>21</td>
</tr>
<tr>
<td>Socio-cultural</td>
<td>98</td>
<td>99</td>
<td>39</td>
<td>38</td>
</tr>
<tr>
<td>Technological</td>
<td>79</td>
<td>180</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>Legal</td>
<td>122</td>
<td>120</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>Geo-ecological</td>
<td>123</td>
<td>151</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Demographic</td>
<td>120</td>
<td>122</td>
<td>17</td>
<td>15</td>
</tr>
</tbody>
</table>

The above mentioned factors which are external to the co-operative societies had a great impact on the capacity of co-operative societies as vehicles for poverty alleviation. Most members strongly agreed that these external factors truly impacted on the ability of the co-operative societies to alleviate poverty. Only a few respondents were of the opinion that external factors have little impact on the capability of the co-operative societies as instruments for poverty alleviation.

In follow-up interviews it was established that the majority of the respondents place great emphasis on the political factor as a determinant of the capability of the co-operative societies as tools for poverty alleviation. The reasons given for this factor to be a major determinant of the success of co-operative societies was that a stable political environment promotes economic activities as was witnessed by the increasing co-operative activities in Zimbabwe after the installation of the unity government in 2009.
5.9 THE FACTORS ACCOUNTING FOR THE TURNOVER OF THE MEMBERSHIP OF CO-OPERATIVE SOCIETIES

The factors accounting for the turn-over of the membership of co-operative societies in Harare are illustrated in Table 5.10 below. However, these reasons will be further amplified in 5.10 that contain the raw comments from co-operative society members on the reasons for high turn-over.

Table 5.10: The factors accounting for the turnover of the membership of co-operative societies

<table>
<thead>
<tr>
<th>Reason</th>
<th>Strongly Agree (%)</th>
<th>Agree (%)</th>
<th>Disagree (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Housing Agric Fin</td>
<td>Housing Agric Fin</td>
<td>Housing Agric Fin</td>
</tr>
<tr>
<td>Mismanagement</td>
<td>40  50  20</td>
<td>30  30  40</td>
<td>30  20  40</td>
</tr>
<tr>
<td>Member’s inability to pay periodic financial contributions</td>
<td>50  60  10</td>
<td>30  30  20</td>
<td>20  10  70</td>
</tr>
<tr>
<td>Crisis of expectations of members</td>
<td>40  35  13</td>
<td>30  27  53</td>
<td>30  38  34</td>
</tr>
<tr>
<td>Other commitments elsewhere</td>
<td>21  25  43</td>
<td>67  55  40</td>
<td>12  20  17</td>
</tr>
<tr>
<td>Political partisanship</td>
<td>57  34  45</td>
<td>20  30  45</td>
<td>23  36  10</td>
</tr>
<tr>
<td>Discrimination *Ethnic</td>
<td>45  25  18</td>
<td>20  30  56</td>
<td>25  55  26</td>
</tr>
<tr>
<td>*Gender based</td>
<td>45  45  25</td>
<td>45  45  25</td>
<td>10  30  50</td>
</tr>
<tr>
<td>Relocation</td>
<td>55  47  33</td>
<td>40  43  34</td>
<td>5   10  33</td>
</tr>
<tr>
<td>Death</td>
<td>80  81  80</td>
<td>12  13  17</td>
<td>8   6   3</td>
</tr>
</tbody>
</table>
As illustrated in Table 5.10, the turn-over of the membership of co-operative societies was due to several factors and situation specific reasons as reflected in the raw comments by co-operative members in 5.10 below.

A majority of 80 percent of membership from the housing co-operative societies attributed the turnover of co-operative membership to the death of co-operative members which was the same reason given by 81 percent of the members of the micro-finance co-operative societies and 80 percent of the members of agricultural co-operative societies as well. In follow up interviews, the respondents attributed a high turnover rate of the membership of co-operative societies particularly to the HIV/AIDS, poverty and the collapsed public health system in Zimbabwe-social ills that characterised Zimbabwe in the post-ESAP period.

However, a majority of 30 percent of the members of the housing co-operative societies disagreed that mismanagement and crisis of expectations of members were the major contributory factors to the high turn-over of membership of co-operative societies where-as a majority of 55 percent from micro-finance co-operative societies disagreed that high membership turnover was due to ethnic discrimination. A majority of 50 percent of the members of agricultural co-operative societies denied that high membership turn-over was gender-based.

In the housing co-operative societies, 67 percent of the members agreed that membership turn-over was caused by members who had other commitments elsewhere, a viewpoint which concurs with that of 55 percent of the members of micro-finance co-operative societies. In the agricultural co-operative societies, 56 percent
agreed that ethnic discrimination contributed to high membership turn-over. This is not very surprising given that indigenous Zimbabwean Africans are not very keen on co-operating with non-Zimbabwean Africans including those from neighbouring countries such as Malawi, Mozambique and Zambia. However these are the same highly skilled people who formed Zimbabwe's former commercial farming sector.

5.10 COMMENTS FROM CO-OPERATIVE SOCIETY MEMBERS

The raw comments listed below were obtained from a broad spectrum of respondents. They help to fortify the findings and relevant comments on the factors contributing to the high turnover of the membership of co-operative societies. In addition, some of respondents' comments allude to the reasons for the failure of co-operative ventures from a Zimbabwean perspective.

Raw comments:

Comment 1:”More people wanted to join since it’s open to anyone above the age of 18 but were turned down, because we had been allocated 39 stands only.” This showed that land shortage was the main reason for membership turn over. The Urban Councils Act Chapter 29:15 also forbade urban agricultural farming which made it impossible to include crop farming in this study”.(Housing co-operative member, 2010).

Comment 2:”Some people have left on their own accord due to the slow pace of progress and others have joined in. Some co-operative members complained that the registration process was cumbersome. It took them more than 2 years to get operating licences. This made some members to lose hope and left.” (Fishery co-operative member, 2010).
Comment 3: “Some members died and their beneficiaries could not continue with the subscriptions. This showed that no proper inheritance laws were in place for co-operative societies. This also made it difficult for surviving members to take over if their relative passed on.” (Micro-finance co-operative member, 2010).

Comment 4 “Some members left due to economic hardships as they could not contribute their monthly contributions especially in 2008 when the inflation rate exceeded 14000 percent (CSO, 2008).”

Comment 5 “From 2005- 2008, financial products were very attractive, and a number of members felt it was not beneficial to continue as members in micro- finance co-operative societies so they dropped”. (Financial co-operative member, 2010).

5.11 THE PROVISION OF PRE-COOPERATIVE EDUCATION AND TRAINING

According to the respondents, all co-operative societies were offering pre-cooperative education although the courses offered mainly concentrated on the purpose of existence of co-operative societies, the basics of the legal frameworks within which co-operative societies function, members’ rights and obligations and the management of co-operative affairs. Peri-urban agricultural co-operative societies, for example those engaging in dairy farming, offered training to their members on how to properly care for dairy cows, the early diagnosis of diseases affecting dairy cattle in tropical environments, the treatment of disease infected herd and types of feed they were supposed to be given so as to enhance milk production.

The relevant education and training of the members of fishing co-operative societies concentrated on good fishing methods and how to properly manage the affairs of their
co-operative societies including the preparation of financial statements and reports. This is relevant given the relatively higher and more continuous sales turnover found in agro-fishing co-operative societies since they were suppose to register daily sales.

Agricultural co-operative societies that were involved in poultry production educated and trained their members on how to properly care for poultry right from the chick stage to the bird ready for slaughter, how to avoid financial losses in the handling of poultry products such as slaughtered chicken and eggs as well as their marketing management. However members felt that education and training should also cover grain crop and vegetable production since these were related activities with grain crops being used for local on site on-production poultry feed and chicken manure possibly being used for vegetable farming and bio-gas production for house-hold use.

Micro-finance co-operative societies educated and trained their members on the methods of raising capital, basic financial investment appraisal and management, simple book-keeping and basic accounting as well as financial reporting. In follow-up interviews, respondents were of the opinion that the education and training programmes must take account of the following:

(a) the book-keeping and accounting course must have sufficient depth in order to remain relevant since most members would have attempted or passed accounting as a subject at GCE’ZIMSEC Ordinary Level; and

(b) the need to introduce computerised accounting and e-banking. This is because Zimbabwe of late has been becoming a computer literate society.
Housing co-operative societies were also training their members on co-operative principles which were supposed to be followed so as to be successful. However most co-operative societies revealed that they only trained their members at the joining stage. There was no continuous education and training of members due to shortage of financial resources. Most of the co-operative societies were not teaching their members on co-operative principles except a few housing and agriculture co-operative societies in area of fisheries.

In follow-up interviews involving both individuals and focus groups it was established that most co-operative members especially women who did not go further with their education did not understand the co-operative principles which were written in the English Language. The respondents also felt that since housing is a long term financial investment, the members of the management committees must be given sufficient knowledge about capital investment and appraisal techniques so that they are better capable of raising interest profit out of the accumulated funds prior to them being eventually ploughed into the intended housing projects.

5.12 MEMBERSHIP FEES

The respondents in respect of the membership fees for the relevant co-operative societies are depicted in Table 5.11 and Fig 5.13.
Table 5.11: Membership fees in US$

<table>
<thead>
<tr>
<th>Membership fee (US $)</th>
<th>1-100</th>
<th>101-200</th>
<th>201-300</th>
<th>301-400</th>
<th>401-500</th>
<th>500+</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
</tr>
<tr>
<td>Housing (N=160)</td>
<td>54</td>
<td>33.7</td>
<td>32</td>
<td>20.00</td>
<td>28</td>
<td>17.50</td>
</tr>
<tr>
<td>Micro-finance (N=24)</td>
<td>4</td>
<td>16.67</td>
<td>18</td>
<td>75.00</td>
<td>1</td>
<td>4.17</td>
</tr>
<tr>
<td>Agriculture (N=88)</td>
<td>44</td>
<td>50</td>
<td>22</td>
<td>25.00</td>
<td>11</td>
<td>12.50</td>
</tr>
</tbody>
</table>

Fig 5.13: Membership fees in US$

All co-operative members paid joining fees which ranged from 1 US$ to some co-operative societies paying up to 500US$. However it was difficult for the co-operative society members to give the sums in Zimbabwean dollars since they stopped using the
Zimbabwean dollar in 2008 due to hyper-inflation. Some co-operative societies like fishing and housing pointed out that they were no longer accepting new members since those who started fishing co-operative societies in 2002 had acquired a lot of properties in terms of boats and fishing equipment which made it unfair if a new member just joins in. Some housing co-operative societies were struggling to get more land from local authorities which made it useless for new members to join in.

In follow up interviews with the respondents, a majority of 33.7 percent in the housing co-operative societies revealed that they were paying a membership fee of 100 US$ which concurs with a majority of 50 percent in agriculture co-operative societies who revealed that they were also paying 100 US$ as membership fees unlike in the micro-finance co-operative societies where membership fees were going up to 200 US$. All respondents of the housing and agricultural co-operative societies pointed out that they could not afford to pay a membership fee which exceeds 100US$ because of the hard economic conditions in Zimbabwe. However the study also found out that no members were paying a membership fee which exceeds 500US$ since most of the members of co-operative societies could not afford to do so because their disposable income was little.

5.13 MONTHLY CONTRIBUTIONS

The respondents in respect of the monthly contributions for the relevant co-operative societies are depicted in Table 5.12 and Fig: 5.14.
Table 5.12: Monthly contributions in US$

<table>
<thead>
<tr>
<th>Monthly contributions (US $)</th>
<th>N</th>
<th>0-20</th>
<th>21-40</th>
<th>41-60</th>
<th>61-80</th>
<th>81-100</th>
<th>100+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing</td>
<td>160</td>
<td>40</td>
<td>28</td>
<td>36</td>
<td>12</td>
<td>4</td>
<td>40</td>
</tr>
<tr>
<td>Micro-finance</td>
<td>24</td>
<td>1</td>
<td>2</td>
<td>12</td>
<td>3</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Agriculture</td>
<td>88</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>272</td>
<td>41</td>
<td>30</td>
<td>48</td>
<td>15</td>
<td>8</td>
<td>42</td>
</tr>
<tr>
<td>Percentage</td>
<td>100</td>
<td>15.07</td>
<td>11.03</td>
<td>17.65</td>
<td>5.51</td>
<td>2.94</td>
<td>15.44</td>
</tr>
</tbody>
</table>

Fig 5.14: Monthly contributions

The members of the housing and micro finance co-operative societies were required to pay monthly contributions. This was not the case with the members of agricultural co-operative societies since they were all getting income from the sales of their produce.
However a majority of 15.07 percent in the housing co-operative societies were paying monthly contributions of up to 20 US$ which concurs with a majority of 15.44 percent who were paying monthly contributions of above 100US$ per month in other housing co-operative societies. This showed that some of the housing co-operative society members had more disposable income since they were affording to pay more than 100US$ per month.

In follow up interviews, some respondents of the housing co-operative societies complained that some of the co-operative members who were occupying co-operative houses were refusing to contribute more than 20 US$ per month which made it difficult to construct more houses for the other co-operative society members who were still waiting for the co-operative management committee to allocate them with new houses. The respondents also pointed out that the monthly contributions which were made by the members of the micro-finance co-operative societies were loaned out to members who were required to pay back within six months, the amount they would have borrowed plus an interest which is about 20 percent of the borrowed amount.

5.14 DEALING WITH DEFAULTERS

Defaulters were mainly found in the housing and micro-finance co-operative societies where members were required to pay a monthly contribution. The respondents cited economic hardships as the major reason for failing to keep up to date with the payment of their respective monthly contributions. When interviewed, the respondents stated that in terms of the relevant provisions of all co-operative societies, they risked losing their
membership status and the associated rights if for no reasonable excuse they failed to pay their contributions for three consecutive months.

In follow-up interviews, the respondents felt this provision was unnecessarily harsh on them given the realities of the Zimbabwean socio-economic environment. However some respondents felt that certain members of the co-operative societies’ management committee arbitrarily used their discretionary powers in determining the reasonableness of a member’s given cause for defaulting monthly contributions. They pointed out that members of the management committee who had an undesirable/too talkative malicious minded be expelled from their co-operative society or extend favours of retaining membership by an undeserving defaulter. Some of the respondents from the treasurer’s departments revealed that more than 30 percent of their borrowers were defaulting payments which was a major drawback on operations of the co-operative societies. However they could not afford to pay debt collectors to collect these debts for them.

5.15 CHOICE OF LEADERS OF THE CO-OPERATIVE SOCIETIES

The method of selection of co-operative society leadership is depicted in Table 5.13 below:

Table 5.13: Choice of the leaders of co-operative societies

<table>
<thead>
<tr>
<th>ELECTION SYSTEM</th>
<th>N</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing</td>
<td>160</td>
<td>7.50%</td>
<td>92.50%</td>
</tr>
<tr>
<td>Finance</td>
<td>24</td>
<td>100.00%</td>
<td>0</td>
</tr>
<tr>
<td>Agric</td>
<td>88</td>
<td>100.00%</td>
<td>0</td>
</tr>
</tbody>
</table>
All co-operative societies appointed the members of the management committees:

(a) at duly constituted general meeting for which due notice would have been given to all those entitled to attend;

(b) they vote on matters put before such meetings for legally valid reasons;

(c) on the basis of one seconded proposal for the election of each member willing to be appointed to the post of member of the management committee of the co-operative society; and

(d) that the minutes of the resolution for the appointment of a member of the co-operative society’s management committee be duly minuted and entered into the Register of Minutes of the meetings of the co-operative society, lodged and filed with the Registrar of Co-operatives on the appropriate form that is accompanied with the appropriate fee.

In follow-up interviews, respondents felt that the above requirements for the due election of the leaders of co-operative societies were adequate though not full proof in preventing acts of bad governance and mismanagement on the part of those persons on whom members would have deposited their trust. It was observed by the perusal of co-operative societies’ records that men usually occupied the position of chairmanship whilst women were the preferred candidates for the position of treasurer of the co-operative society. These appointments appeared to be culturally determined although influenced by personality as perceived by the electors, -Man for leadership and Women for trustworthiness.
Some pointed out that there were less women in key positions because the women refused to hold such positions because they were busy looking after their families most of the time. This made it difficult for them to attend to co-operative societies’ demands. However most co-operative society members were happy with their leadership especially with those they elected into power.

5.16 MEETINGS OF CO-OPERATIVE SOCIETIES

The numbers of meetings held by each co-operative society per year are depicted in Table 5.14 below.

Table 5.14: Holding of co-operative society meetings

<table>
<thead>
<tr>
<th>Number of meetings per year</th>
<th>N</th>
<th>0-3</th>
<th></th>
<th>4-6</th>
<th></th>
<th>7-9</th>
<th></th>
<th>10-12</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
</tr>
<tr>
<td>Housing</td>
<td>160</td>
<td>24</td>
<td>15.00</td>
<td>12</td>
<td>7.50</td>
<td>0</td>
<td>0</td>
<td>124</td>
<td>77.50</td>
</tr>
<tr>
<td>Micro-finance</td>
<td>24</td>
<td>4</td>
<td>16.67</td>
<td>16</td>
<td>66.67</td>
<td>4</td>
<td>16.66</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Agriculture</td>
<td>88</td>
<td>16</td>
<td>18.18</td>
<td>36</td>
<td>40.91</td>
<td>0</td>
<td>0</td>
<td>36</td>
<td>40.91</td>
</tr>
</tbody>
</table>

As illustrated in the Table 5.14, a majority of 77.50 percent of the members of the housing co-operative societies were holding more than 10 meetings per annum. This was because they had to meet regularly to discuss problems they were facing especially on shortage of serviced land to built houses for their members. This also concurs with members of the agricultural co-operative societies who were also holding
more than 10 meetings per year. However in the micro-finance co-operative societies, they were holding at most 9 meetings per year.

