The sustainability of rural co-operatives within the Eastern Cape with reference to Mbhashe Local Municipality

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By

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Declaration

I, Luvuyo Ndawule hereby declare that this is my own work and whereby I have used other persons ideas I have indicated it through footnotes.

Signature.................................................................
Acknowledgement

This research is the product of experiences of the people on the ground. Constant contacts and discussions have been made by the researcher and the outcomes are here tabled to be utilized by various stakeholders for betterment of co-operatives in general. Words of gratitude and appreciation need be passed to all those contributed to the completion of this study.

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Lord, God, Almighty indeed you are amazing.
Executive Summary

Mbhashe Local Municipality is part of eight local municipalities that make up Amathole District Municipality. The study is conducted in Mbhashe local Municipality where two co-operatives have been sampled.

The purpose of the study was to investigate the challenges faced by co-operatives in achieving its intended purpose (i.e. alleviating poverty, creating employment and generating income). It is the intention of the researcher to investigate the socio-economic role played by co-operatives in this afore mentioned local municipality.

For the research to be able to examine and analyse the performance and challenges faced by co-operatives around Mbhashe certain key aspects were extensively taken into consideration. These aspects are co-operative leadership, management structures, external support from different stakeholders, like different government departments, communities where co-operatives are located, and the role of NGO’s. It was the intention of the researcher to analyse the type of support given by each of the above mentioned stakeholders. It was through the study that the research was able to deduce whether the support given by these various stakeholders was enough or not in ensuring viability and sustainability of co-operatives.

In conducting the research a qualitative approach was used whereby various instruments were used to collect data. It was through the variety of instruments used that the researcher managed to capture the challenges faced by co-operatives. Apart from the challenges which were the main focus of the researcher, the findings also reveal that co-operatives play a vital role in socio-economic development. This is more evident in rural areas such as those at Mbhashe Local Municipality. There is undisputed evidence shown by co-operatives that community members do benefit from the produce created by co-operatives. If co-operatives can receive the type of support they deserve, poverty in rural areas can be put to absolute minimum.
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Acronyms
ADM : Amathole District Municipality
Asgisa : Accelerated and shared growth initiative for South Africa
Co-op : Co-operative
ECDC : Eastern Cape Development Co-operation
ECECC : Eastern Cape Socio-Economic Consultative Council
DEDEA : Department of Economic Development and Environmental Affairs
ICA : International Co-operative Association
IDP : Integrated Development Plan
LED : Local Economic Development
MSA : Municipal Systems’ Act
NCASA : National Cooperative Association of South Africa
NDA : National Development Agency
SMME : Small Medium Enterprises
TTGC : Transkei Territorial Government Council
UFH : University of Fort Hare
UNITRA : University of Transkei
WSU : Walter Sisulu University
CHAPTER 1: INTRODUCTION AND CONTEXT

1.1. Introduction

This is a comparative study based on two co-operatives within Mbhashe local Municipality that seeks to examine and explore the challenges facing co-operatives located in the mentioned area. There is a general concern that co-operatives in rural areas are faced with many challenges hence they fail to achieve their intended outcomes; and this, in the long run, directly results in the death or collapse of some co-operatives located in some rural areas. The two co-operatives under study are Duff Mission Co-operative located at Mangati A/A in Bomela location in Dutywa, and Zamani Development Co-operative located in Weza location in Willowvale town. Both of the mentioned towns are part of Mbhashe Local Municipality. Mbhashe Local Municipality is under Amatole District Municipality in the province of Eastern Cape.

The literature around the study of co-operatives reveals five distinct traditions of co-operatives, which are consumer co-operatives, worker co-operatives, credit co-operatives, agriculture co-operatives, as well as service co-operatives (South Africa Foundation, 2003:1). According to South African Foundation (2003:01) all co-operatives regardless of their traditional types are grounded on poverty reduction, community empowerment, job creation, and the enhancement of all forms of social mobilization”. The current study is aimed at examining and investigating the social and economic impact of the co-operatives in general with specific reference to agricultural co-operatives. The main interest of this study is to examine the reasons behind the collapse of some co-operatives around Mbhashe municipality. The focus is based on agricultural co-operatives around Mbhashe local municipality.