In follow-up interviews respondents revealed that they normally received notice for meetings with the agenda. In these meetings they pointed out that they appointed management of their choice usually at Annual General Meetings. However the respondents also added that they did not only wait for the Annual General Meetings when they had some important issues to discuss with the members of the co-operative societies.

5.17 RATING OF ATTENDANCE OF MEETINGS

The rate of attendance of meetings by members of the co-operative societies is illustrated in Table 5.15 below.

Table 5.15: Rating of attendance of meetings

<table>
<thead>
<tr>
<th>Attendance:</th>
<th>N</th>
<th>Poor</th>
<th>Very poor</th>
<th>Fair</th>
<th>Good</th>
<th>Very good</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of co-operative</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing</td>
<td>160</td>
<td>4</td>
<td>0</td>
<td>90</td>
<td>36</td>
<td>30</td>
</tr>
<tr>
<td>Micro-finance</td>
<td>24</td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>0</td>
<td>18</td>
</tr>
<tr>
<td>Agriculture</td>
<td>88</td>
<td>0</td>
<td>0</td>
<td>12</td>
<td>0</td>
<td>76</td>
</tr>
<tr>
<td>Total</td>
<td>272</td>
<td>4</td>
<td>0</td>
<td>108</td>
<td>36</td>
<td>124</td>
</tr>
<tr>
<td>Percentage</td>
<td></td>
<td>1.47</td>
<td>0</td>
<td>39.70</td>
<td>13.24</td>
<td>45.59</td>
</tr>
</tbody>
</table>
Overally the rate of attendance of co-operative society meetings was very good with a majority of 45.59 percent whilst 1.47 percent revealed that the rate of attendance was poor. This was because most members were enjoying the benefits of being a co-operative society member such as economies of scale. Some were now occupying co-operative houses after having been on the housing waiting list for a long time. However members of the agriculture and micro-finance co-operative societies concurred that their rate of attendance of meetings was very good unlike in the housing co-operative societies where the majority pointed out that the rate of attendance of meetings was fair.

In follow up interviews the respondents revealed that there were several reasons for non-attendance of meetings such as other commitments elsewhere, co-operative societies’ failure to meet their members’ expectations and dissatisfaction by management’s performance.

5.18 CO-OPERATIVE SOCIETY PRINCIPLES

The co-operative principles which form the back-bone of many co-operative societies and their applicability in Zimbabwe are depicted in Fig 5.15.
In follow-up interviews some of the respondents revealed that the co-operative principles were very much applicable in Zimbabwe. Most of the respondents were of the view that the co-operative principles should be written in the local languages for the benefit of some of the members of the co-operative societies who did not go further with their education. However some of the respondents pointed out that there was not much independence in co-operative activities because of political interference. The respondents further recommended that the government should just promote co-operative activities by creating a conducive environment.

5.19 AUDITING OF FINANCIAL RECORDS OF THE CO-OPERATIVE SOCIETIES

All co-operative societies audited their financial records using different bodies as depicted in Table 5.16.
<table>
<thead>
<tr>
<th>Type of cooperative</th>
<th>Council auditors</th>
<th>General auditors</th>
<th>Ministry (SMECOD)</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
</tr>
<tr>
<td>Housing</td>
<td>44</td>
<td>27.5</td>
<td>70</td>
<td>43.75</td>
</tr>
<tr>
<td>Micro-finance</td>
<td>2</td>
<td>8.33</td>
<td>18</td>
<td>75.00</td>
</tr>
<tr>
<td>Agriculture</td>
<td>10</td>
<td>11.36</td>
<td>10</td>
<td>11.36</td>
</tr>
</tbody>
</table>

According to the respondents the auditing of financial records was done by council auditors, general auditors and auditors from the MSMECD. This was compulsory for every co-operative society to avoid the commission of acts of mismanagement, theft of co-operative society assets, all of which were some of the key causes for the failure of many co-operative societies. This also helped to bring transparency to these organisations.

All respondents were of the opinion that more use should be made of external auditors which is a check of balance against the possibility of the risk of mismanagement of the affairs of the co-operative societies. However most co-operative societies could not afford to pay the external auditor which was a major drawback.

5.20 LOBBYING AND ADVOCACY ACTIVITIES BY CO-OPERATIVE SOCIETIES

Lobbying and advocacy activities involve a set of strategies that are intended to influence the relevant authorities to be favourably predisposed towards an institution and its policies and practices. These activities are often directed at the legislature that
formulates the legal framework within which the institution exists and also at the relevant local authorities that are accountable and responsible for policy implementation.

The respondents agreed that the lobbying and advocacy activities of Zimbabwean co-operative societies were largely ineffective due to the following reasons:

(a) government has always been very favourably pre-disposed towards the concept of co-operative societies as is evidenced by the important role co-operative societies have always been given in the structure of both cabinet of Ministers and structure of Ministries ever since 1980. Thus it was difficult to separate politics from co-operative activities. Therefore according to some of the respondents, attempts to lobby and advocate for the acceptance of the concept of co-operative societies by government would then be comparable to a situation where in one preaches to the already converted; and

(b) co-operative societies lacked the necessary institutional capacity to undertake meaningful lobbying and necessary activities at the legislative level. According to the respondents, most members were either not aware of/or comprehend co-operative principles without being exposed to meaningful education and training on the same.

Thus the respondents were of the opinion that lobbying and advocacy should be undertaken in order to achieve the following:

(a) passing of legislation that imposes stiff criminal and civil sanctions for acts of bad governance, mismanagement, theft, fraud and uttering forged documents in relation to co-operative societies;
(b) passing of inheritance laws that enabled the cost-effective administration of members’ deceased estate in the event of inevitable death;

(c) government allocating a fixed portion of the national budget to financing at concessionary interest rates the state approved projects of co-operative societies involving micro-finance, housing and agriculture;

(d) government to give tax concessions for example reduced Value Added Tax (VAT) on co-operative societies’ sales, less Pay As You Earn (PAYE) tax on personalised income derived from co-operative society sources;

(e) housing co-operative societies’ members also revealed that the local authorities should help them with servicing of land whilst agro-fishing co-operative societies pointed out that they needed the government to help them with fishing equipment and capital injection. Some dairy farmers also revealed that they needed finance to purchase milking machines, refrigerated tankers to transport milk to Dairy Board Zimbabwe where they sell their milk. The respondents also pointed out that they needed finance to purchase medicines, folder and pay salaries which motivated their employees. The respondents from micro finance co-operative societies pointed out that proper laws should be put in place to sue defaulters since this was a major draw-back to their co-operative activities. All respondents from all co-operative societies mentioned that proper inheritance laws should be put in place just in case one member passed on.

5.21 CO-OPERATIVE SOCIETIES AS VEHICLES FOR POVERTY ALLEVIATION

The assessment of co-operative societies as vehicles for poverty alleviation by the members of co-operative societies is illustrated in the Table 5.17 below.
Table 5.17: Co-operative societies as vehicles for poverty alleviation (N-274)

<table>
<thead>
<tr>
<th>Assessment</th>
<th>Number of members</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very effective</td>
<td>120</td>
<td>43.80</td>
</tr>
<tr>
<td>Effective</td>
<td>90</td>
<td>32.85</td>
</tr>
<tr>
<td>Ineffective</td>
<td>33</td>
<td>12.04</td>
</tr>
<tr>
<td>Very ineffective</td>
<td>30</td>
<td>10.95</td>
</tr>
</tbody>
</table>

As illustrated in the Table 5.17, a majority of 43.80 percent of the respondents agreed that co-operative societies were effective vehicles for poverty alleviation. This was against a minority of 10.95 percent of the respondents.

In follow-up interviews, most of the respondents pointed out that their quality of life has improved since joining the membership of co-operative societies. Among the benefits gained were shelter, enough food for their households, and most of the female respondents pointed out that they were now able to participate in decision making.

However, all respondents agreed that co-operative societies were an effective tool for poverty alleviation especially if they receive enough government support in the form of tax concessions, supportive legislature, loans and education and training.

5.21.1 Standard for assessing and evaluating the degree of efficiency of co-operative societies as vehicles for poverty alleviation
Several standards were used for assessing the effectiveness of co-operative societies as vehicles for poverty alleviation as illustrated in the Table 5.18 (N-274).

**Table 5.18: Standards for assessing co-operative societies as vehicles for poverty alleviation**

<table>
<thead>
<tr>
<th>Standard</th>
<th>Number of members</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisational goals and objectives</td>
<td>200</td>
<td>72.99</td>
</tr>
<tr>
<td>Benchmarking against best sector performers</td>
<td>12</td>
<td>4.38</td>
</tr>
<tr>
<td>Members’ beneficiaries viewpoints</td>
<td>18</td>
<td>6.57</td>
</tr>
<tr>
<td>Relevant national and international standards</td>
<td>40</td>
<td>14.60</td>
</tr>
<tr>
<td>Stakeholders’ appraisals</td>
<td>4</td>
<td>1.46</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>274</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

As illustrated in the Table 5.18 above, a majority of 72.99 percent revealed that they used organisational goals and objectives to assess if a co-operative society has been an effective tool for poverty alleviation. However the least preferred factor for measuring efficiency was the stakeholders’ appraisals.
In follow-up interviews, the respondents revealed that they considered if a co-operative society has made them fulfill their basic needs such as food, shelter, access to micro-finance and acquiring of household properties such as televisions, radios and beds.

5.22 FACTORS ACCOUNTING FOR THE SUCCESS OF CO-OPERATIVE SOCIETIES AS VEHICLES FOR POVERTY ALLEVIATION

Several factors were given by the respondents which account for co-operative societies’ capabilities as vehicles for poverty alleviation as illustrated in the Table 5.19 below. (N-274)

Table 5.19: Factors accounting for the success of co-operative societies in alleviating poverty

<table>
<thead>
<tr>
<th>Factor</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clearly defined tasks</td>
<td>200</td>
<td>50</td>
<td>20</td>
<td>4</td>
</tr>
<tr>
<td>Keeping proper financial records</td>
<td>179</td>
<td>78</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td>Involving members in decision making</td>
<td>205</td>
<td>40</td>
<td>20</td>
<td>5</td>
</tr>
<tr>
<td>Government support</td>
<td>260</td>
<td>10</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Adequate resources</td>
<td>270</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Training and development of members</td>
<td>234</td>
<td>30</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Adhering to co-operative principles</td>
<td>200</td>
<td>30</td>
<td>30</td>
<td>14</td>
</tr>
</tbody>
</table>
As illustrated in the Table 5.19, most members strongly agreed that all the above factors had a positive impact on the success of co-operative societies as vehicles for poverty alleviation. Only a few of the respondents pointed out that the above factors had little impact on the success of co-operative societies as instruments for poverty alleviation. In follow-up interviews some of the respondents pointed out that they needed government support in the form of tax concessions, cheap loans, agriculture extension services and supportive legislation. They further pointed out that some vendors were now earning a living especially by selling fish and chicken cuts (see Appendix, xiv).

5.23 FACTORS ACCOUNTING FOR FAILURE OF CO-OPERATIVE SOCIETIES AS VEHICLES FOR POVERTY ALLEVIATION

There were several factors which were pointed out as having a negative impact on the success of co-operative societies as vehicles for poverty alleviation as shown in Table 5.20.
Table 5.20: Factors accounting for the failure of co-operative societies in alleviating poverty

<table>
<thead>
<tr>
<th>Factor</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor management</td>
<td>200</td>
<td>50</td>
<td>21</td>
<td>3</td>
</tr>
<tr>
<td>Lack of education and training</td>
<td>187</td>
<td>60</td>
<td>20</td>
<td>7</td>
</tr>
<tr>
<td>Conflict among co-operative members</td>
<td>165</td>
<td>54</td>
<td>24</td>
<td>31</td>
</tr>
<tr>
<td>Lack of funds</td>
<td>171</td>
<td>76</td>
<td>20</td>
<td>7</td>
</tr>
<tr>
<td>Excluding members in decision making</td>
<td>121</td>
<td>20</td>
<td>43</td>
<td>90</td>
</tr>
<tr>
<td>Lack of resources</td>
<td>234</td>
<td>30</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>Failing to follow co-operative principles</td>
<td>270</td>
<td>4</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Failure to dismiss incompetent management</td>
<td>57</td>
<td>89</td>
<td>65</td>
<td>63</td>
</tr>
</tbody>
</table>

The majority of the members of the co-operative societies were of the view that the mentioned factors were the causes of co-operative society failure in most cases. A few of the respondents disagreed that the above factors had any effect on the failure of the co-operative societies’ abilities to alleviate poverty.

In follow-up interviews, some of the respondents pointed out that they did not receive enough education and training when they joined their respective co-operative societies due to lack of resources which was one of the reasons for the collapse of some co-operative societies in the infancy stage. Some of the respondents further pointed out that they did not even understand the co-operative principles which were written in the English language. They even recommended that the co-operative principles should be written in the local languages for the benefit of all co-operative society members.
5.24 ISSUES OF SPECIAL CONCERN TO HOUSING CO-OPERATIVE SOCIETIES

A number of issues were according to the respondents, of special concern to housing co-operative societies in Harare. These issues include:

(a) the availability and quality of residential land that Municipal Councils allocated to housing co-operative societies;

(b) the size of the residential stand/plot that was allocated to each member;

(c) the criteria that was used for allocating residential units to members of co-operative societies;

(d) the cost of completed housing units;

(e) the availability of construction materials; and

(f) the benefits of membership in a housing co-operative society.

All the above-stated matters are dealt with in the paragraphs that follow:

5.24.1 The availability and quality of residential land allocated to Housing Co-operative Societies

According to the respondents only about 50 percent of housing co-operative societies managed to have residential land allocated to them by the Harare Municipality that itself did not have sufficient land to allocate to co-operative societies. Some members even complained that some of the land allocated by the city council was really not suitable for low-cost affordable housing purposes. Some of the allocated residential land was rocky which necessitated a lot of money to clear that land whereas some of the land was
swampy which necessitated having engineer certified foundations and very costly when constructing houses. This was not affordable by some co-operative societies due to the prevailing hard economic conditions.

Some housing co-operative societies were still paying for allocated land in installments which meant that the land could not be developed until all the payment of the required cash deposit was made. The eventual fulfillment of numerous suspective conditions delayed housing project implementation with the resultant threat to their sustaining membership and financial viability.

5.24.2 Logistical issues relating to project construction materials

All the respondents drawn from the co-operative housing societies had the following as the key logistical issues that relate to project construction materials:

(a) Sources of supplies.

The various sources for the supply of co-operative housing project construction materials are depicted in Table 5.21:
Table 5.21: Logistical issues relating to project construction materials

<table>
<thead>
<tr>
<th>Source</th>
<th>N(Total)</th>
<th>Usage</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local suppliers</td>
<td>160</td>
<td>80</td>
<td>50</td>
</tr>
<tr>
<td>Donations</td>
<td>160</td>
<td>10</td>
<td>6.25</td>
</tr>
<tr>
<td>Foreign/Import</td>
<td>160</td>
<td>60</td>
<td>37.5</td>
</tr>
<tr>
<td>Own</td>
<td>160</td>
<td>10</td>
<td>6.25</td>
</tr>
</tbody>
</table>

The respondents noted that local SMEs, some of them unregistered co-operative ventures operating as backyard enterprises, were playing an ever increasing role in the supply of building materials and tools. In follow-up interviews, respondents felt that local suppliers tend to be associated with inconsistencies in the quality, over-pricing and intermittent availability of supplies. This forced 37.5 percent of housing co-operative societies to source, particularly from Botswana and South Africa.

According to the respondents, foreign sources offered building materials and equipment at competitive market prices. Product availability was out of the question. What was questionable was that at times product quality as counterfeits were readily available at bargain prices. The other major problems were the high transport costs that were incurred in bringing the building materials to the preferred construction site.

Donations were viewed as most welcome but donations were generally unreliable source of project funding, often come with unwelcome strings attached thereto thus
leaving the beneficiaries with no room for choice besides inculcating a dependency syndrome on the co-operative housing aspiring home-owners.

All respondents agreed that providing own materials and tools was generally a cost-effective method of having materials on site especially in the case of bricks. In follow-up interviews, respondents viewed this method of sourcing materials as being beset with quality control problems and administration hassles.

5.24.3 The Cost of Completed housing Units.

Some of the respondents admitted to being financially illiterate and therefore claimed that they could not properly cost and budget in relation to their investments in co-operative housing projects. In follow-up interviews, most respondents expressed the opinion that they were severely prejudiced as a result of illiteracy on financial accounting and cost management issues. Thus they felt that residential construction costs could easily become uncontrollable to them due to the following factors:

(a) the absence of transparency in the financial management of co-operative societies’ funds provided opportunities for costs to escalate due to corruption and bribery on the part of the members of the management committees of housing co-operative societies;

(b) inflation that had escalated to more than 14000 percent per annum in 2008 (CSO) but has since stabilised to single digit figures in 2009 and 2010 as a result of the introduction by the GoZ of the multi-currency fiscal regime. All respondents attributed the stagnation in the implementation of co-operative housing scheme to hyper-inflation during the year 2006 to 2007;
(c) the ever deepening and widening poverty levels in Zimbabwe despite the noble intentions of the GoZ and civic society groups to eradicate poverty in the long-term; and

(d) the failure by the municipal authorities to provide fully serviced stands to housing co-operative societies, as was the case in the 1980s and 1990 and substantially raised the costs of prerequisite for the starting of the construction of co-operative society members’ houses to levels unaffordable to most members of housing co-operative societies in both the short and medium term.