1.1.1. Mbhashe Local Municipality

Mbhashe Local Municipality forms part of eight local municipalities that make up Amatole District Municipality. Other local municipalities forming part of Amatole District Municipality (ADM) are Mnquma Local Municipality, Great Kei Local Municipality, Amahlathi, Buffalo City Metropolitan Municipality, Ngqushwa Local Municipality, Nkonkobe
Local Municipality and iNxuba Yethemba Local Municipality. Mbhashe Local Municipality is made up of three former magisterial districts and towns which are Dutywa, Willowvale and Elliotdale. Dutywa is the central town where the municipality offices are located.

Mbhashe Local Municipality is 3030.47 km² in size and consists of 29 wards and has 51 councillors. “Mbhashe municipality is predominantly rural with high levels of unemployment; poverty and dependency” (IDP 2004; MBD 2003). The high levels of dependency and unemployment prevail due to the fact that government is the only source of employment through its social and community services in the area. There are no industries and other forms of formal employment. It is against this background that the inception of co-operatives has been seen vital initiative for this municipality. It is against this background that this study sets on to investigate the challenges facing the co-operatives in Mbhashe Local municipality with the intention to provide useful information that may assist in making co-operatives in this municipality viable and sustainable. For the purposes of this study, only two of the co-operatives existing in this municipality will be investigated.

1.1.2. Duff Mission Co-operative: Bomela Location

Duff Mission Co-operative is located at Bomela location. Bomela location is 7-8 km from Dutywa town. There are two routes that are used to reach this location but both are gravel roads. This makes it difficult to reach the co-operative on rainy days because of the bad road conditions of these gravel roads. This location is one of the oldest locations around Dutywa. There are very few educated individuals in this location and the overall lifestyle of the people here is traditional.

There are very few schools in this location. People in this location still practise subsistence farming whereby maize and sheep farming is the major source of income, if any. Most of the young females are working in Dutywa town in shops as either cashiers or cleaners. Despite the fact that Bomela location is closer to town, there is not much development and service delivery taking place there as there are no taps for clean water compared to some other sub-localities that form Mangati Administrative Area. Electricity is the only basic benefit people here have.
Duff Mission Co-operative was formed in 2008 under the mentorship of the University of Fort Hare (UFH) agricultural section stationed at Alice. It was only maize that was cultivated in the first few years of its foundation. The success enjoyed by Duff Mission co-operative in maize and vegetable cultivation, has made processing of these products to be significant. The increase in the number of members from twelve (during its early stages of its formation) to sixteen, later, proves that the co-operative has been steadily growing. Apart from the increase in human resource, there is a wide availability of modern machinery. Just to mention a few, there is a big hydro-electric system used for irrigation, two tractors with various modern cultivation implements. There are many physical structures one of them has been equipped with newly bought machinery meant to be used in the proposed processing of vegetables into different end products.

1.1.3. Zamani Development Co-operative: Weza Location

Zamani Development co-operative is the second co-operative to be studied here; it is located along R63 route between Willowvale and Dutywa. According to the Dictionary of South Africa Place Names (undated: 475) “Willowvale was established as a military post in 1879 and was named after the willow trees on the banks so named because of its situation on a stream with willow trees on its banks of the stream running through this town”. Weza location is one of the remotest areas within Mbhashe municipality. There was a great debate when the project of electrifying rural areas emerged. People in this location were divided upon putting electricity in the local area. There are very few educated individuals in Weza location. People there still enjoy traditional lifestyle and still practise cultivation of crops for merely personal consumption. Livestock farming and hunting are also among other things that are practised.

Zamani Development co-operative derives its name from the fact that it was established to service ward eleven, but as time goes it has expanded its scope beyond what was originally perceived as its area of coverage. While there are branches located within ward eleven, the main branch is located at Weza location which is 37-40 km from Dutywa town and very close to Willowvale. Willowvale is 32 km southeast of Dutywa.

Zamani Development co-operative was initiated in 2006 by seven members but due to many challenges it could not operate in the very same year. In 2007 the seven members
managed to get a certain yard from one of its members wherein they started to operate. It was in 2007 that five other members joined to make a maximum of eleven members. The eleven members started to operate having developed and form the business plan, constitution, and held meetings in 2008. Hence by the end of 2009, they secured funding from the National Development Agency (NDA). During establishment, it was proposed that the co-operative would focus on tomato ploughing, chicken farming (both meat and egg laying breeds). It was also agreed that a chicken abattoir would be one of the main tasks performed by the members of the co-operative. Up to this day NDA is the main funding agency with some other government department as secondary funders of Zamani Development Co-operative.