5.24.4 Size of residential plots and number of completed rooms at allocation

The size of the residential plots/ stands that is on the average allocated to the members of housing co-operative societies tends to be on the average smaller than that allocated to successful applicants on the Municipality’s normal housing waiting list for example each member was allocated with 300 square metres. As such, the respondents felt that the residential plots that were allocated to the members of housing co-operative societies tend to restrict relatively extensive future development by extending on the one up to three roomed core house that was initially handed over for occupation by its new owner( see Appendix, xiii).

Table. 5. 22 below illustrate the size of residential plots in terms of the number of completed rooms that constitute a core house.
Table 5.22: Size of Core House

<table>
<thead>
<tr>
<th>Number of rooms</th>
<th>(N)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>48</td>
<td>30.50</td>
</tr>
<tr>
<td>2</td>
<td>102</td>
<td>63.75</td>
</tr>
<tr>
<td>3</td>
<td>10</td>
<td>6.25</td>
</tr>
<tr>
<td>4</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>160</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Over 60 percent of the core houses that were allocated to members of housing co-operative societies constituted of two small living rooms in addition to a combined toilet-shower room. A further 30.5 percent of the core houses were one –roomed structures and the remainder being the bigger 3 roomed core-houses. Respondents heartily welcomed the new status “Land-lord” these basic structures bestowed on the former looked down upon “Lodgers”.

In follow-up interviews, the respondents expressed misgivings on the housing plans that were imposed upon them by co-operative societies’ management allegedly in corrupt collusion with private land developing companies. The core houses were soundly condemned for having too low roofs that transformed them into baking ovens with the onset of each hot summer season. Also condemned was the use of substandard materials such as poor quality cement block bricks as these easily cracked leaving big
gaps in some walls which leave the new home-owner with no option but to demolish the dangerous structure and rebuild the core house either in part or in full.

5.24.5 Time taken to allocate co-operative society built houses to the members in years

The time taken to allocate co-operative society built houses is illustrated in Table 5.23 below.

**Table 5.23: Time taken to allocate co-operative society built houses to members**

<table>
<thead>
<tr>
<th>Time taken to allocate houses</th>
<th>Number of co-operatives</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-2</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>3-4</td>
<td>30</td>
<td>18.75</td>
</tr>
<tr>
<td>5-6</td>
<td>124</td>
<td>77.50</td>
</tr>
<tr>
<td>7+</td>
<td>4</td>
<td>2.75</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>160</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

As shown in Table 5.23 above, it takes on the average about 5 to 6 years before this relatively long waiting period, according to the respondents, was one of the major causes of the high membership turn over that is suffered by housing co-operative societies in Harare. This situation is initially caused by co-operative societies that recruited more members than the number of residential units that could feasibly be allocated on the designated piece of land purchased from the local municipality.
5.24.6 The criteria for allocating residential units to members of co-operative societies

According to the respondents, it was a prerequisite for one to appear on both local municipalities’ residential applicants' waiting list as well as in the updated Membership Register of the respective housing co-operative society to which one belongs for a person to be allocated a residential stand by housing co-operative societies. Houses were then allocated on the basis of the criteria as indicated in Fig 5.16 below:

![RESPONSES](image)

**Fig 5.16: Criteria for allocating houses**
From the respondents’ perspective, each of the methods of allocating newly completed housing units had its own relative merits and demerits - all of which are illustrated in Table 5.24.

**Table 5.24: Merits and Demerits of Methods of Allocating New Residential Units to members of Housing Co-operative societies**

<table>
<thead>
<tr>
<th>Method of allocation</th>
<th>Merits</th>
<th>Demerits</th>
</tr>
</thead>
<tbody>
<tr>
<td>First come-First served</td>
<td>a) Brings transparency; b) Eradicates favouritism c) Encourages new members to join.</td>
<td>a) New members have to wait for a long time before being allocated with a house; b) Old members might start defaulting when they occupy co-operative houses.</td>
</tr>
<tr>
<td>Random picking from updated co-operative register/Lottery system.</td>
<td>a) New members have an equal chance of being allocated with a house; b) Eradicates favoritism; c) Encourages new members to join.</td>
<td>a) Increases membership turnover from old members who might be unlucky; b) Unfair to old members who have an equal chance of being allocated with a house with new members.</td>
</tr>
<tr>
<td>Sequentially according to register of members kept by co-operative.</td>
<td>a) Fair since old members are allocated with houses first; b) Stamps out corruption; c) Builds trust of co-operative management from co-operative members.</td>
<td>a) Old members take co-operative houses as their own houses; b) Old members might stop attending meetings and paying monthly contributions.</td>
</tr>
<tr>
<td>Last in first-served.</td>
<td>a) Only advantageous to new members who benefit from old members’ contributions.</td>
<td>a) Method suitable for dealing with inanimate objects and not human beings who have human feelings about acceptable business ethics.</td>
</tr>
</tbody>
</table>

**5.24.7 Sources of assistance got by housing co-operative societies**
The findings in respect of how the respondents ranked the various sources from which housing co-operative societies receive assistance are presented in Fig 5.17 and Table 5.25 below:

Fig. 5.17: Sources of the assistance received by co-operative societies
Table. 5.25: Sources of the assistance received by housing co-operative Societies

Page in landscape
The GoZ was ranked by the respondents as the greatest provider of technical and professional /managerial assistance to co-operative societies. In follow-up interviews, respondents lauded the GoZ for crafting and implementing a conducive legal framework within which housing co-operative societies were created and exist. However, a significant number of respondents expressed misgivings at the recent trend pointing at undue favouritism for housing co-operative societies as the semi-official channel through which one would expect to own an urban residence to the detriment of previously popular council and employer-assisted housing schemes.

Employers were also highly commended by those respondents who received material and financial support from this dwindling source of support for housing co-operative societies. SMEs, with their relatively limited budgets as compared to longer established large commercial/industrial establishments, were noted for their mean attitude in rendering support to their respective employee members of housing co-operative societies.

INGOs usually in partnership with local NGOs such as HPZ were also appraised by respondents as a sure source of assistance to housing co-operative societies for donor funds being available. The organisations were, according to the respondents, reputable providers of continuing adult education and training in the principles and management of co-operative societies. They were also observed to readily assist local authorities in installing water and sewage reticulation system as part of their generally pro-poor and poverty and disease prevention socio-economic intervention strategies.
Another source of assistance received by members of housing co-operative societies was the extended family system. If one is well connected to one with a generous benevolent rich member(s).

5.24.8 The benefits accruing from the membership of housing co-operative society.

All the benefits that accrued from the membership of housing co-operative societies are shown in the Table 5.26 below.

Table 5.26: The benefits accruing from the membership of a housing co-operative society

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Number of co-operatives</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N(160)</td>
<td></td>
</tr>
<tr>
<td>Shelter</td>
<td>160</td>
<td>100%</td>
</tr>
<tr>
<td>Land</td>
<td>120</td>
<td>75%</td>
</tr>
<tr>
<td>Education/ training</td>
<td>160</td>
<td>100%</td>
</tr>
<tr>
<td>Rental income and</td>
<td>160</td>
<td>100%</td>
</tr>
<tr>
<td>Improved socio-status as a landlord</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

According to the respondents, a lot of benefits accrue to the members of co-operative societies. All of them agreed that they expected benefit by having houses of their own. The respondents also added that they expected income from their own tenants or
lodgers. They also stood to benefit from the land which was donated by the local authorities although some had not built houses as they could also extend their capital base by being able to borrow from banks on the basis of being able to provide tenable security for loans applied for and granted. This enabled risk takers amongst them to enter into entrepreneurial ventures that have enabled many formerly poor to escape the poverty trap. Besides the benefits accruing from membership in housing co-operative societies as outlined in Table 5.26, respondents in follow-up interviews claimed that their households benefited immensely from escaping the crime-ridden and impersonal environment of urban slums to which they had resigned their fate on migrating to towns from their impoverished rural homes in Zimbabwe.

5.25 KEY ISSUES OF CONCERN TO THE MEMBERS OF AGRICULTURAL CO-OPERATIVE SOCIETIES

According to the respondents, the issues of particular concern to the members of agricultural co-operative societies include the following:

(a) determining the areas of mutual interest to members;

(b) cost-effectively addressing the challenges that were faced by agricultural co-operative societies’ farmers;

(c) assessing and evaluating the individual members’ share of risks in an agricultural co-operative societies;

(d) the perennial problem of securing a profitable market share for the products of agricultural co-operative societies in a competitive market situation; and
(e) relations with stakeholders, particularly with the state, creditors and neighbouring communities.

The respondents' viewpoints in respect of the significance of the above issues are captured in Table 5.27 below.

**Table 5.27: Key issues of particular concern to the members of agricultural co-operative societies**

As percentage (%) N=88

<table>
<thead>
<tr>
<th>Issue of concern</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Determining areas of mutual interest</td>
<td>60</td>
<td>10</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>Finding cost-effective solutions to problems faced</td>
<td>80</td>
<td>5</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td>Assessing &amp; evaluating members’ level of risk</td>
<td>40</td>
<td>40</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Securing market share</td>
<td>50</td>
<td>5</td>
<td>5</td>
<td>20</td>
</tr>
</tbody>
</table>

**5.25.1 Determining areas of mutual concern**
In follow-up interviews, 60 percent of the respondents were of the opinion that the determination of the areas of mutual interest to all the members of agricultural co-societies was indeed problematic. According to them, the following are the intervening factors to the comprehensive determining of the areas of mutual interest to the members:

(a) individual differences in terms of relevant education, training and development, experiences, interests and choices in one’s life;

(b) the tendency amongst most members to want to enjoy free rides whenever public goods are perceived as the outcomes of a group’s collective efforts; and

(c) individual differences amongst the members in terms of the potential to harness sufficient technology, intensive capital equipment, oxen for draught power and cheap labour that was also willing to stay full-time on the farm.

5.25.2 Finding cost-effective solutions to the key challenges /problems faced by the co-operative farmers.

The challenges or problems as perceived by the respondents are depicted in Table 5. 28 (N=88).
Table 5.28: Challenges faced by agricultural co-operative societies farmers

<table>
<thead>
<tr>
<th>Challenge/problem</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Widening &amp; deepening poverty</td>
<td>60</td>
<td>20</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Relations with stakeholders</td>
<td>50</td>
<td>20</td>
<td>4</td>
<td>14</td>
</tr>
<tr>
<td>Access to credit finance</td>
<td>68</td>
<td>2</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>Securing farm equipment</td>
<td>70</td>
<td>10</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Size of landholding/ plots</td>
<td>80</td>
<td>5</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Sourcing &amp; usage of agro-chemicals</td>
<td>75</td>
<td>5</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Mismanagement</td>
<td>79</td>
<td>1</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Access to electricity</td>
<td>80</td>
<td>5</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

As illustrated in the Table 5.28 above, the following were the major challenges being faced by agricultural co-operative societies:

(a) **Widening and deepening poverty**

Most respondents agreed that the major challenge facing agricultural co-operative societies was widening and deepening poverty. In follow-up interviews, the respondents generally agreed that poverty was most rife in woman–headed and child-headed households, amongst households, that did not have access to other regular and significant sources of income and also amongst those with no significant potential to access bank loans at concessionary interest rates, draught power or electricity and irrigation capacity.
(b) Stakeholder relations

The next area of great concern to the respondents was the challenge of creating and maintaining sustainable relationships between the co-operative society and its various stakeholders, including its members. The respondents were almost equally divided between those who felt that this was the sole responsibility of each respective co-operative society’s management committee whereas others felt that this was the mutual responsibility of the members, the management committee and all the other stakeholders of the committee. The respondents also expressed the viewpoint that co-operative-stakeholders can be sustainable in the long-term if they are based on broadly shared common goals and objectives.

The areas of conflict of interest in the co-operative relations and the relevant solutions suggested by the respondents are summarised in Table 5.29.
Table 5.29 Areas of Conflict in co-operative –stakeholder relations.

(Page in landscape)
(c) access to credit finance

All the respondents were of the opinion that the ease with which one accessed debt finance at concessionary interest rates was a major determinant of one’s potential to leap out of the poverty trap. The respondents also agreed that the capacity to provide sufficient security enabled one to access loan amounts that were sufficient to meet with undue processing delays the farmer’s needs for inputs, capital equipment and labour. Thus it was imperative that government should urgently consider giving title deeds to co-operative societies’ farmers so that they can use these instruments for accessing the much needed loan capital, the respondents reasoned.

(d) Securing farm equipment

According to the respondents, it was material that high-technology farm equipment be cost-effectively secured for farmers on time in order to address seasonal and time-specific needs of the farmer such as land tillage, sowing and cultivation as well as harvesting of crops. DDF tillage units were reputed to be cost-effective but were observed by the respondents to be overwhelmed by popular demand and poor equipment maintenance. The co-operative farm efforts to pool resources for the purchase, hire and letting of farm equipment such as tillage tractors and combine harvesters were hampered by the very poverty and disorganisation between and amongst the co-operative societies’ farmers themselves.

(e) Size of landholding/plot

All respondents agreed that size and quality of soil of co-operative societies’ landholding or plot was very material to the possible attempts at poverty reduction by all concerned
parties. This is because it determines initial scale and type of agriculture that can be profitably practiced whilst at the same time taking advantage of economies of scale effects of co-operative societies. In follow-up interviews, the respondents were of the opinion that small plots were ideal for market gardening, poultry and pig production especially if capital, electricity and piped water were available.

The respondents felt that agriculture practiced on tiny plots of land virtually condemned co-operative society farmers to ever deepening and widening poverty in the absence of other non-agriculture related sources of income. In addition, the respondents pointed out that the size, type of soil; drainage characteristics and distance from the central business district as well as the market value of developments on adjoining pieces of land were the key determinants of the market value of a co-operative society's landholding. The potential market value of the co-operative society's landholding has, according to the respondents, an important influence on co-operative-creditor relations, including input supplier and farmer contractual relationships.

(f) Sourcing and usage of agro-chemicals

The respondents agreed that the securing and ensuring the proper usage of agro-chemicals of late was becoming increasingly important for the following reasons:

(i) as an appropriate cost-effective substitute for expensive substitute for unskilled manual labour in the case of weed killer herbicides;

(ii) as appropriate loss and wastage prevention and control mechanism be in livestock (poultry, cattle, pigs and dogs). The respondents also pointed out quality and appealing to the pallet fruit and vegetables often fetch relatively higher market prices than those
products bearing evidence of having at one time been infected by diseases or attacked by insects; and

(iii) the current worldwide popular usage of agro-chemicals has a great potential harm on both the geo-ecological environment and people, including all those in contact with contaminated products in the event of mishandling or misapplication. The respondents also sadly pointed out the increasingly trend for most recent cases of suicide in the Zimbabwean farming community to be effected by way of self-administered over-dose of dangerous/poisonous agro-chemicals rather than the traditional suicide by hanging from a tree branch.

(g) Mismanagement of the affairs of the agricultural co-operative society

According to the majority 89.77 percent of the respondents, the mismanagement of the affairs of the agricultural co-operative societies often manifests itself at the following three levels:

(i) financial mismanagement;

This usually involves imprudent budgetary policies and practices such as banking all the co-operative societies' cash in a current account at the nearest available bank branch rather than investing it in a rewarding financial instrument or appropriating most of the available funds to the administrative folio that includes expensive mobile cellular telecommunication costs, management committee meetings at which, according to the available register of minutes of the relevant meetings, no substantial business is transacted and subsistence and travel expenses incurred on dubious business trips. The respondents also noted that on a number of occasions, some members of the
executive committee misappropriated funds and abused the assets of their respective co-operative societies. In follow-up interviews, the respondents were of the opinion that financial illiteracy on the part of the members, the irregularity with which general meetings of the members of the co-operative were held and at which the chairperson was held formally accountable to members and the lack of the oversight role of the external auditors.

(ii) mismanagement of corporate relationships; and

The respondents were of the broad consensus that more often than not, the management committee failed to satisfy the often conflicting interests of the various stakeholder groups of the agricultural co-operative societies. An often given example is the complex situation of dealing with share holder/member activism wherein it is the general convenient solution to label any persistent questioning voices as political dissidents. The other area of great concern was the management of supplier of farm inputs and capital from financial institutions. The major cause of these difficult relations with creditors was the management committee’s and members’ failure to honour contractual obligations due to a number of factors. According to the respondents, amount of any goodwill lost had a negative ripple effect on the other stakeholders’ interests.

(iii) mismanagement of the administrative affairs.

According to the respondents, the mismanagement of the administrative affairs of the agricultural co-operative societies involved some of the following issues:

- the failure to keep and update the statutory registers of the co-operative society;
- the failure to prepare financial statements and reports that were in compliance with acceptable international accounting and auditing standards; and

- the failure to hold regular meetings of both the management committee and general meetings of members and the failure to control the agency costs.

In follow-up interviews, the respondents attributed the above-noted failings to the following factors:

- weak oversight role by the Registrar of Co-operatives’ office;

- ineffective intervention by the donor community and government;

- absence of the balance of power on the management committee; and

- powerlessness of the members of the agricultural co-operative societies to contract even those very persons they collectively elected into office.

As a way of addressing the above-noted weaknesses, the respondents in follow-up interviews put forward the following recommendations:

(i) more thorough training and development in relation to the management of co-operative affairs needs to be undertaken as a matter of urgency; and

(ii) lobbying and advocating with the GoZ to pass laws that the affairs of the co-operative societies are managed by an appropriately constituted management committee, the majority of whose members should be professionally/academically qualified non-executive members.
(h) Access to electricity

According to the respondents, the provision of reliable electricity supplies from the ZESA subsidiary, ZETDC involved a heavy initial capital outlay that agricultural co-operative societies usually lack. Electricity supplies were vital for irrigation crop farming, household purposes, dairy cattle milk production, poultry rearing and the repair and maintenance of farm equipment and machinery. The respondents were of the opinion that the long term use of electricity generators was costly to sustain in an agricultural environment. Thus the respondents suggested that Zimbabwe should expand its electricity generating capacity at Kariba, modernise the Hwange Colliery Power Station and implement the Batoka Gorge Power Project without delay.

(I) Geo-ecological factors

According to the respondents, the summer season tends to become irregular as well as late in its coming. In addition, the wet summer season is short. The major challenges arising from the above according to the respondents called for:

(i) agent need for undertaking farm dam construction projects or sinking deep perennial boreholes for intensive irrigation crop farming, livestock production and household use. However there was the challenge of raising adequate capital for implementing and sustaining such high capital projects, funds for the agricultural co-operative societies did not have;

(ii) the soils generally were lateritic sandy soils that are easily leached and eroded during the short but heavy rainfall summer spell. As such according to the respondents they could not be sustainable African-Agriculture without the use of artificial fertilisers
that Zimbabwe has no sufficiently internal production capacity to meet local demand.
The alternative of resorting to pre-colonial shifting crop cultivation were no longer viable
alternative given the intense pressure on land as a result of high birth rates and at
relatively huge population.

(iii) temperatures like the cold winter frosts experienced on Zimbabwean Highveld inhibit
crop production especially grain crop production due to the slow growth of plants and
the very high summer temperatures literally backe-dry the soils during the summer
cropping season thus amplifying the impact of the increasingly common dry-spells and
drought.

(iii) drainage systems

Deep perennial river systems are not a common feature on Zimbabwean Highveld on
which Harare is situated. However, there is the occasional vlei. Dam construction or
sinking of boreholes according to the respondents was expensive and impractical.

5.25.3 The assistance got from the government

The assistance got from the government is illustrated in the Table 5.30 below.

Table 5.30: Assistance from government

<table>
<thead>
<tr>
<th>Type of aid</th>
<th>No of co-operatives</th>
<th>Percentage</th>
<th>N=88</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>10</td>
<td>11.36</td>
<td>88</td>
</tr>
<tr>
<td>Fishing equipment</td>
<td>30</td>
<td>34.09</td>
<td>88</td>
</tr>
<tr>
<td>Cheap inputs</td>
<td>30</td>
<td>34.09</td>
<td>88</td>
</tr>
<tr>
<td>Lowering tariffs for agricultural inputs</td>
<td>18</td>
<td>20.45</td>
<td>88</td>
</tr>
</tbody>
</table>
As illustrated in the table above, the government was trying to promote co-operative activities through various ways although these co-operatives felt that the government was not doing enough to create a conducive environment for co-operative activities.

5.25.4 The Marketing of the Agricultural Co-operatives’ Products

The method used by the agricultural co-operative societies to market their products and the sales turnover is explained in the Table 5.31.

A wide range of products were marketed by agricultural co-operative societies. These ranged from poultry products, fish and fresh milk. According to the respondents, these were the major products of agricultural co-operative societies because they constitute the main staple diet of Zimbabweans. The respondents estimated that annual sales turn-over per member of an agricultural co-operative society was about 8400 US$. According to the CSO (2010), this was enough to feed the family members of the housing co-operative societies. The marketing segments that were served by agricultural co-operative societies in the Harare Province are indicated in Table 5.31 below.

Table 5.31: The Market Segments served by Agricultural Co-operative Societies in Harare Province.

<table>
<thead>
<tr>
<th>Market segment</th>
<th>US$</th>
<th>Turnover/Sales %</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) On-farm sales</td>
<td>246400.00</td>
<td>33.33</td>
</tr>
<tr>
<td>(b) Local shops and vendors</td>
<td>300000.00</td>
<td>40.58</td>
</tr>
<tr>
<td>(c) Mbare “Musika” farmers market</td>
<td>192800.00</td>
<td>26.09</td>
</tr>
<tr>
<td>Annual/Average sales –Total</td>
<td>739200.00</td>
<td>100</td>
</tr>
</tbody>
</table>
In follow-up interviews, respondents expressed their preference for “on-farm sales” as this eliminated transport and distribution costs as these were borne by the buyer. However it was pointed out that this method of marketing agricultural products had the following inherent risk:

(a) the possibility of selling products at greatly discounted market prices (if the farmer did not update himself about the randomly fluctuating agricultural commodity market prices that may easily fluctuate on a daily or even hourly basis.

(b) the risk of a very low turn-over rate/sales figure for example if and when the buyers’ transport system is disrupted for example by a vigorous police crackdown on unlicensed and unroadworthy vehicles on which many of the buyers rely for their transportation needs; and

(c) the risk of theft of the yet to be harvested fish in the lakes and dairy cattle. In follow-up interviews, the respondents agreed that the option of hiring security guards was not viable due to their impoverishment. They indicated that quite often suspects were often thoroughly beaten up by farm residents before they were handed over to the police for the formulation of criminal charges. According to 36 percent of the respondents, some members were reputed to have a habit of consulting with African traditional medical practitioners for the purposes of “protecting “their farms from rampant thefts that characterise post-ESAP Zimbabwean urban settlements. Poverty and crime were viewed as closely co-related phenomena.
Local shops and vendors were another lucrative market segment for agricultural co-operative societies. However, the prices they offered were usually dampened by significant supplies of high quality products they receive from better resourced commercial and A2 Resettlement farmers. In addition, the farmer was forced to bear the transportation and distribution costs ex-co-operative farm to the shop.

The Mbare “Musika ‘Farmers’ Market offered another marketing opportunity to agricultural co-operative farmers. In follow-up interviews, all respondents agreed that this marketing option was disadvantaged by the need to sell in bulk so as to recover the relative transport costs and the market entry toll fee charged by the Harare Municipality.

The Dairiboard (Pvt) Ltd Company offered a ready market for buyers in bulk quantities of quality tested milk which it pays in cash. Often, the co-operative farmers failed to satisfy both the quantity (during the dry winter spell when cattle pastures were thin and dry ) and quality requirements (due to the lack of proper milking equipment and clean refrigerated capacity). As a result, very often on-farm sales of milk were a common feature.

Agro-fishing co-operative societies, according to the respondents heavily rely on a local market that constituted of fish vendors from the high density suburbs of Harare and a steady trickle of individual customers particularly from Harare’s Leafy Suburbs who buy fish for their own households’ consumption.

All the respondents agreed that there was an urgent need to increase the co-operative society’s per capita income per annum as well as diversify its sources. According to the respondents, the low and seasonal income streams make the accumulation of
substantial savings after the repayment of outstanding debts on for example agricultural inputs a difficult task.

5.25.5 The benefits of joining the membership of agricultural co-operative societies

The benefits that accrued from the membership of agricultural co-operatives are shown in the Fig 5.18 below.

**Fig 5.18: Benefits that accrue from membership of agricultural co-operatives.**

According to the respondents, the members of agricultural co-operative societies accrued a lot of benefits that ranged from gaining a full time employment status for
some of the formerly employed members, the acquisition of substantial capital equipment such as ox ploughs, harrows and combine harvesters, the earning of a substantial income stream, the acquisition of household property such as beds, televisions sets, radios, kitchen utensils, motor vehicles, ability to meet non-discretionary household expenses such as rental for accommodation, medical expenses, food and school fees. However 36 percent of the respondents were of the opinion that they were still to enjoy the benefits of having joined membership of their respective agricultural co-operative societies. A majority of 64 percent of the respondents believed that agricultural co-operative societies were an efficient and effective institution for facilitating poverty alleviation among the urban poor in Zimbabwe.

The above findings dispel the widely held myth that agricultural co-operative societies should essentially be a social phenomenon. According to the respondents drawn from both GoZ and the municipality section of the sample, agricultural co-operative societies were a reliable ally in the fight against environmental degradation which is usually associated with stream bank and hill slope crop cultivation as well as the rampant deforestation of municipal and neighbouring lands.

In follow-up interviews, all respondents expressed the viewpoint that the efficacy of agricultural co-operative societies as vehicles for sustainable human livelihoods development could be fully realised if and when the key socio-political, economic, financial and managerial challenges facing these institutions were fully addressed with the active participation of all the relevant stakeholders.
5.26 ISSUES OF PARTICULAR CONCERN TO MICRO-Finance CO-OPERATIVE SOCIETIES

According to the respondents, the issues of particular concern to micro-finance co-operative societies included the mismanagement of the affairs of the co-operative society, the size of membership, the amount of each member’s financial contribution towards the financial capital of the club/co-operative society and the legally permissible uses of the co-operative society’s capital funds and the conditions that may be legitimately attached thereto. The respondents’ sentiments about the relative importance attached to the above-stated issues are indicated in Table 5.32 below. N (24)

Table 5.32: Issues of particular concern to micro-finance co-operative societies

<table>
<thead>
<tr>
<th>Issue</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mismanagement</td>
<td>12</td>
<td>6</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Amount of member’s financial contribution</td>
<td>12</td>
<td>8</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Legally permissible uses of accumulated capital funds</td>
<td>10</td>
<td>4</td>
<td>9</td>
<td>1</td>
</tr>
<tr>
<td>Conditions attached to loans</td>
<td>18</td>
<td>4</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>
5.26.1 Bad governance/ Mismanagement of the affairs of the micro-finance co-operative society

As with both the housing and agricultural co-operative societies, the issue of mismanagement or bad governance of the affairs of micro-finance co-operative societies was prioritised by the respondents over all their other concerns. The respondents in follow-up interviews attributed the sole responsibility for the mismanagement of the affairs of micro-finance co-operative societies to their respective management committee which at law were the thinking, directing and controlling mind of this type of a legal fiction/creation that can only act through the agency of human beings on realising its dully registered objects. The respondents attributed acts of bad governance of the affairs of the micro-finance co-operative societies to the following factors:

(a) unbridled conflict of interest between the micro-finance co-operative societies and its respective management committee;

(b) insufficient suspension of micro-finance co-operative societies by both the Registrar of Co-operatives, Registrar of Financial Institutions and the RBZ;

(c) the failure by the members of the micro-finance co-operative societies to exercise their legal right in order to exercise ultimate effective control of the institution of which they were the owners of regular general meetings of members of these organisations.

In follow-up interviews, the respondents characterised this apparent failure by the members to control the business actions of the management committee they put in
effective control of the management of their institution as one of the key manifestation of a state of endemic poverty; and

(d) the financial /cash nature of the micro-finance co-operative society lends it to be exploited by the management committee in favour of both their expenditure and agency costs preferences.

It was therefore not surprising, that in view of the above-stated, the respondents wholesomely agreed that the legal framework within which micro-finance co-operative societies exist be amended in order to protect members’ rights at the same level as is the case with depositors’ funds in building societies and commercial banks.

5.26.2 Size of the membership of the co-operative society

The respondents generally understood the concept of size of membership as referring to the absolute or objective number of the registered members as per the Register of Members of any given micro-finance co-operative society. They however felt that the Co-operative Act limitation on the minimum number of members for a co-operative society to be registered to be ten was too arbitrary a figure that did not take into account the poverty of these members. Thus 66 percent of the respondents in follow-up interviews suggested that the size of the micro-finance co-operative society should make reference to the alternative upper limits of a micro-finance co-operative society such as:

“.... the ordinary membership of a micro-finance co-operative society shall not exceed ----members not including any employees of the co-operative society and/or
such a bigger number of the members who collectively and equally contribute towards the capital amount not exceeding "

5.26.3 The amount of each member’s contribution towards the capital fund of the micro-finance co-operative society

An examination of the constitution and financial records of the micro-finance co-operative societies revealed that each prospective member is called upon to pay a joining fee that ranged from between US$20-US$200 with the modal figure being US$200 per person. When interviewed, the respondents expressed the general sentiment that if it was an excruciating financial burden to the prospective new members of the co-operative societies.

In follow-up interviews, 64 percent of the respondents expressed great pessimism about the ability of the micro-finance co-operative societies to make substantial cash deposits for which they would in turn immediately receive savings or a duly signed certificate of deposit. The following were some of pertinent reasons given by the respondents:

(a) the absence of a culture of saving on income among the generally poor members of micro-finance co-operative societies;

(b) the meager and uncertain income of the members many of whom were either under-employed in the informal sector of the economy or suffered from the occasional beats of being unemployed for a substantial part of the year;

c) the more competitive interest rates, cash deposits earned on some financial instruments that were offered by banks and asset management companies; and
(d) the relatively high levels of risk and uncertainty that was associated with micro-finance co-operative societies/ savings clubs ever since the 2006-2007 meltdown in the Zimbabwean financial sector.

Thus in light of the above observations, the respondents unanimously agreed that the amount of each member’s financial contribution should primarily be determined by each member’s financial capacity rather than his/her expected financial benefits attributable to his/her membership status or the financial needs of the micro-finance co-operative society.

5.26.4 The uses to which the accumulated funds of microfinance co-operative society were applied

The accumulated funds of a micro-finance co-operative society was used for a number of purposes that ranged from lending money to members on application in order to finance their own income generating projects to meeting the administrative expenses of the co-operative society. Some of the money was used to train the members of a co-operative society on how to manage their own finances. Only the members were eligible to borrow money from the co-operative society at an interest rate of 10 percent per annum which is way below the prevailing bank lending rate of about 16.17 percent per annum. However the interest rate charged on loans, according to some of the respondents, was too high which has resulted in many defaulters.

In follow-up interviews, the respondents unanimously agreed that a prudent management committee should engage in arbitrating the accumulated capital funds by investing in high yielding financial market instruments and then using the proceeds or
profit to lend to members at the preferential interest rate. In addition, the respondents also felt that there was need to curtail the administrative expenses folio to not more than 15 percent of the working capital budget of the micro-finance co-operative society.

### 5.26.5 Key challenges faced by micro-finance co-operative societies

According to the respondents, micro-finance co-operative societies faced a number of significant challenges. These are illustrated in Table 5.33 below in the order of priority ranking in terms of their perceived impact on the viability and profitability of the micro-finance co-operative society.

#### Table 5.33: Key challenges faced by micro-finance co-operative societies

<table>
<thead>
<tr>
<th>Challenge/Threat</th>
<th>Percentage Of the Respondents</th>
<th>*Priority ranking of the threat/challenge</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strongly agree</td>
<td>Agree</td>
</tr>
<tr>
<td>Bad and doubtful debts</td>
<td>60</td>
<td>30</td>
</tr>
<tr>
<td>Low deposit inflows</td>
<td>36</td>
<td>30</td>
</tr>
<tr>
<td>Mismanagement</td>
<td>80</td>
<td>12</td>
</tr>
<tr>
<td>Competition from banks and fast changing technology</td>
<td>40</td>
<td>20</td>
</tr>
<tr>
<td>Low interest rates</td>
<td>78</td>
<td>20</td>
</tr>
</tbody>
</table>

**KEY**

*Priority ranking on a discrete scale

Major concern to Least concern (1 – 5)
5.26.5.1 Bad and Doubtful debts

An examination of the financial statements and reports of micro-finance co-operative societies revealed that 95 percent of them had a perennial problem of bad and doubtful debts on the loans given to members. The majority 60 percent of the respondents strongly agreed with the above observation and attributed the high loan repayment default rate to the following factors:

(a) the misapplication of the loan funds for agreed and specified purposes to consumption purposes;

(b) the informal manner in which applications for loans were managed by the management committee whereby no written contracts were entered into between the micro-finance co-operative society and the indebted member;

(c) the failure by the management committee to strictly abide by the loan application procedures for example insisting that the member provide a sufficient security that is easy to liquidate; and

(d) the management committee ‘s failure to implement a cost-effective debt recovery strategy. In follow-up interviews, the respondents were of the opinion that the management committee members took great comfort in preserving friendly personal relations with loan repayment defaulters rather than apparently create bad blood between themselves and the loan repayment defaulter whose assets would have been duly attached by a competent court’s order.
In follow-up interviews, the respondents were of the opinion that the provision for bad and doubtful debts, in the finances of micro-finance co-operative societies could be drastically reduced by the following:

(a) a sub-committee of the management committee should be appointed and mandated to ensure that any funds that were borrowed by the members were put to productive purposes;

(b) any loans that were extended to members should be on the basis of valid written contracts that were securely filed for ease of reference and accountability purposes;

(c) all the formal procedures for processing of loan applications should be followed by the management committee including the provision by the loan applicant of sufficient security such as a portion of one’s savings with micro-finance co-operative society; and

(d) the management committee must with the concurrence of a majority of the members implement a cost-effective yet humane debt recovery strategy. The respondents suggested that the relevant strategy could easily be crafted and designed by simply bench-marking against the best practices of similar but reputedly highly successful peasants’/poor’s saving clubs/micro-finance institutions in for example India and Bangladesh.

5.26.5.2 Low levels of cash deposit inflows.

The respondents ranked the low levels of cash deposit inflows into the coffers of micro-finance co-operative society as the second most serious threat facing these institutions.
They also added that there was a significant seasonality about these cash deposit inflows.