There were several reasons that motivated the researcher to choose these two mentioned co-operatives for this study. Just to mention a few, they are successful co-operatives; they have different age group of members (i.e. Duff Mission co-operative is dominated by young age group and Zamani Development co-operative is dominated by middle to old members)

1.2. Research Problem

There are many threats and challenges facing co-operatives in developing countries like South Africa. Just to mention a few; lack of capital and access to loans, lack of technical knowledge and access to technology, and training in business and leadership skills; lack of markets beyond their localities; and lack of knowledge about opportunities for fair trade, monthly salary scale, and so forth. These challenges make co-operatives not to be viable and sustainable in terms of meeting their objectives. The study seeks to investigate and analyze the level of successes and challenges faced by strategies utilized in order to ensure that co-operatives are viable and sustainable.

The central question in this study is how the government can utilise the existence of co-operative for the best benefit of its members and communities where they are located. Put it another way; what strategies and skills can the government put in place so as to monitor and confirm the achievements of expected outcomes of co-operatives?

1.3. Research Question
Generally speaking, co-operatives were created to address employment and job problems faced by people, more especially in rural areas. However, there have been some challenges encountered by these co-operatives. The biggest challenge is that co-operatives seem to be failing to fulfil their central obligation which is the creation of job opportunities. The National Co-operative Association of South Africa (NCASA 2009) in conjunction with Sikolo Education and Training (2009) shifted the blame from the co-operatives themselves to the structures that promote co-operatives, which are the state, the civil society organizations as well as social movements. The purpose of the research is to investigate the ultimate challenges encountered by co-operatives and to come up with strategies that may assist in making co-operatives viable and sustainable.

1.4. Research Aims and Objectives

The overall aim of the study is to establish an in-depth understanding of what the nature of challenges faces co-operatives are and how these challenges can be alleviated. The study will evaluate the sustainability of co-operatives in rural areas and their contribution in providing employment and contribution to local economic development. Since co-operatives are located within communities, the study will examine whether there is an impact between the type of relationship that exist among the co-operative members and the community members. In essence the study seeks to answer some questions like ‘does a positive relationship among the co-operative members and the community make the co-operative viable and sustainable’? The study will also investigate the extent to which the implementation of co-operatives has managed to bring planned economic change in rural areas.

1.4.1 Objectives

- To evaluate the sustainability of Duff Mission co-operative and Zamani Development co-operative in terms of income generation.

- To determine how these two mentioned co-operatives have contributed to community development in areas they are located and operate.

1.5. Conclusion
It is researcher’s hope that the findings and recommendations of this study will contribute to the existing body of knowledge about co-operatives. More importantly, it is the researchers’ hope that the findings and recommendations emanating from the study will be of value to both the municipality of Mbhashe and to the co-operatives in the area. It is the researcher’s view that if proper steps and channels of implementing co-operatives are followed to intended benefits of study an initiative can be realised. The researcher is of the view that success in this regard is only possible if the powers can take the following very seriously.

(a) Sound business plans for co-operatives to be established be developed and implemented.

(b) Sound market research is conducted prior to the establishment of a co-operative.

(c) Sound mentoring and monitoring strategies and instruments be developed and implemented.

It is with these principles in mind that the researcher sets to conduct the study.
CHAPTER 2: LITERATURE REVIEW

2.1. History of Co-operatives: Global Synopsis

The global synopsis of co-operatives reveals that there were forerunners of co-operatives that date far back as 1228 in Switzerland. One of such co-operative forerunners was a cheese making group of people which was established in 1228 in Switzerland (Rothschild and Allen-Whitt, 1986). In the mid of the 19th century a first co-operative was established at Rockdale in the North of England. That co-operative was established in 1844 by a group of twenty eight skilled workers who were practising trade on handcraft. It was their activities, managerial skills, and business organisation skills that later became to be known worldwide as the co-operative, International Co-operative Association (ICA: 2005). Due to the clear role that the first co-operative played in terms of creating the wealth and boosting the economy, there was a great wish by other states to do likewise so as to minimise the number of economic dependency upon the state. In various parts of the world, there was an increase in the number of people who opted for co-operatives as means of creating employment for themselves and citizens of their countries. In China alone, more than 5 million people were employed by China Federation of Supply and Marketing Co-operative; in India the Anand Co-operative to date has more than 2 million members (www.cooperatives-society.blogspot.com). These two international cited countries show the role and the impact that co-operative can have if it is well grounded and established.