In follow-up interviews, the respondents noted the following factors as the key determinants of the cash inflows into the coffers of the co-operative society:

(a) the propensity or absence of the propensity to save of the individual members and their respective households;

(b) the member’s attitude towards financial risk. A majority of 36 percent of the respondents claimed to hold a portfolio of a variety of financial investments in numerous local banks as from the liberalisation of the Zimbabwean money market and adoption of the multi-currency system. The investment in the micro-finance co-operative societies was the least rewarding and the most uncertain as to its proper market value. It however was most convenient in terms of access to members’ funds (if well managed) in addition to yielding a relatively high social utility of belongingness to a given community and social class;

(c) the seasonal income and expenditure patterns of the member’s household. According to the respondents, household expenditure was heaviest during national public holiday months such as December/ Christmas and New Year), April (Easter Holiday and National Independence Day) May (Workers’ Holiday and Africa Day), School and University opening months (January, March, September) and also during the summer cropping Season (October to February) ;

(d) national and global financial and economic cycles in as far as they are influenced by climatic trading, investment, technological and political trends/ patterns; and
(e) the degree of diversity of a member’s sources of income and the amount of discretionary income he/she could have at his/her disposal.

In follow-up interviews, the respondents proposed the following solutions to the challenge/threat of dwindling deposit inflows into the cash coffers of micro-finance co-operative societies:

(a) promoting a culture of saving amongst members by introducing an incentive scheme that offers a relatively higher interest rate for savings above a given threshold with the co-operative society;

(b) undertaking competitive moves to reduce the risk members perceive in investing with the micro-finance institution and concurrently offering a competitive interest rate or return on investment on member’s savings;

(c) assisting members to diversify their respective sources of income by undertaking financially viable micro-level income generating projects; and

(d) that the micro-finance co-operative society should diversify its own sources of revenue rather than relying solely on receipts from its own members.

5.26.5.3 Mismanagement of the affairs of the micro-finance co-operative society

As was similarly the cases of mismanagement of the affairs of agricultural and urban housing co-operative societies, the respondents identified the following three basic types of mismanagement of the affairs of micro-finance co-operative societies:

(a) financial mismanagement;
(b) administrative mismanagement; and

(c) the mismanagement of corporate relations.

In follow-up interviews, the respondents listed the following examples of financial mismanagement by some of or all the members acting in collusion amongst themselves or in partnership with a third party:

(i) awarding self or a related third party unauthorised tax-free loans from the capital fund of the micro-finance co-operative society;

(ii) intercepting cash deposits from members and in some instances, concealing the fact from both the concerned member and the institution of which he/she would be a council/ committee member;

(iii) exercising favouritism and nepotism in the processing of applications for loans received from members;

(iv) outright theft and fraudulent withdrawals of funds from the co-operative societies' cash coffers and then deliberate manipulating the relevant financial records, statements and reports to members assembled in general meetings of the micro-finance institution;

(v) exercising fettered discretion in the conduct of the affairs of the co-operative society to its financial detriment; and

(vi) incompetently managing the financial affairs of the co-operative society.

On questioning, the respondents attributed the above-stated to the inappropriate and ineffective academic and professional background on the part of the individual members.
of the management committee. They further pointed out that both the Companies Act Chapter 24: 03 and the Co-operatives Act 24:05 do not prescribe any academic or professional qualifications for one to occupy the post of a director (or alternate director or by whatever name he may be called such as member of the management committee) of a duly registered company or any form of body corporate such as micro-finance co-operative society.

The respondents put up the following recommendations for resolutely dealing with the above-mentioned gaps in the financial management of the affairs of micro-finance co-operative societies:

(i) ensuring that the governance of micro-finance co-operative societies was placed in the hands of persons who were statutorily qualified (in terms of the applicable provisions of the Companies Act, Chapter 24:03 and Co-operative Societies Act, Chapter 24:05 were also competently qualified in terms of business ethics;

(ii) having in place sufficient monitoring, checking and balancing mechanisms so as to ensure that the micro-finance co-operative society is soundly governed for example having balance of power on the management committee, the financial statements and reports submitted to members were subject to regular/periodic external audit;

(iii) laid down procedures were in place to deal with routine tasks such as processing loan applications and also ensuring that penalties were imposed for breach thereof;

(iv) letting the law take its full course for any crimes committed by the co-operative societies’ agents against innocent third parties and the co-operative society itself;
(v) having a competent management committee to manage the affairs of the co-operative society; and

(vi) the members of the management must initially possess the capacity to add value to how the affairs of the co-operative society were managed. However they should be further trained and developed in order to increase their various competences for example in corporate finance and human resources management.

According to the respondents, administrative mismanagement by the management committee involved misapprehension and misapplication of the provisions of the Administrative law, the Co-operative Societies Act Chapter 24:05 and the Articles of Association of the respective micro-finance co-operative society. The evidence furnished in follow up interviews by the respondents included the following:

(i) the non-submission of statutory returns to the Registrar of Co-operatives as per the provisions of the Co-operatives Act;

(ii) the lending out of co-operative society funds to both members and non-members at extortionate interest rates;

(iii) the failure to properly convene general meetings of members of the co-operative for which due notice and agenda of the proposed meeting would have been given to all the persons entitled to attend in person or by proxy, participate in the business/deliberations and vote therein;

(iv) conducting the business of the co-operative in a manner that was oppressive to a minority of the members;
(v) failing to craft, design and implement a sound corporate strategy that was also supported by an appropriate corporate structure; and

(vi) the failure to install cost effective monitoring, controlling and feedback mechanisms for key co-operative society functions such as money lending, accounting for the deposits received from members on a daily basis and undertaking regular bank reconciliations.

According to the respondents in follow-up interviews, the administrative mismanagement was attributable to the following factors:

(i) it is a convenient cover within which members of the management committee can deliberately conceal financial mismanagement of the co-operative society’s affairs. Missing relevant records of financial transactions is often a sound defence mechanism in criminal cases involving theft, fraud and uttering forged documents;

(ii) ignorance of the relevant facts;

In support of the above observation, the respondents stated that virtually all members were unaware of the provisions of the Administrative law, the Co-operative Societies Act, Chapter 24.05 and the Articles of Association of even their very own micro-finance co-operative society. According to the respondents, the co-operative did not have even a single copy of the relevant statutes (Acts) for ease of members’ reference and allegedly was unable to bear the cost of replicating the co-operative societies’ own Articles of Association to distribute to the individual members as per the requirements of the law. However, all the respondents agreed that ignorance of the law was not a sufficient excuse for wrongful and unlawful behaviour; and
(iii) the members’ failure to appoint a well balanced management committee in terms of the individual member’s capacity to independently add value to the dispatch of its business.

According to the respondents, the following are the recommended solutions to the administrative mismanagement of the affairs of the micro-finance co-operative societies:

(i) much more pro-active approach to the administration of the provisions of the co-operatives Act, Chapter 24:05 by the Registrar of Co-operatives. To this end, the penalties as stipulated in the relevant statutes ought to be imposed on the guilty party;

(ii) letting the law take its course against any person who with criminal intent abuses the corporate personality to commit crimes against especially impoverished and innocent third parties;

(iii) again as in recommendation (i) above, the Registrar of Co-operatives ought ensure that all duly registered micro-finance co-operative societies lodge their statutory returns. In addition, the failure to hold the annual general meeting of members of a micro-finance co-operative society for no-reasonable excuse should be one of the provisions of the Co-operatives Act that leads to the automatic deregistration of the concerned co-operative society and imprisonment of its members of the management committee for a period not exceeding six months;

(iv) upholding the interests of an aggrieved minority of the members of the micro-finance co-operative society by giving them the same rights as were reserved for aggrieved minority shareholders of a company that is registered in terms of the Companies Act, Chapter 24:03; and
(v) that the management committee should be constituted of a majority of independent non-executive members who have the following attributes:

(a) are not disqualified from holding the office of a director/management committee member of any registered body corporate in terms of any relevant statute(s) for example the Companies Act Chapter 24:03; Co-operative Societies Act Chapter 24:05;

(b) be professionally and academically qualified at the tertiary level so that they can add value towards the sound governance of their respective co-operative society through the professional manner in which the management committee and its specialist sub-committee cost-effectively achieve co-operative society goals and objectives as stated in its Memorandum of Association strategy documents;

(c) willingness to donate their individual and collective service to the pro-poor microfinance co-operative society. The above should be evidenced by contract of employment of the location condition operis (contracts for the performance of a task or job) wherein the principal, that is the finance co-operative society is not vicariously liable for the committee member’s delicts against innocent third parties and also not liable to shoulder agency costs that amount to not more than five percent (5 percent) of its periodic receipts; and

(d) that it be incorporated into the provisions on the Co-operatives Act Chapter 23:02, the submission of the relevant strategy and corporate structure documents as part of the requirements for the due registration of a micro-finance co-operative.
5.26.5.4 Competition from banks

All the respondents agreed that the threat of competition from both commercial banks and building societies was so serious a permanent threat to the very survival of micro-finance co-operative societies. It was pointed out that banks and building societies enjoy the following relative advantages over micro-finance co-operative societies:

(a) enjoy a head-start in marketing for example at 7 years of age a minor can open a POSB Bank or Building Society account;

(b) have far more resources for example financial, physical assets, human resources, information and physical network of branches;

(c) better products for example technologically, multi-use, innovative and customer focused;

(d) higher returns of investors’ deposited funds with interest rates ranging between 16 to 20 percent per annum depending on the type of financial instruments involved;

(e) a better customer focus;

(f) better governance and management;

(g) lower level of risk and uncertainty that is attached to the investment; and

(h) enjoy a better public customer goodwill and image.

The more informed of the respondents were however optimistic that the Zimbabwe micro-finance co-operative societies have a great potential to grow into banking giants as has been done by the Grameen bank of Bangladesh if given:
(a) a stable and developing national economy;

(b) the steady growth of a saving culture amongst ordinary Zimbabweans, the majority of whom are poor;

(c) a favourable legal environment that helps to protect investors’ interests in microfinance co-operative societies; and

(d) sound and competent corporate governance of the affairs of the micro-finance co-operative society.

In follow-up interviews, the respondents recommended that it was imperative for microfinance co-operative societies to undergo a paradigm shift in how they perceive their position and role in a competitive market situation. According to the respondents, the management committees of micro-finance co-operative societies should thoroughly grasp the following essential survival principles that are applicable to a competitive market situation:

(i) allies and friends of the poor and their institutions are relatively few generally far apart and/or unreliable in a competitive and liberalised market situation;

(ii) it is their own internal organisational capacities or strengths rather than extra-organisational assistance for example funding ultimately determine their long-term fate. Donors reputedly grow tired or fatigued by the poor and recipients’ timeless and ever increasing demands for further assistance and, whatever form it may take; and

(iii) the poor’s fate is ultimately in their own hands but strategic alliances with other entities such as the government, international community, other social classes are a
necessity that need to be well catered for in relationship management. Thus it may be viewed as prudent policy to enter into strategic alliances with some of the local commercial banks and building societies.

The prime recommendation that was given by the respondents in order to resolve the above challenge was that micro-finance co-operative societies in particular urgently need the services of professional competent management committee members even in a non-executive capacity to soundly manage their affairs. It was generally an accepted suggestion that, if well managed, several micro-finance co-operative societies could pool their resources in order to employ a shared but small and effective secretariat to help to cost-effectively administer their affairs.

5.26.5.5 Low interest rates payable on the loans extended to members

The above issue proved to be highly contentious among the respondents, 54 percent of whom viewed the low interest rates payable on the loans extended to members as justified and fair members’ benefits whereas the remaining 46 percent regarded them as a handicap on the financial potential of the co-operative society.

However, there was unanimous agreement that the interest rate payable on bad and doubtful debts should be market determined in order to reduce the instances of deliberate abuse of this facility by members.

5.26.5.6 Fast changing banking technology

According to all the respondents, micro-finance co-operative societies generally utilise the least competitive banking technology in Zimbabwe. Their traditional symbol –the
savings stamps and books as well as the manual-based information symbolises their members' and institutions relative poverty when compared with the POSB Bank, Commercial Banks and Building Societies all of which currently use tele-banking and e-banking technologies. Thus technology in conjunction with information poverty of the micro-finance co-operative societies is proving to be a sufficiently strong digital divide between Zimbabwe's relatively affluent society and the local poor in the same manner as they separate the global North and the South.

The respondents recommended that micro-finance co-operative societies should enter into strategic partnership with a local technologically modernising banks and building societies in order to remain financially viable.

5.26.6 The benefits accruing from membership of a micro-finance co-operative society

The benefits that accrue to a person on his/her gaining membership of a micro-finance co-operative society, as perceived by the respondents are depicted in Table 5.34.
### Table 5.34: Benefits accruing from the membership of micro-finance co-operative societies

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Percentage of respondents</th>
<th></th>
<th></th>
<th></th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Strongly Agree</td>
<td>Agree</td>
<td>Disagree</td>
<td></td>
</tr>
<tr>
<td>a) Improved access to short term loan capital</td>
<td>67</td>
<td>30</td>
<td>2</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>b) Manageable interest rate on loan capital</td>
<td>48</td>
<td>12</td>
<td>23</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>c) Ready access to start-up capital for self-help projects</td>
<td>44</td>
<td>30</td>
<td>6</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>d) Source of ready cash-in the event of personal crisis or need(s).</td>
<td>67</td>
<td>31</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>e) A buffer against financial risk</td>
<td>78</td>
<td>20</td>
<td>2</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>f) Social belongings</td>
<td>45</td>
<td>40</td>
<td>3</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>g) Sharing of business related ideas &amp;poverty</td>
<td>35</td>
<td>36</td>
<td>20</td>
<td>9</td>
<td></td>
</tr>
</tbody>
</table>

In follow-up interviews, the respondents expressed the following opinions on the perceived benefits accruing from joining the membership of micro-finance co-operative societies:

(a) members enjoyed better access to short-term loan capital on the basis that obtaining a small loan did not involve time and much questioning and travelling to the distant local town branch of Zimbabwean registered bank. Besides no collateral,
security against the loan amount was often demanded by the finance officer. However funds were not always readily available to meet demand;

(b) the interest payable on the loan amount is relatively much lower than is chargeable by the POSB, Commercial banks and Building Societies;

(c) members used the accessed funds to finance their own self-help, micro-level income generating projects such as poultry rearing, general vending, involving farm and other commercial products, commuter omnibus passenger transport business and engaging in lucrative exporting of various wares to neighbouring countries;

According to the respondents, a large number of the contemplated projects eventually proved to be disastrous failures thus resulting in the concerned member failing to honour their loan repayment obligations.

(d) the revolving fund was a reliable source of cash for any member facing an unanticipated personal crisis such as a sudden death in the extended family or the need to make urgent travel or the need to seek professional medical attention;

(e) Social belongings;

The respondents also highly recommended the micro-finance co-operative society for being an ideal platform for addressing the members’ needs for social belongings in a non-partisan, non-religious denomination and non-ethnic atmosphere. According to them, the meetings of the micro-finance co-operative society offered local opportunities for mutually beneficial personal networking;

(f) Forum for sharing business related ideas;
All respondents stated that micro-finance co-operative society was also an ideal forum for sharing business-related ideas. Hard copies of business proposals and plans that were secured from a variety of sources were usually made available for ease of reference by members. In addition, members benefit from focus-group appraisals of the members’ business plans and proposals prior to their being approved for funding by the management committee; and

(g) Poverty alleviation.

In follow-up interviews, all respondents agreed that a micro-finance co-operative society offered very bright opportunities for poverty alleviation amongst its members if well managed and funds for investing in members’ viable projects being available. However, the respondents were of the opinion that it took quite a long while for this objective to be realised in an unfavourable financial and economic macro-level environment.

5.27 SPECIFIC RESPONSES FROM INTERVIEW SCHEDULES PREPARED FOR MUNICIPAL OFFICIALS AND REGISTRAR OF CO-OPERATIVES

There was a 100 percent response rate from the interviewing of respondents that were drawn from the office of the Registrar of Co-operatives as well as the senior Municipal Co-operatives’ Officer. Their respective key functions in relation to co-operatives are given in Table 5.35.
Table 5.35: The major functions of the key Municipal and Governmental officers responsible for Co-operative Affairs.
5.28 CONCLUSION

This chapter analysed data using SPSS and the common themes approach and presented the data findings using tables and graphical methods to highlight the findings. The data provided by the respondents indicated that co-operative societies have a potential to alleviate poverty if managed well.

All participants acknowledged that internal factors such as mismanagement, bad corporate governance, corruption, lack of resources and lack of continuous education and training of members of the co-operative societies were some of the factors contributing to the failure of co-operative societies to act as instruments for poverty alleviation among the urban poor in Zimbabwe.

The study also found out that external factors such as political interference in co-operative societies was another major factor which negatively impacted on the ability of the co-operative societies to achieve their main object of alleviating poverty. Some of the external factors included the legal, economic, social, geo-ecological, technological and demographic factors all of which had an effect on the efficacy of co-operative societies to alleviate poverty. However all these factors would be discussed in detail in Chapter Six that follows.

However the findings from this study demonstrate that co-operative societies have a potential to alleviate poverty as proved by the testimonies from the respondents whose quality of life had improved since the joining of co-operative activities. Chapter six will discuss factors which characterise a co-operative society which has a capacity of alleviating poverty.
CHAPTER SIX

ISOLATION OF FACTORS IMPACTING ON THE EFFICIENCY, EFFECTIVENESS AND SUSTAINABILITY OF CO-OPERATIVES AS INSTRUMENTS FOR POVERTY ALLEVIATION

6.0 INTRODUCTION

As has been noted in the preceding Chapters Two and Five of this study, a number of factors impact on the efficacy of co-operative societies as vehicles for poverty alleviation amongst Zimbabwe’s urban poor. These factors may systematically be classified into two distinct types by their source of origin which are as follows:

(a) those factors that are internal to the registered co-operative societies as organisational entities; and

(b) those that originate from the co-operative societies’ macro-level environment from within which they are created, exist and eventually may-be deregistered by the Registrar in terms of the Co-operative Societies Act, Chapter 24:05. These factors will be isolated, analysed and discussed in this chapter.