United Nations Human Development Report (2002) commenting on human development states that human development could not be achieved by concentrating on one avenue of life. The report goes further and argues that politics is as important to successful development as economy is. In fact UNHDP (2002: 01) argues that “politics matters for human development because people everywhere want to be free to determine their destinies, express their views and participate in the decisions that shape their lives”. In order for poverty reduction strategies to be effective, the poor masses should have a political will.

Based on understating of human development, the purpose of development is to enlarge all human choices, not just income, but also by creating economic and political environment where people can expand their human capabilities. Such views as these suggest that there is
a need for sound and strong political leadership for co-operative to succeed and make a meaningful contribution to the socio-economy of citizens of a country. There is evidence in the existing literature on co-operatives that strongly suggests that co-operatives, if properly established and run, can make a positive contribution to economic empowerment of citizens. Based on the UNHDP (2002) cited earlier economic emancipation is not possible without political interference. Given this claim one can say both economic and political spheres need to be taken into consideration in order to be able to eradicate poverty in any given context. Therefore political leaders need to play their role in the establishment and running of co-operatives.

2.2. Overview of Co-operatives in South Africa

“The history of co-operatives development in South Africa is linked to, and was shaped by colonial and apartheid planning and organisation in society and economy” (Mazibuko & Satgar 2008:05). Co-operatives occurred in different facets, some were referred to as projects, self-help groups, mutual societies, village banks, credit unions, consumer stores, and sometimes the word ‘association’ was used to describe co-operatives. With gold and diamond discoveries in Kimberly, industrialization in the country started in earnest, changing the course of South African history dramatically, as several things emerged. Literature consulted on this issue suggests that mining which was encompassed with migrant labour system in the long run resulted in the emergence of co-operatives. The influx in the vicinity of Hopetown and Kimberly caused by gold and diamond discoveries indirectly influenced the foundation of co-operatives in many respects in their early stages in South Africa. However, the first co-operative to be registered was the Pietermaritzburg co-operative which was registered in 1892 in terms of the Companies Act, followed by the establishment of National Co-operative Diaries Limited in the then Natal (Pretoria 1998, Koperasi 2009). Currently, Statistics South Africa (2009) gives a detailed graph of current co-operatives existing in each province, see figure 2.A. below.
There are diverse forms of co-operatives. However, this study will focus on agricultural co-operatives. Dating as far back as from the gold and diamond discoveries, the fortune seekers who went to these discoveries created a huge need for agricultural produce. Literature reveals that co-operatives were grounded on biasness in as far as government support in terms of viability and sustainability was concerned, agriculture co-operatives (which generally were owned by whites) were used as important instruments of agricultural commercialisation and rural development (Department of Economic Development and Environmental Affairs - DEDEA and Eastern Cape Socio-Economic Consultative Council- ECECC: 2009; Amin and Bernstein 1995). In order to ensure the success, viability, and sustainability of those ‘white agricultural co-operatives’ the past government implemented some measures which included the state support, state controlled and regulated marketing, subsidies and incentives which went together with land dispossession and exploitation of, and social control over, cheap labour. This certainly should explain why such co-operatives succeeded the way they did.

The history of Black co-operatives, on the other hand, is closely related to the broader history of oppression and struggle in South Africa. Although ICA (2005) and National Co-operative Association of South Africa-NCASA (2009) state that there were co-operatives established in rural areas during the period between 1920s and 1930s. The reason that Black co-operatives failed was the support structures and the types of co-operatives promoted. ICA (2005) states that in the rural areas the co-operatives supported in the former Transkei under the Transkei Territorial Government Council (TTGC) were credit co-operatives. The reason underlying the support of co-operatives of this nature was that they (credit co-operatives) would help people to remain indebted to White traders. Mazibuko and Satgar (2008:16) highlight this fact when they argue. Due to different levels of
support which included ideology and material based on racial lines, white co-operatives were sustainable and ended up being powerful businesses that still control larger portion of agricultural production. Not only that Mazibuko and Satgar’s argument state that these white co-operatives did control marketing and processing sectors of the economy. This was especially in South African rural areas. Mazibuko and Satgar conclude their argument by stating that some of the failures of co-operatives managed by black South Africans in this country may be attributed to that historical factor.

2.2.1. A co-operative as an economic structure

For the purpose of this study, a co-operative is defined as per Act No. 14 of 2005: “A co-operative is an autonomous association of persons united voluntarily to meet their common economic and social needs and aspirations through a jointly-owned and democratically-controlled enterprise organised and operated on co-operative principles”. Robinson (1993:01) compliments this definition by citing the objective of co-operatives which is to “make the needs of its members a driving force of the organization”. There are series of models that have played an important role in the functioning of co-operatives both abroad and within South Africa. The principle of formation and management of co-operatives, as the term itself suggests, is the promotion of cooperation among members for common good, equitable ownership of the enterprise thus formed and profit distribution is a share of the patronage by members (www.nimble.in). There are seven guiding principles that are stipulated by the Co-operative Act of 2005 that should be adhered to for the maximum operation of co-operatives. These guidelines are: - open and voluntary membership, member economic participation, democratic member control, autonomy and independence, education, training and information, co-operation among co-operatives, and concern for community.

Since the level of development varies accordingly, the challenges facing co-operatives differ accordingly as well, meaning that in the first world countries co-operatives may face problems and challenges that are different from what their counterparts in the developing, or underdeveloped countries may face. In the developed countries co-operative’s biggest challenge is the lack of awareness of their business potential among government and general public. In most developing countries co-operatives have been viewed as state enterprises, whereby they are used as instruments and parastatals within a controlled economy and as mass organisations through which
the ruling party seeks to reach the rural population. Despite the legislation of co-operative framework there are still challenges faced by co-operatives in general, some of the problems and challenges include, lack of capital, lack of public confidence, limited resources, salaries which are not market related, excessive government interference, inefficient management, absence of motivation, lack of conflict management skills, price fixing (Dti: 2009. Koperasi: 2010, Mather and Preston: 1990).

2.2.2. The size and location of Eastern Cape

The size and location of Eastern Cape gives a considerable advantage when it comes to agriculture. The province encompasses all seven of South Africa’s biomes, which means that practically every kind of animal or crop can be farmed or cultivated on the province’s 169,580 square kilometres of the land (Eastern Cape Business and Trade Investment South Africa:2007). Eastern Cape has more livestock than any other province, and produces a 3rd of the country’s tea and quarter of nation’s milk. Organic vegetables like sugar, exotic fruit, tomatoes and essential oils are now all being cultivated in this province in greater quantities than before, and they are expected to form the basis of processing facilities according to the report of the Agricultural Research Council: Eastern Cape Department of Agriculture and Rural Development : Asgisa –Eastern Cape. The same is true of cattle, pigs and poultry production where the ‘Transkei Organic’ brand is being developed to distinguish meat produced in open grazing environment from that produced in the closed ones.

As part of poverty eradication in the Eastern Cape Province the Eastern Cape Strategy and Implementation for Cooperatives Support and Development was formulated (DEDEA :2008). Based on this strategy, there was a budget increase within various departments within the province for the sake of motivating the formation and viability of co-operatives. For instance the Department of Agriculture in 2009/10 financial year increased its budget by 13% and some of the spending includes the reviving of Magwa and Majola tea estates. It has been stated that about R30 million was to be used in the re-establishment of the above mentioned tea estates. Furthermore, R52 million was catered for the Cradock project (for ethanol development). The other R5.35 million was earmarked for the hosting of International Mohair conference that was to be held at Cacadu district (Agric Eastern Cape (www.agriok.co.za). Apart from the big mentioned amounts of money that has been put aside to boost agriculture development, the provincial government came up with plans to encourage the communities for food gardens. This programme is known as ‘Siyazondla’ (literally
meaning ‘we feed ourselves’) and it encouraged cultivation of community food gardens as part of the comprehensive nutrition programmes.

The strategy was applied by the provincial government in an attempt to ensure that the productivity of agriculture goes even as far as to include some of the well known tertiary institutions. The tertiary institutions identified by the provincial government of Eastern Cape included former University of Transkei (UNITRA) currently known as Walter Sisulu University (WSU) and University of Fort Hare (UFH). WSU was tasked to mentor, support and sustain two training centres focusing on agriculture in the province which are Mpofu Training Centre (teaching small stack management) and Tsolo Agricultural and Rural Development Institute (Eastern Cape Business :2007). Fort Hare on the other hand, was tasked to mentor Fort Cox in Alice and to develop the communities around Alice in terms of livestock farming and crop cultivation.