Hayne (2010) defines efficiency as the ratio of output to input of a given system. He further defines efficiency as the ability to achieve the desired goals with less means or resources or the skillfulness of avoiding waste of resources so as to maximise the production of goods or services. However in this research study efficiency means a co-operative society which is able to meet the desired goals of the members of the co-operative society such as the provision of shelter, loans for the members to start their
own businesses, food for the members’ households and the ability to involve all members of the co-operative society in decision making. Again in this study the co-operative society should also be able to generate an income of about US$ 526.00 per month which according to the CSO (2010) is enough to feed a family of four per month in Zimbabwe.

In the discussion that follows, suggestions gathered from the respondents as the solutions for solving the inability of the co-operative societies to deal with the problem of poverty will be put forward.

6.1 FACTORS THAT ARE INTERNAL TO THE CO-OPERATIVE SOCIETIES AS ORGANISATIONAL ENTITIES

A number of factors whose origin is internal to co-operative societies materially impact on their efficiency, effectiveness and sustainability as instruments or tools for poverty alleviation amongst Zimbabwe’s urban poor. These factors include the following:

(a) the promotion and governance of the co-operative society;

(b) management;

(c) the diversity, quantity and quality of their resources;

(d) organisational culture; and

(e) socio-cultural attributes of the members.
6.1.1 The promotion of the co-operative society

The nature and scope of the promotion of a co-operative society just like that of any body corporate that is recognised in the provisions of the Zimbabwe Companies Act, Chapter 24:03, has a great bearing on its future prospects in terms of determining its legitimate purposes or objects, how its affairs are managed by the board of directors (which in the case of a co-operative society is the management committee) and also how power is shared between its various stakeholders. The Co-operatives Societies Act, Chapter 24:05 unfortunately is silent about the important issue of how co-operative societies are to be promoted by their respective creators who give them a purpose, shape and destiny. It is therefore material to mention that the potential members of co-operative societies are liable to be defrauded by the fraudulent promoter of ill-fated co-operative societies as was witnessed in the case of pyramid savings schemes that hit Zimbabwe in the 1990s or bogus housing co-operative societies and non-existent agricultural co-operative schemes that still continue to crop up time and again.

Thus a sizeable proportion of the registered co-operative societies were subsequently deregistered by the Registrar of Co-operatives and died a natural death soon after their due incorporation leaving numerous members of the public prejudiced of their joining fee and leaving them far much poorer during the period 2008 to 2009. Having successfully promoted a co-operative society, the promoter at law is expected to hand over its governance to duly appointed management committee that exercises independence in receiving the promoter’s account of his pre-incorporation activities in respect of the co-operative society of which they are management committee members (Co-operative Societies Act, Chapter 24:05 S 54).
6.1.2 The governance of the co-operative society

According to Coyle (2002) governance refers to how something is governed or how a body corporate is governed and to what purpose. The Co-operative Act Chapter 24:05 squarely places the governance of the co-operative society in the hands of its management committee that is elected into office by a general meeting of the members of that society. According to the Act the management committee of a chairman, vice chairman, secretary, treasurer and such number of other committee members as the general meeting may decide, being not fewer than three but not more than nine. However the same Act does not give guidance as to the composition of the management committee in terms of being executive, non-executive, or independent non-executive members.

The above noted deficiency of sufficient guidance on the composition of the management committee in terms of the potential for conflict of interest between the committee member and his co-operative society exposes many co-operative societies to lack right from the start sufficient balance of power that is necessary for the sound governance of the body corporate. This unfortunately is the normal situation in respect of the co-operative societies that constituted the population of this study.

As is also the case with the Zimbabwean Companies Act, Chapter 24:03, the Co-operative Societies Act is silent about the issue of academic and professional qualifications for membership of management committees. It also similarly stipulates the qualifications for membership of management committees in the negative in an attempt to exclude any persons with a potential for bad governance of the affairs of the co-
operative society from occupying the position of a co-operative management committee. The Act is silent about the members’ capacity to add value to the business of the management committee or the various specialist functional sub-committees it may decide to establish that require the exercise of specialist skills by the consent committee members. This often leads to a situation where in the blind lead the blind into certain disaster.

The term of office of each of the members of the management committee is limited to three years from the date of the holding of the annual general meeting at which they were elected into office. If so willing, they may offer themselves for re-election at subsequent annual general meetings of their co-operative society. It is similarly silent on how many times a member may offer himself for re-election to the post of a management committee member. This has exposed many co-operative societies to be governed by ineffective old hands who are not capable of soundly managing their affairs with the primary objective of poverty alleviation in an increasingly complex and dynamic environment.

Whilst the Co-operative Societies Act, Chapter 24:05, S57 and the Articles of Association of all the duly registered co-operative societies are very clear about the functions of the management committees, how these are actually carried out, if at all, is very much determined by the quality of the human factor comprising the management committee. It is evident from the findings of this study that more often than not members of the management committee lack the necessary commitment; requisite skills, knowledge and attitude as well as time necessary to ensure sound management of the affairs of their co-operative society. In addition, more often than not, a conflict of
interest between the management committee and their co-operative societies results in the unnecessary and wasteful incurrence of avoidable agency costs and the blurring of the organisation’s primary focus and goal of poverty alleviation.

In their governance of the affairs of the co-operative society, the management committee ought not to commit the three corporate sins of greed, sloth and laziness (Coyle, 2002). The management committee is expected to uphold the seven pillars of sound corporate governance which are transparency, responsibility, accountability, fairness, reputation, social responsibility, independence and openness in order to ensure that the co-operative societies whose affairs they manage realise their objects cost-effectively and sustainably (ibid). However these desirable attributes of a good management committee are not specifically mentioned but are inferably contained in the provisions of the Co-operative Societies Act, Chapter 24:05.

The degree to which the management committee is both accountable to the members in general meetings of their co-operative societies and also responsible to its various stakeholders (including the members) has a great bearing on how it is a cost-effective and sustainable vehicle for poverty alleviation amongst the urban poor. The Co-operative Societies Act attempts to promote accountability by mandating the management committee with the right to properly manage the general meetings of the members of their respective co-operative society.

The statutory or first general meeting of the members of every society is supposed to be held within three months after the due registration of the co-operative society. Subsequent annual general meetings of the members of the co-operative society are
expected at law to be held not later than six months after the end of each year. This provision appears too liberal given the need for timeous accountability and responsibility on the part of the management committee.

It was observed during the study that those co-operative societies that are successful in meeting their broad goals including poverty alleviation and registered objects hold regular periodic meetings with their members at which they discharge their joint liabilities of accounting and responsibility to the members of the co-operative societies. Such regular meetings between the management committee and the members of the co-operative society help to build an air of mutual and confidence between the two parties that is beneficial to their co-operative society. On the other hand those co-operative societies that were either deregistered by the Registrar of Co-operatives, or being disserted by their members or facing severe crisis of confidence generally were characterised by the failure to hold regular consultative meetings as per the requirements of the law and their own Articles of Association.

In accordance with the provisions on Co-operative Societies Act, Chapter 24:05, S25, S28, S34 and S53 every co-operative society is expected to respectively keep an updated register of members and shares, a copy of Act, regulations, by-laws and registers to be kept open to inspection, accounts of the registered society and minutes of general meetings of the co-operative society besides the other statutory registers that it has to maintain at its registered office in terms of the provisions of the Companies Act, Chapter 24:03. Good record keeping facilitates sound corporate governance and cost-effective decision making by management.
The more successful co-operative societies are characterised by secure, comprehensive and user friendly management information system that also facilitates the discharge by the management committee of its twin duties of accountability and responsibility that in the case of financial statements and reports are supposed to be subject to lodgement and scrutiny by the Registrar of Co-operatives as well as by an external auditor who is qualified in terms of the Public Accountants and Auditors Act Chapter 27:12 (Chapter 24:05 S34 and S35).

The failed and deregistered co-operative societies whose records, statements and registers were examined for the purposes of this study were found to be characteristically incomplete, misleading and largely unaudited for a greater period of the concerned co-operative society’s lifetime.

Sound corporate governance also involves the proper delegation of power, authority and duties to a duly appointed agent whilst the principal still remains both accountable and responsible for the agent’s performance of the delegated work. Effective management committees were observed to practice well considered delegation of some of their powers, authority and responsibilities to competent agents of their choice in executing the objects of their co-operative society.

Irrational delegation to incompetent agents to perform specified work for the benefit of the co-operative society was observed to invite serious financial, legal and other consequences on the co-operative society concerned for example in the case of housing co-operative societies contracting incompetent building construction companies to erect housing units on their behalf or the appointment of a bogus,
fraudulent or incompetent supplier of critical agricultural factor inputs such as seed and chemicals to an agricultural co-operative. In order to ensure sound delegation by the management committee, the Co-operative Societies Act, Chapter 24:05, identifies the following post holders and numerates their respective duties:

(i) chairman and vice chairman (S61);

(ii) secretary (S62);

(iii) treasurer (S63);

(iv) manager (S64); and

(v) supervisory committees (S65-70).

It is in respect of the supervisory committees and their functions that the Act appears to place greater emphasis. This appears justifiably so as in S65 (1) (b) the supervisory committee is given the responsibility for ensuring that the affairs of the co-operative society are conducted in a proper manner and in accordance with its by-laws and the resolutions of its general meetings. However this important provision is legally applicable only where the co-operative society has fifty or more members [S65 (i) (a)] and therefore is legally unenforceable in the case of all micro-finance and agricultural co-operative societies whose membership did not exceed 50 and about 60 percent of the housing co-operative societies whose membership did not exceed 50 members in the population in this study.

The management committee of a successful co-operative society is expected to soundly manage stakeholder relations by a process of satisficing the often conflicting
management committee, stakeholder and co-operative society interests. Poor relations with the members of the co-operative society often results in member or shareholder activism or voting with the feet i.e. registering a high turn-over of the membership of the concerned co-operative society. Poor relations with a co-operative society’s creditors often results in its failure to access short-term credit finance of its immediate working capital requirements which in the case of agro-fishing co-operative society may include the timeous delivery of agricultural factor inputs such as seed, fertiliser, pesticides and wages for seasonal contract labour.

The maintenance of sound and lawful relations with both government and local authorities is critical to the survival of a co-operative society in the sense that those co-operative societies that are perceived by government and local authorities as hostile to the national interests face the possibility of being subjected to investigation on the orders of the Minister and eventually being deregistered or being side-lined in resource and other necessary assistance allocation.

The approach to corporate governance that is most ideal for co-operative societies is the stakeholder approach with an admixture of the integrated or King’s Report approach. This is because the principal goal of co-operative societies is the maximisation of socio-economic utility of the members of the co-operative society. Such an approach also best fits the key principles of the co-operative society which are democracy, open membership, equal economic participation of the members, continuous education of the members, mutual co-operation among co-operative societies and concern for the members of the co-operative society.
However in practice, there appears to be an insoluble dilemma of striking a fair balance between the goals of participation, equality and democracy. For the majority of the co-operative societies constituting the population of this study, the governance style tends to be autocratic, bureaucratic, and exclusionary and not client needs focused. This according to a majority of the respondents is one major reason why co-operative societies eventually collapse after having failed to adequately and fairly address the problem of resolving the crisis of expectations amongst their respective members.

6.1.3 Management of co-operative societies

The manner in which the day to day affairs and property of the co-operative society are managed by the manager (s) also plays a very pivotal role in determining the nature of the impact of a co-operative society as an instrument for poverty alleviation amongst the urban poor. The Co-operative Societies Act, Chapter 24:05 S64 (1) numerates the key duties of manager of co-operative society though without detailing the specific qualifications that he ought to have in order to properly discharge his official duties. Because of this legal laxicity it is most usual for co-operative societies to hire persons in the capacity of managers without having the requisite professional skills and/experience necessary for them to cost-effectively discharge their designated duties. This development according to a majority of respondents drawn from members of the co-operative societies and the GoZ sector attributed a lot of incompetent management of the affairs of co-operative societies to this practice.

On the other hand members of the management committees whilst acknowledging engaging in this practice pointed out that they could only hire only those persons they
could afford to pay which usually is far below the labour market wage rates for similarly qualified persons. In addition co-operative societies do not security vet applicants for managerial duties even though they will be dealing with its cash reserves and expensive capital assets. This observation may account for the high level of misappropriation of co-operative society funds and abuse of assets. Such persons have been observed by management committee members and external auditors to resist any attempts of installing effective monitoring control and review mechanism by the management and supervisory committees.

The manner in which the management of a co-operative society conducts its business may be classified as being formal or informal in nature. Formal management practices often require the following:

(a) a bureaucratic or procedural approach to dealing with routine matters;

(b) management by exception in dealing with special unusual business;

(c) record keeping and filing for ease of future reference;

(d) an organisational structure within which actions are taken, decisions made, reports submitted to a higher authority which reviews the subordinates performance of designated duties and proceeds to give an appropriate response or reward; and

(e) strategic guidance.

The Co-operative Societies Act, Chapter 24:05 as well as the co-operative society's own Articles of Association attempt to ensure the sound management of the affairs of the concerned institution by laying down a general requirement for formal management.
However in practice many management committees, supervisory committees, managers and workers of co-operative societies tend to prefer conducting the business of co-operative societies informally despite the obvious dangers one of which is ineffective and incompetent management policies and practices. According to the findings of this research study, many of the failed co-operative societies were being managed informally particularly in the agricultural co-operative sector. This thus reduces their organisational efficiency and effectiveness for poverty alleviation.

6.1.4 The diversity of the sources, quantity and quality of organisational resources

The potential of urban co-operative societies as vehicles for poverty alleviation amongst the urban poor tends to be limited by the following economic and financial factors:

(a) the poverty of their members which imposes an upper limit on the potential financial contribution in the form of joining fees and periodic contributions that the members can sustainably invest in the co-operative society. This limits the operations of the co-operative society to small uneconomic scales whereby they forego the benefits of economies of scale of operations. Attempts to diversify the member’s contributions through practices such contribution in kind as in the case of labour input in lieu of actual cash contributions have been shown in other empirical studies as cost - ineffective for the same tasks could easily be performed cheaply by use of labour saving technology;

(b) the endemic poverty usually sets in motion donor fatigue amongst international NGOs and also the GoZ which also carries its own burdens of great indebtedness at
both the local and international level as well as the perennial budget deficit. This limits the potential of these pro-poor sources for boosting the operations of co-operative societies;

(c) the overdependence of co-operative societies on members for financing their operations. Financially successful co-operative societies have been known to rely on diverse sources of funds most of which should be internally generated as a result of profitable contractual relationships of a marketing orientation with any third party. This potential for poverty alleviation is usually lost if and when a co-operative society fails to craft and apply a feasible marketing strategy in competitive marketing situations. Imprudent financial management practices lead to the eventual collapse of a co-operative society; and

(d) the human resources that are both affordable and available to co-operative societies are poor in a number of the following respects:

(i) weak financial and economic base which cannot sustain large scale poverty alleviation projects that are characterised by advantageous economies of scale;

(ii) information and technology-related poverty that renders their intellectual contribution as both ordinary and management committee members to the management of the affairs and execution of skill related activities of the co-operative society virtually worthless in a dynamic and complex competitive market situation;

(iii) weak and geographically constrained relationships due to their characteristically limited geographical and social horizons. This limits the poor’s capacity to
network for physical and financial resource mobilisation as well as idea generation; and

(iv) a low capacity to consume even their own produce. This limits the market potential of the co-operative societies’ products only to external market segments as no viable internal market beyond the subsistence level exists for these institutions products.

The level of socio-economic well-being of both the members and their co-operative society is a major influence on the co-operative society’s capacity to cost-effectively and sustainably eradicate poverty. This observation is in line with the well known saying “the rich get richer and the poor get poorer” by the end of day in socio-economic and political situations that are characterised by unequal power relations between the social classes that constitute a given community. The better resourced co-operative societies appear to have a greater potential to alleviate the poverty of their members a few of whom may actually rise to a sustainable affluent household life styles.

6.1.5 Corporate culture of the co-operative societies

The organisational culture of any body corporate is one of the leading factors in ascribing a character to it. It also influences and to some extent determines the degree with which organisational activities are efficiently, effectively and sustainably conducted by its human agents/trustees occupying given positions on its organisational structure. This is more so the case with co-operative societies whose principal goal is the maximisation of social welfare by alleviating poverty amongst
the members of a given society through putting into effect specific activities such as agro-fishing marketing, the provision of quality yet affordable own urban residential accommodation and the generation of more disposable household income through micro-finance-based projects.

The international co-operative principles provide a sound base/foundation for the development of a corporate culture with the following attributes that facilitates poverty alleviation:

(a) fair, equal and voluntary contribution by the members towards organisational goals;

(b) fair and equal sharing of the fruits of collective efforts by the members;

(b) continuous learning and development of the members in order to cope up with the increasingly diverse and complex challenges and/or threats emanating from their environment;

(d) a culture of accountability and responsibility by the leadership of the co-operative societies particularly given the fact that they were appointed to positions of relative power and authority by the ordinary members many of whom are poor and struggling to make ends meet at annual general meetings of the co-operative societies;

(e) transparency as well as the absence of irresolvable conflict of interest between the various stakeholders of the co-operative society;

(f) the absence of the free rider problem in connection with public goods; and
(g) the goals and objectives commonly agreed and shared between and amongst the members that’s giving the organisation a focus in terms of goals, objectives and members’ expectations and possible outcomes of organisational activities. These goals should be SMART that is Specific, Measurable, Attainable, Realistic and Time bound.

Co-operatives societies with a corporate culture that is characterised by client or members’ needs focus and whose objectives are realistic and time bound appear to better assist in the upliftment of their members from a state of poverty than those which plan but do not execute their objects within the budgeted time-frame whilst at the same time failing to manage the change that inevitably continue to happen in their operating environment. In addition, those co-operative societies that are tolerant of the existence of free riders amongst their membership appear to be firm favourites for deregistration and also registering high membership turn over due to the demoralising effect it has on the few economically active members of the organisation.

Co-operative societies whose members are well connected to the organisation’s various key stakeholders generally tend to establish beneficial networks which enable them to better manage the occasional organisational crisis for example short-term financial crisis with the assistance of friend and sympathisers of the poor. A good example to illustrate this important point are the general successful employer assisted housing co-operative societies and government supported agricultural co-operative societies which have managed to survive the turbulent and hyper-
inflationary 2005 to 2007 economic melt –down in Zimbabwe and the ever increasingly severe summer-season droughts.

6.2 FACTORS THAT ARE EXTERNAL TO CO-OPERATIVE SOCIETIES AS ORGANISATIONAL ENTITIES

A number of factors that are attributable to the co-operative society’s external environment significantly impact on their efficacy as vehicles for poverty alleviation through the activities of agro-fishing, housing and micro-finance co-operative societies. These factors include Political, Economic, Socio-cultural, Technological, Legal, Geo-ecological and Demographic factors (PESTLED) that are largely of post independence Zimbabwean origin. These factors will be discussed in the paragraphs that follow.

6.2.1 The impact of political factors on a co-operative society’s project

The political factors that impact on a given co-operative society include the level of political stability; tensions between and amongst political entities in a given society; the pervasive influence of politics on the economy, on the legal framework, socio-cultural complexion and demography of a given country; international relations between the country in which the co-operative society is registered and on body corporates in general.

Political stability is a prerequisite for peaceful, orderly and sustainable human livelihoods development that is characterised by consistent decline in the number of persons belonging to the poverty stricken social class and also the levels of both absolute and relative poverty of those persons adjudged to be poor using any set of
consistent and reasonable standards for measuring poverty. The above point is well documented in numerous empirical studies particularly on the reasons for the underdevelopment of the global south nations.

The levels of poverty have been found to increase and deepen in a consistently positive correlation with increasing political instability. Both humanitarian as well as military—security assistance or aid by the international community becomes an absolute necessity in order to save human life even at the barest levels of human existence. The more recent examples of politically strife-torn Somalia, Afghanistan and Charles Taylor’s Liberia are good examples of countries whose political environment resulted in many civic organisations such as co-operative societies and even state institutions becoming extinct and abandoning both the poor to their sad fate and the noble goal of fighting global poverty. Co-operative societies have been observed to thrive and multiply in numbers whilst at the same time making significant contributions in the fight against endemic poverty as has happened in India, Nepal, Kenya and Bangladesh.

The above findings are consistent with the observation made during this study that both the poor and their institutions including co-operative societies prefer to become invisible to both the official eye of government, the focus of humanitarian NGOs and political belligerents in a given country at any point in time. Such a scenario was almost the case in Zimbabwe during the period 2007 to 2008 when coincidentally Zimbabwe’s poverty assumed a national rather than a rural character whilst at the same time it involved an even greater number of woman-headed households and orphaned and vulnerable children as well as old-aged persons. Co-operative
societies in Zimbabwe have since overtly resumed their poverty alleviation projects with the return of relative political stability with the installation of the all-inclusive GoZ in 2009.

Politics also has a pervasive influence on society within which the poor and their conditions of poverty exist. It provides the legal framework within which the economy, judicial system, people and their social institutions exist. In those situations wherein decisions are purely politically motivated, the economy, the society including civic organisations such as co-operative societies and international relations usually suffer as a result. The fight against poverty is usually superceded by political goals and objectives. All persons and institutions in a state pursuing such a policy orientation are then expected to display loyalty towards the state and its purposes rather than to their own organisational goals such as poverty alleviation by co-operative societies.

Zimbabwe is one country that is increasingly becoming renowned for its political instability prior to, during and in the aftermath of national and local government elections since year 2000. During this period political activity dominates national life particularly of the poor majority whose hearts and minds the political parties will be fighting for control. The activities of virtually all co-operative societies are virtually disrupted as members are usually compelled by peer pressure to attend political rallies at which false hopes of aid are usually raised.

The political situation in the country has since dramatically improved with the Global Political Agreement (GPA) reached between the major Zimbabwean political parties
in 2008 and the subsequent formation of Government of National Unity in 2009. For co-operative societies, the political co-operation between the parties has forced them to conduct their business in the usual manner.

The socio-cultural complexion of a given society is also impacted upon by politics for example ethnic and racial cleansing of a society drastically alters the composition of the class of poor persons who are the expected beneficiaries of the poverty alleviation efforts by co-operative societies. Such practices normally invite international condemnation and penalties that include the imposition of international sanctions on the concerned state and its people. In such circumstances it is usually the innocent poor people and their social institutions that suffer as a result.

Politics also affects the demography of a given country in that a relatively smaller number of persons are compelled to migrate internationally as either political and/ or economic refuges as well as locally in the form of internally displaced persons (IDPs). This normally involves accelerating rural-urban migration and the increased levels of urban poverty which is the legitimate target of urban co-operative societies, governmental and other humanitarian organisations. Without a concurrent increase in the level of commitment to fight poverty and resources necessary to positively resolve that struggle, the poverty alleviation efforts of co-operative societies become heavily diluted.
6.2.2 The impact of the economic factors on a co-operative society’s poverty alleviation projects

Economic factors including those of financial nature also have a great bearing on the efficiency, effectiveness and sustainability with which a co-operative society combats urban poverty. These factors include the rate of growth in national and per capita production, employment, income, savings and investment levels; inflation, foreign exchange and interest rates; balance of payment position and the terms of trade of a given country.

It is characteristic that countries which experience relatively high levels of growth in both national and per capita production parameters, also enjoy relatively consistently high employment, income and investment levels coupled with manageable inflation, foreign exchange and interest rates—all other things being held constant. Such countries also generally enjoy favourable balance of payment position as well as terms of trade as they usually dominate global trade, investment and financial flows. This generally is the case with countries such as EU states, the USA, Japan, the Asian Tigers and a few principal exporters of much sought after global commodities such as crude oil and precious minerals. There are relatively fewer absolutely poor urban people in these developed countries than is to be found in the developing, least developed countries (LDCs) and non-viable national entities such as Somalia, Haiti and few other states. The poor in these countries benefit from numerous coping mechanisms that help to reduce the relative importance of the poverty alleviation programs of co-operative societies.
However the above stated is not the case in the global south countries of Africa, Asia as well as South and Central America and some of the Pacific island states wherein the majority of the world’s poor live. Many of the inhabitants suffer from the harmful effects of absolute poverty. It is in these circumstances that are co-operative societies play a significant role in poverty alleviation amongst all groups of the poor. However the same prevailing adverse macro-level conditions in underdeveloped countries have both a debilitating impact on the poor and devastating consequences on particularly ill-funded and poorly managed co-operative societies many of which never realistically expect to make a significant dent on the excruciating poverty suffered by the poor majority of the people.

The above stated was particularly the case in Zimbabwe during the period 2000 to 2009. According to the GoZ’s CSO (2010) the national GDP per annum fell from US$10 billion in the 1990s to an all time low of about US$ 5 billion. With ever increasing deficits being recorded by both the government and local authorities, the public services and infrastructure targeted at the poor, suffered a drastic withdrawal.

The previously available training and technical services advice and financial support and connectivity for markets via or through well maintained road infrastructure became increasingly inaccessible to co-operative societies. This negatively impacted on their capacity as vehicles for poverty alleviation. Such drastic fall in the economic status of the country is at least equally mirrored in the economic and financial status and image of public and private institutions, civic organisations including co-operative societies and the majority of the people most of whom are poor.


6.2.3 Socio-cultural factors

Socio-cultural factors significantly impact on the manner in which co-operative societies whose reason for existence is enhancing human livelihoods development perceive and address the problem of poverty. These socio-cultural factors are significant in that it is:

(a) people who constitute the membership of institutions such as co-operative societies;

(b) also people who create institutions, give them the purpose, strategy, structure and a character in the eyes of the public;

(c) through human agents and/or trustees that institutions as co-operative societies enter into contractual relations; and

(d) the socio-cultural norms of an institution normally mirror-images those of its human agents and/or those of the society from these agents are drawn.

The concept of co-operating for the purpose of a common goal/utility/benefit is universal to most cultures. Also common are the twin problems of free-riders and the radically over-committed cadres in as far as public goods are concerned. Thus the extent to which an institution equitably represents its targeted membership that is drawn from a given population materially affects its sustainability of its relations with that society. The above observation equally applies to urban co-operative societies in Zimbabwe. It was observed in this study that persons who either subsequently fall
into abject poverty or shoot to riches and fame constitute the majority of persons who for one reason or the other ceased their membership of co-operative societies.

The persistence of a relatively high birth rate and the extended family relations even within the Zimbabwean urban context are some of socio-economic factors that impact on the poverty alleviation efforts of co-operative societies. The material benefits gained as a result of membership of a co-operative society are thinly and widely spread over too many beneficiaries all of whom therefore remain poor.

Co-operative societies are also impacted upon by increasing rural decadency that characterise most urban slums from which many of the members of co-operative societies are drawn. Impersonal relations and egoism and high levels of egoism that exclude a sense of empathy, fairness and other ethical values help to destroy the sense of team spirit that is a prerequisite for the success of a co-operative society. In addition, crime and HIV/AIDS find fertile ground in poor communities and help to erode the meager saving by way of expenditure on security and health-related issues. The socio-cultural cohesion between and amongst the members of a co-operative society is a requisite for their long-term sustainability.

Those co-operative societies whose membership was factionalised and/or intolerant of novel ideas, were oppressive of a minority of their members in the manner in which affairs of the co-operative were managed, suffered a high turnover of their membership, having been subject to investigation of their affairs by the Registrar and/or received negative publicity in the local press (see Appendix xvii).
6.2.4 The impact of the legal environment on the co-operative society’s 
poverty alleviation projects

The legal environment within which co-operative societies are promoted or duly 
registered undertake their registered objects, relate with their relevant stakeholders 
and the manner of their dissolution by the court and being deregistered by the 
Registrar. All institutions whose objects are lawful thrive in a legal framework that 
fairly and seasonably specifies the rights, obligations, duties and powers of citizens 
(be they corporate or human) in legal relations between and amongst themselves 
within a given geographical territory for example International law at the global level, 
national law at the level of the state such as Zimbabwe local authority by-laws at the 
municipal council level.

In Zimbabwe the principal sources of law are legislation or Statutes (commonly 
referred to as Acts) and common law which in the case of Zimbabwe are Roman – 
Dutch with an admixture of English law. However of late, international sources are 
becoming increasingly important as a source of law, with or without the consent or 
ratification of the relevant government as the international community is increasingly 
becoming capable of enforcing its own legal principles of upholding human rights in 
respect of the disadvantaged such as the poor, the politically weak and other socio-
culturally disadvantaged groups such as women, children, old-aged and ethic/racial 
minorities.

Legal issues such as the degree of applicability of rule of law, level of bribery and 
corruption as legal risk and uncertainty all impact on the capacity of co-operative
societies to alleviate poverty amongst the poor. The legal framework that empowers the poor is therefore one that should also protect them and their socio-economic institutions such as cooperative societies from abuse, mismanagement and bad governance by both the sick and powerful including the promoters, members of management and supervisory committees. Compromised judicial systems negatively impact on the co-operative societies’ poverty alleviation projects as is evidenced by the vulnerability of both urban housing and agro-fishing co-operative societies to interference by influential and well-connected persons than micro-finance co-operative societies which on the whole do not own land.

6.2.5 Impact of technology on the poverty alleviation projects of co-operative societies

The degree with which technology is deliberately incorporated into all aspects of life is a major differentiating factor between animals and human beings. Technology is a part of human culture. The more socio-economically developed societies with higher levels of technology infused into their human livelihoods development enjoy better standards of living and have a relatively smaller proportion of the absolute poor in the population than the less developed countries such as Zimbabwe and other countries of the global south. Thus the quest to find technology that is appropriate for poverty alleviation in the countries of the global south assumes the following two dimensions:

(a) relieving the poor of their suffering and powerlessness that is a consequence of living in abject poverty as well as the indignity of living in relative poverty that
renders them prone to abuse by local elites and in the communities to which they belong; and

(b) helping the countries of the global south in which the majority of the world’s poor live to bridge the sustainable livelihoods development gap with the countries of the developed global north in an increasingly dynamic and complex and competitive globalising world.

The use of appropriate technology facilitates the efficient and cost-efficient attainment of individual and corporate goals and objectives. In the case of co-operative societies of the impoverished global south countries such as Zimbabwe, there is the following fundamental question for which no easy solution appears handy—“Are co-operative societies in a position to develop and/or acquire technology that is appropriate for their organisational purposes given the following:

(a) the poverty of their members and the co-operative societies’ lack of alternative sources of finance to fund meaningful in-house research and development activities?

(b) their lack of the appropriate knowledge, skills and attitudes that are necessary to make their activities efficient, effective and sustainable particularly in the long-term?

(c) their over-dependency on tied donor funds and other forms of assistance from the GoZ, local authorities as well as imported agricultural, construction, banking, telecommunications and other technologies? and
(d) their lack of the human software necessary in order to enable them to properly utilise, repair and service as well as adapt imported technologies whenever necessary?

It is evident that technology as one of the key determinants of the organisational capacities of co-operative societies is a function of the following factors:

(a) the extent to which the core institutional activities can be contracted out to professionally qualified and competent agents. It was observed during this study that in declining order of relative importance:

(i) the managerial finance and accounting functions of micro-finance co-operative societies were more efficiently and cost-effectively done by either contracted professionally competent audit and accounting firms or auditors and accountants than if done by the members the majority of whom do not have the requisite competencies;

(ii) the civil engineering, building and construction of the residences of the members of housing co-operative societies was easily contracted to local SMEs with a flair for general construction and building work; and

(iii) the land preparation and tillage; crop planting and cultivation as well as harvesting for agricultural co-operative societies can easily be done in-house as they require less professionally qualified personnel.

(b) the costs involved and how these are affordable to the co-operative society as a whole. Significant cost savings are achievable through the use of capital intensive
and labour saving computerised managerial finance and accounting technology in managing the affairs of micro-finance co-operative societies.

Similarly significant cost savings were achievable by housing co-operative societies through the use of prefabricated house construction units, the employment of relatively cheap hired construction tools and equipment and GoZ favoured building brigades. On the other hand, the use of hired land tillage, crop cultivation and harvesting is relatively expensive and therefore largely unaffordable for the majority of agricultural co-operative societies whose landholdings tend to be too small and unsuitable for the use of cost-saving modern-farming equipment such as tractors, cultivators, spraying equipment and harvesters.

Thus a large number of agricultural co-operatives then are forced to use simple but cost-ineffective technologies such as zero tillage and planting crop cultivation technologies without the use of modern soil fertilisers.

6.2.6 The impact of geo-ecological factors on poverty alleviation projects of co-operative societies

Geo-ecological factors are particularly and directly relevant to the poverty alleviation projects of agro-fishing and housing co-operative societies. The geo-ecological factors that are considered relevant include the type of soils, the hydrology and gradient, plant and animal (pestilence) life as well as the climatic conditions of the co-operative societies’ poverty alleviation projects. The above factors are especially significant in the manner they variably impact on both the cost structures and revenue streams of the poverty alleviation projects of various co-operative societies.
The heavily leached sandy lateritic soils that are characteristic of eastern, western and southern half of Harare province are generally ideal for low-cost housing construction. However the same soils are far from ideal for sustainable intensive crop cultivation without the use of artificial fertilisers and occasionally type of lime. Such soils favour High External Inputs for Sustainable Agricultural (HEISA) practices that require a heavy initial capital outlay and of a relatively healthy working capital budget plus extensive pieces of arable land in order to benefit from economies of scale effects.

The relatively rich clay red loamy and vlei soils as are found in the northern half of Harare, though ideal for intensive crop farming under Low External Inputs for Sustainable Agricultural practices are generally not favourable for cost-effective residential housing construction as they require the provision of a deep costly engineer-certified special foundation before the rest of the construction project can be undertaken. The escalated implications of the need for special foundations or rock blasting generally stall the progress of the projects of housing co-operative societies.

These above-noted facts, coupled with the fact that rarely are housing co-operative societies allocated prime residential land, assumes a greater dimension in determining the poverty alleviation of housing co-operative societies.

Hydrological consideration includes the nature of surface drainage patterns and aspects of the underground water reserves. The presence of vleis, perennial river streams and permanent water table give rise to potential for all-year round intensive
irrigation crop farming if the co-operative society farmers are financially and technically capable of excising their water rights. Too high a water table, on the other hand, is a constraining factor in the housing co-operative societies.

The gradient or slope of the land on which a co-operative society’s project is situated is another geo-ecological factor that impacts on the capacity of agricultural and housing co-operative societies to alleviate the poverty of their respective members. The greater the proportion of arable land, then the greater the capacity to utilise the land for crop cultivation. However, rarely are housing co-operative societies allocated land with scenic views as in the Chishawasha hills in Zimbabwe, the presence of which drastically increases their potential market value.

The nature and quality of the natural indigenous plant and animal life (especially pestilence and diseases) is also relevant to agricultural co-operative societies. The thin grasslands that characterise the unbuilt areas of the Harare Province do not favour intensive livestock rearing. Commercial Dairy farming is only practicable where the farmer relies on either irrigated exotic pasture grassed fodders and grain-based livestock feeds. Quite a number of the farmers find piggery and poultry rearing very financially viable options since they can successfully manage the associated illness/diseases. An outbreak of a livestock disease such as Newcastle disease or crop infestation such as army worm or quella birds if badly managed has the potential to plunge an otherwise financially viable agricultural co-operative societies into deep financial distress/situations. If uncontrolled or well managed, plant and animal diseases have the potential to increase the farmers’ operating costs and at the same time reducing the potential sales turnover due to the
diminished prices that are attainable on poor quality produce in a competitive market situation.