2.3. The South African Policy Co-operative Framework

For co-operatives to be able to operate in a favourable environment there are policies, framework and legislations that are put in place. Department of Economic Development and Environmental Affairs final draft (DEDEA.2008) states policy framework that underpins the operation and functioning of co-operatives based on some pieces of legislation which are:- the Co-operative Act 91 Of 1981, Co-operative Policy of 2004, Co-operative Act No. 14 of 2005, Co-operative Regulations of 2007 and Co-operative Banks Act No. 40 of 2001. There were series of amendments made to this legislative framework, for example Co-operative Act 91 of 1981 was repealed and replaced section 98 (1) of the Co-operative Act No. 14 of 2005. Most of the amendments were grounded on the basis of RSA Constitution (1996), Local Government White Paper (1998), Local Government; Municipality Structures Act (No 1112 of 1998 and Amendment), Local Government: Municipal Systems Act (No 32 of 2000), Municipal Finance Management Act (No 56 of 2003), and Intergovernmental Relations Framework Act (No 13 of 2005).

Since South Africa is currently facing a high rate of unemployment characterised by poverty and high grant dependency on the part of its citizens, co-operatives have been seen as some forms of alternative strategies for poverty eradication. The roles stated by the RSA Constitution (1996) provide a favourable environment for the local sphere of government. Some of the basic roles stated by the RSA Constitution (1996) are: -
• it provides democratic and accountable government for local communities,
• it ensures provision of services in a sustainable manner,
• it promotes social and economic development, healthy and safety environment and it encourages community involvement.

This is in line with the Local Government White Paper (1998) which states that local government should be committed to work with citizens and groups within the communities to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives. In the current scenario of high unemployment rate faced the ANC led government the inception of co-operatives was based on the idea that co-operatives would be able to contribute to job creation, income generation, resource mobilization and economic empowerment thereby enhancing sustainable development in South Africa.

2.4. Co-operative Development in the Eastern Cape

Marais et.al (2001) states that sustainable social development entails the long term transformation, improvement and continuous betterment of the livelihoods of people in a given social context. The purposes of the co-operatives include development of communities so as to achieve social and economic well being of communities, both rural and urban, and to meet basic needs of society as well as to influence in the process a wide range of role-players to participate. Development as a concept has a certain appeal and implies some form of rescue’ because when speaking of development we cannot leave out co-operatives because they are also a vehicle of development. Marais et. al (2001) points out that when one speaks of development, they speak of something that attracts the hearts and the minds of people, because they see that there is something coming to their aid.

Eastern Cape is rated among the poorest provinces in South Africa. Both Burger (2009) and Statistics South Africa (2009) affirm the statement made by Marais et. al when they argue that comparing Eastern Cape with other provinces like Gauteng, KwaZulu Natal, and Western Cape shows that all these other provinces have better resources and are better developed than the Eastern Cape province. The level of development which is measured by the employment rate has forced the Eastern Cape Province to devise means and strategies to fight the high rate of unemployment. The joint collaboration at various levels of government starting from the local level running up to provincial and national levels, as well as to inter-departmental collaboration has
provided much hope over the problem that has devastated the Eastern Cape Province for a very long time. Department of Economic Development and Economic Environmental Affairs and the Eastern Cape Socio-Economic Consultative Council (DEDEA & ECECC, 2009) reveal that there are more than 3000 registered co-operatives in the Eastern Cape Province but there is very little that is known about their progress.

The figure given by DEDEA & ECECC (2009) pertaining to the number of registered co-operatives confirms that indeed the socio-economic conditions prevailing within Eastern Cape Province need poverty alleviation strategies. Given these figures it is clear that the promotion and revival of co-operatives in the Eastern Cape Province is not just a mere lip-service as Mazibuko and Satgar (2008) confirm that there has been co-operative development strategies formulated in order to ensure the sustainability and viability of co-operatives in this province. Although there are measures and strategies devised in order to create a good environment for sustainability of co-operatives in the province of Eastern Cape, there are lots of complaints and big debate around co-operatives. It has been argued that co-operatives in Eastern Cape are not well organized and their level of development is limited. Some of the challenges faced by co-operatives as cited by ECDC include technical and business gap, most of the co-operatives in this province do not meet the legal requirements for occupational health and safety. The other big challenge is that co-ops are seen as the quick cash solution for the high rate of unemployment.