The tropical continental climate that is tempered with the moderating impact of relatively high altitude of the Zimbabwean Highveld in which Harare is situated and the tropical latitude has a marked impact on the poverty alleviating projects of co-operative societies. The highly seasonal nature of the summer rainfall and the characteristic winter night-time frosts tend to dictate the nature, scope and timing of human activities in agricultural projects. The heavy summer rainfall tends to disrupt poverty alleviation projects of co-operative societies in the following ways:

(a) the heavy leaching of the largely lateritic soils over the Harare province necessitates the application of artificial fertilisers without which there would be no urban agriculture beyond the subsistence level to talk about;

(b) the strong surface water run-off results in significant soil erosion that results in the loss of relatively humous-rich top soil. The financially constrained agricultural co-operative societies generally find this challenge by the forces of nature insoluble and the result is the irreversible loss of arable farming land to gullies as well as the potential for poverty alleviation;

(c) vleis and dambos that may be used for vegetable crop production during the dry winter season become virtually inaccessible, thus leading to a further seasonal loss of arable land;

(d) the degradation of the public road networks that links the agricultural co-operative societies to their inner urban markets. Both private and duly licenced
public goods transporters normally raise their freight charges in order to recoup the increased costs of the resultant repair and servicing costs of their vehicles;

(e) generally slowing down the implementation of the residential building construction projects of housing co-operative societies; and

(f) generally disrupting telecommunications connectivity between co-operative societies and contractual partners especially in the case of those micro-finance co-operative societies with savings accounts with commercial banks and the POSB. The failure to telephonically link up with a desired client often results in incurring of otherwise unnecessary travelling and subsistence costs by the members of the co-operative societies which are then chargeable to the co-operative society’s account.

Zimbabwean agricultural co-operative societies are not immune to the effects of global climatic change that include the following:

(a) a gradual though apparent certain shift in the seasons that in the tropics is characterised by increasingly delayed and false-starting summer season. This phenomenon has witnessed the poor farmers replanting their crops several times with uncertified seed that has a relatively lower germination rate as compared with the seed that is obtainable from reputable suppliers of farm inputs;

(b) an ever lengthening mid-summer drought period during which most unirrigated crops wither away. Food aid from NGOs and the GoZ or food-for-work projects become the only available sources of meager supplies for the households of the members of agricultural co-operative projects that in the meantime would have been temporarily abandoned; and
(c) the general warming up of mean temperature results in the more rapid crusting of the top soil in growing crop fields, the lowering of the underground water table and increasing the need to supplement the often times inadequate summer rainfall yields with irrigation-based water supplies.

Thus the capacity to overcome the challenges posed by geo-ecological factors is one key variable that helps to easily differentiate the co-operative societies into those that either represent either successful or failed attempts at poverty alleviation of their members.

6.2.7 The impact of demographic factors on the poverty alleviation activities of co-operative societies.

Demographic factors that characterise the macro-level environment of co-operative societies materially impact on the degree of efficiency, effectiveness and sustainability of their poverty alleviation-oriented projects. Just as with the other factors that are exogenous to co-operative societies, these factors present both threats whose adverse effects ought to be cost-effectively eliminated and/or mitigated against and windows of opportunity that should be strategically and profitably exploited.

The demographic factors that are relevant to this study include the following:

(a) the size of the member’s household;

(b) population growth rate;

(c) the population’s age distribution patterns; and
(d) migratory patterns of the urban poor.

6.2.7.1 The size of a member’s family or household

This is critical in determining the number of persons to whom the benefits of the poverty alleviation projects of co-operative societies are spread. Within a Zimbabwean African urban context, it is very rare for a core family unit to exist without incorporating even up to four or five members of the relevant extended family. These additional members of the family are usually highly valued for their individual potential labour contribution towards labour-intensive activities of agricultural co-operative societies. However, on the average, the smaller the size of a member’s family or household, then the greater the possibility of being uplifted from the clutches of poverty through the projects of his/her relevant co-operative society. The inverse is equally true.

6.2.7.2 A high population growth rate

Whilst being a positive pointer of a greater potential for a given market segment, is another stronger indicator of the incapability of the co-operative societies’ various projects to alleviate on the poverty of their respective members. Empirical studies elsewhere indicate that poverty levels increase whenever the population growth rate exceeds the economic growth rate. All other relevant factors remaining constant (Chronic Poverty Research Centre, 2006) the population in the peripheral areas of Harare wherein most urban housing and agricultural co-operatives are located has tended to increase as a result a positive immigration of the poor from Zimbabwe’s largely impoverished rural areas. A decline in the number of persons that constitute
a household as was occasioned by” Operation Murambatsvina “in 2005 resulted in an apparent improvement in living standards of the urban poor in the former slum areas.

6.2.7.3 The Age Distribution pattern of the population of the member’s households

This has a great bearing on the potential of the co-operative societies to alleviate poverty through putting into effect their registered objects. Those members’ households with relatively fewer economically dependent members such as babies, school-going children, the ill and old-aged have a greater potential to benefit from the poverty alleviation projects of co-operative societies. The pressure of the above members limits the concerned members’ capacity to make savings that can be profitably be invested in order to escape the poverty trap. The concerned members’ income is thus spent on basic human needs such as food, water, clothing, shelter and limited amount of entertainment.

In addition synergies of a financial nature are realised in situations where the economically active members of a given household coordinate and pool their financial resources in order to ensure a quicker completion of a project for example the construction of a residential unit by housing co-operatives that hand over residential units of two incomplete core- rooms per house or the timeous provision of key agricultural inputs at the onset of the summer tillage and crop planting season.
6.2.7.4 Migratory patterns of the poor

Most of whom initially reside in slum settlements or rented residential accommodation or with members of their respective extended families owe their origins to Zimbabwe’s and neighbouring countries generally impoverished rural areas. The majority is usually men who dominate the rural urban migration as in African traditional customs they are the bread winners of their respective families. Quite a big proportion of them however maintains their rural households and undertake economic activities at their rural plots. If well managed these rural plots are a sure source of funds for investing in the co-operative project of which one is a member. However they may also constitute a drain on the financial gains achieved through the poverty alleviation projects of urban based co-operative societies. A large flow of rural urban migrants is often blamed for swamping the limited public services available at the co-operative poverty alleviation project site.

6.3 CONCLUSION

This chapter has isolated all the factors both internal and external to co-operative societies which contribute towards making a co-operative society a cost-efficient and sustainable vehicle for irreversible human livelihoods development.

In Chapter Seven that follows next are presented the relevant summary, recommendations, conclusion and areas of recommendation for further studies in order to make co-operative societies effective and sustainable instruments for poverty alleviation.
CHAPTER SEVEN

SUMMARY, RECOMMENDATIONS AND CONCLUSION

7.0 INTRODUCTION

This chapter concludes this study by way of a summary, recommendations and a conclusion. Co-operative societies are a permanent feature of the civic organisations in Zimbabwe that have a focus on sustainable human livelihoods development of which poverty alleviation is a part. A wide variety of types of co-operative societies can easily be identified but only the housing, agricultural and micro-finance co-operative societies were deliberately included in this study.

Excluded from this study are for example burial societies which according to reputable Harare municipal sources collectively have far larger number of members than the housing, agricultural and micro-finance co-operative societies combined. The relatively higher concentration of co-operative societies in Zimbabwe’s urban areas including the Harare municipality than is to be found in rural areas of the country is a reflection of greater population density and accelerating poverty particularly in the period 2000 to 2008.

However, a large number of the registered co-operative societies collapsed and were subsequently deregistered by the Registrar after having failed to achieve their registered objects despite the open moral and limited material support these institutions received from the GoZ, donor community, local authorities, the community at large and their respective membership. The extent to which co-operative societies in general have
managed to alleviate the ever deepening poverty as has been experienced in Zimbabwe is a very contentious issue even within the academic community.

7.1 SUMMARY

There are several factors which have an impact on the capability of co-operative societies as vehicles for poverty alleviation among the urban poor in Zimbabwe. These factors can systematically be categorised as either being internal or external to the co-operative societies as body corporates. The factors that are both internal to co-operative societies and which influence the degree to which agricultural, micro-finance and housing co-operative societies impact on their broad goal of poverty alleviation amongst the poor include the quality of governance by their respective management committees; the management, supervision and execution of their operations on a day to day basis; the diversity of the sources as well as the types, quality and quantity of their resources; the human factor in as far as it relates to both the ordinary members, supervisory committee and management committee of a co-operative society; cost structures and organisational culture.

The factors that are external to co-operative societies include all those aspects of the macro-level environment with which the co-operative society interacts in a variety of ways. These include political, economic, socio-cultural, technological, legal, ge-ecological and demographic factors that mutually combine to create a complex and dynamic system that largely determines the nature and scope of the impact of co-operative societies in alleviating poverty amongst the urban poor.
Soundly governed and well managed co-operative societies that are also well endowed in terms of resources were observed to successfully manage change for their members’ benefit even in a complex, dynamic and risky environment as was the case in Zimbabwe during the period 2008 to 2009.

Successful co-operative societies were also observed to be those that consistently applied the International Co-operative Principles in the conduct of their lawful business. In brief these principles include the democratic control of co-operative societies, continuous education of the members, economic participation by all the members, co-operation amongst co-operative societies and concern for the community.

However, the macro-level environment that characterised 2007 to 2009 Zimbabwe posed special and unusual challenges for co-operative societies as they had to deal with political instability; a virtually collapsed economy with world record breaking hyper-inflation; a very high unemployment rate at 85 percent (CSO, 2009); questionable application of the rule of law and the alleged abuse of human rights. A large proportion of urban co-operative societies adopted a survival strategy that was largely characterised by dormancy with the expectation that they would eventually resuscitate their poverty alleviation-oriented projects if and when the macro-level environment became more favourable to their activities.

In the meanwhile the members of the co-operative societies were abandoned to their own fate of which many managed on the basis of the benefits accrued to them such as the possession and use of a co-operative society built core-house, a piece of arable land from which members of agricultural co-operative societies could etch out a
subsistence level of living on the small plots allocated for use to them and the access to loans though of a diminished value due to hyper-inflationary conditions then prevailing in Zimbabwe for the members of the micro-finance co-operative societies. However, it should also be noted that the members of the following co-operative societies took the initiatives to improve on the quality of their livelihoods during these trying times by engaging in the following:

(a) sub-letting or even letting out the whole co-operative society built house initially at inflation adjusted monthly rentals and later on demanding foreign denominated rental payments by their tenants to those desperately searching for rented accommodation;

(b) opportunistically Inflation adjusting, even by the hour, the prices of some of the products of the agro-fishing co-operative societies such as fish, vegetables, milk and poultry; and

(c) charging extremely high interest rates on the loans allocated to both members and non-members in the case of micro-finance co-operative societies. A large proportion of housing, agro-fishing and microfinance co-operative societies have since resumed their usual poverty alleviation projects in the period after the dollarisation of the Zimbabwean economy and the return of peace and orderliness after the agreements entered into between and amongst Zimbabwe’s major political parties.

The recommendations which follow in the paragraphs below also largely reflect the views and perspectives of the respondents the majority of whom are the urban poor residing in Harare.
7.2 POLICY RECOMMENDATIONS

The recommendations that are given in the paragraphs below are feasible within the Zimbabwean context and overall aim to improve on the efficiency, effectiveness and sustainability of co-operative societies as vehicles for meaningful human livelihoods development that also incorporates poverty alleviation as one of its primary objectives.

7.2.1 Simplification of registration requirements for co-operative societies

The minimum requirements for the due registration of a co-operative society by the Registrar need to be revisited and simplified. When setting legislation the government should amend and incorporate the issue of education as a prerequisite for one to hold a leadership position in co-operative societies. The government should not be directly involved but rather play a supportive role in co-operative activities.

7.2.2 Closing the legal loopholes in the relevant statutes

The Co-operative Societies Act, Chapter 24:05, needs to be amended so as incorporate the following:

(a) fully disclosing the powers, duties and obligations of the promoter(s) of a co-operative society as has been done in the case of the promoter of a company that is registered in terms of the Zimbabwean Companies Act, Chapter 24:03;

(b) the maximum number of persons who can be registered as constituting the membership of a co-operative society;
(c) incorporating pro-forma memorandum and articles of association of a typical co-operative society with a view to assisting promoters and members to draft their own (as is also the case with the Zimbabwean Companies Act, Chapter 24:03;

(d) incorporating the International Principles of Co-operatives into the provisions of the Co-operative Societies Act, Chapter 24:05;

(e) stipulating more deterring penalties for the deliberate bad governance and mismanagement of the affairs of the co-operative societies than is currently the case with a view to protecting the relatively poor and weak members in their relations with members of the supervisory and management committee; and

(f) amending the inheritance and the administration of deceased estates laws to make them more cost-effective and beneficiary friendly.

7.2.3 Widening the resource bases of co-operative societies

This can be achieved through implementing the following measures:

(a) allocating a sizeable portion of national and local authority budgets to the development of co-operative societies;

(b) assisting co-operative societies to seek resources from the international community;

(c) giving tax concessions for co-operative societies-related marketing activities; and

(d) assisting co-operative societies to diversify their own internal sources of funds.

7.2.4 Promoting sound governance and proper management of the affairs of the co-operative society.
The above can be achieved by taking the following actions:

(a) giving sufficient training and development to the members of management and supervisory committees;

(b) educating members on the International Principles of Co-operative Societies preferably using local languages as the medium of instruction;

(c) stipulating the minimum proportion of professionally qualified and/or experienced non-executive members of both management and supervisory committees so as to ensure a balance of power on the board;

(d) limiting the number of instances a person may offer himself for reappointment to the management and/or supervisory committee;

(e) professionally recruiting executive staff of the co-operative societies, for example, using the merit based staff recruitment and retention policy;

(f) ensuring that the co-operative society’s financial statements, reports and registers are subject to regular periodic external audit even if this may entail a number of primary societies pooling their financial resources in order to achieve this ideal; and

(g) sensitising the ordinary members of a co-operative society about selecting for leadership positions in their respective co-operative societies duly qualified and ethically well-behaved persons.

7.2.5 Enhancing the cost-effectiveness and sustainability of the various poverty alleviating projects undertaken by co-operative societies through sector specific interventions
The above recommendation can be subdivided into the following aspects:

(a) in the case of agro-fishing co-operative societies, providing continuous and increasingly advanced basic skills training and development in core-competency areas such as tools, plant and equipment repair and servicing; task-related skills such as land tillage, crop cultivation and harvesting, animal husbandry, fish breeding and harvesting, book-keeping and marketing skills;

(b) in the case of micro-finance co-operative societies, enhancing financial management competencies of the management committee in order to enhance their collective capacities for cost-avoidance and profit maximisation, appraisal of members funding proposals and humane but effective debt recovery techniques;

(c) in the case of housing co-operatives empowering the members with the basic skills for own production of some of the building materials and tools, basic building construction skills especially using prefabricated building materials and general home maintenance such as maintenance and unblocking sewerage drainage pipes; and

(d) for all co-operative societies encouraging prudent bulk purchases of materials and other supplies in order to take advantage of the associated cash discounts. E-purchasing, purchasing by tender or auction procurement system or purchasing on the basis of a fixed contract should be encouraged where any one of the above is more cost-effective than the impulsive or opportunistic procurement practices that are usually done by the majority of Zimbabwean co-operative societies.

(e) Writing co-operative principles in local languages for the benefit of all co-operative members.
7.3. AREA FOR FURTHER STUDY

It is recommended that further studies be done on the applicability of the International Co-operative Principles in all the global socio-cultural environments. Although these principles have been successfully applied by co-operative societies in the developed countries, they might fail when applied to co-operative societies in the developing countries because of the differences in their environments.

7.4 CONCLUSION

It can thus be concluded that the majority of co-operative societies undertaking agro-fishing, housing and micro-finance projects are viable civic society organisations for alleviating the poverty which in most global south countries such as Zimbabwe is deepening as well as widening. However, for the above conclusion to be realistic, co-operative societies need to be soundly governed, well managed, sufficiently resourced, information and technologically empowered, be client- or member needs-oriented and also operating in a conducive macro-level environment. Most affected by poverty are child-headed households (though these tend to be relatively few in Harare due to the foster-parenting that is fostered by the extended family system) and followed by women-headed households.

Despite a favourable conclusion being reached about the impact of co-operative societies on poverty alleviation amongst the urban poor in Zimbabwe, there is a great need to perceive, understand and evaluate poverty and poverty alleviation strategies from the perspective of the poor people themselves. In this study, the viewpoints and
perspectives of the concerned urban poor were systematically collected, analysed and deliberately incorporated in the above paragraphs.

The pertinent research findings, conclusions and recommendations as is detailed in this and preceding chapters of this study are relevant to the rest of all the duly registered agro-fishing, housing and micro-finance co-operative societies that were to be found in the major urban settlements in Zimbabwe during the period 2008-2009. This is because all these cooperative societies share a common purpose for their individual corporate existence which is poverty alleviation amongst the urban poor. In addition they share a common macro-level environment from which material threats to their very survival or sustainability emerged and in which lucrative windows of opportunities could naturally avail themselves or be created by the innovative entrepreneurial minded strategic managers of co-operative societies.

It is also hoped that this study will also prove to be beneficial to policy makers, policy implementers as well as the poor especially in the SADC region.
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