Given this state of affairs in the Eastern Cape province, agricultural co-operatives in the province have received a big boost by the Eastern Cape Development Corporation (ECDC). This is evidenced by the funds reserved for such co-operatives. For instance Imvaba Cooperative Fund under (ECDC) has set aside R4, 4 million to train co-operatives. To prove its commitment, ECDC top management has recently joined a celebration whereby the Imvaba Cooperative beneficiaries received 132 certificates for technical and business training at Fort Cox College. The central form of the training was on elevating subsistence farming activities of co-operatives to commercial level.

2.5.1. Mbhashe Local Municipality Demography and Context

The historical overview of Mbhashe reveals that Mbhashe local municipality is made up of three towns which are Elliotdale (Xhora), Dutywa and Willowvale. Elliotdale (Xhora) was named after Crimean War veteran Henry George Elliot who from 1891 to 1902 served as a magistrate to all Transkeian territories. In its early days Dutywa was the scene of several tribal upheavals. It has also
been known as a venue for Abakhwetha dances which form part of the initiation ceremony of young Xhosa men. The village of Willowvale (Gatyana) takes its name from the wild willows growing in the valley. It was built as an administrative centre for the Gcaleka section of the Xhosa tribe and today the seat of paramount chief is located just few kilometres away (www.mbhashemun.gov.za).

There are plenty of cultural sites starting from San paintings at Sinqumeni caves in the Dutywa area; graves of former AmaXhosa kings, such as king Hintsa and king Sarhili; forts dating back to the Frontier Wars, such as Fort Bowker; the home of Thabo Mbeki at Mbewuleni/ Ngcingwana; the capital of the AmaXhosa kingdom at Nqadu Great Place. There are hotels, holiday homes and camping sites along the Wild Coast at Breezy Point, the Haven. The Kobb Inn and Qora Mouth, with many opportunities for boating, swimming and fishing along beautiful beaches. There is an old iron white house at The Haven, which is set in the Cwebe Forest Reserve. Across the Mbhashe River lies the Dwesa Nature Reserve, home to large game and small antelope, rare birds and forests of stinkwood, yellowwood and Cape ebony (www.mbhashemun.gov.za). All these sites collectively have a potential for a measurable economic growth for the area and people that live in there. If such potential is explored and put to good use, it is capable of changing the economy of the local municipality and the province as a whole.

2.5.2. Mbhashe’s Local Economic Development

The Local Government: Municipal System’s Act 2000, Section 28 requires that all municipalities should formulate process plans that outline how they will go about preparing their Integrated Development Plans (IDP). The municipality IDP is the key strategic planning tool for every local municipality. In fact IDP is documented municipal plans for implementing local economic development in local municipalities and these plans are based on three to five year cycles. Mbhashe Municipal LED structure comprises of Municipal Manager, LED Co-coordinator, LED Officer: tourism specialist, Agriculture and agricultural specialist, as well as LED Officer: SMME business management specialist. The vision of the municipality relating to LED is to systematically reduce poverty within the municipality area and create a cohesive community. Such a community defined by the inclusion of and the support for the vulnerable members of the community through state led interventions, private sector investment and solidarity of civil society and the people of Mbhashe municipality. The Mbhashe Local Municipality developed and reviewed its own LED strategy which was adopted by the council in the month of March 2011(Draft IDP 2011/2012). Co-operative
establishment has been taken into consideration since co-operatives are seen as part of poverty alleviation strategy. To date there are about sixty eight funded co-operative around the Mbhashe municipality. According to the 2011/2012 Mbhashe municipality IDP there are series of stipulated outcomes that the IDP ought to achieve and some of those are, just to mention a few:-

- Ensuring that the local investment climate is functional for local business.
- Supporting existing small and medium sized enterprises and encouraging the formation of new enterprises.
- Attracting external investment (nationally and internationally).
- Investing in physical (hard) infrastructure.
- Investing in soft infrastructure (educational and workforce development, institutional support systems and regulatory issues).
- Supporting the growth of particular clusters of businesses.
- Targeting certain disadvantaged groups including black people, youth, women and other groups who are victims of economic deprivation and underdevelopment.
- Wealth creation initiatives to improve disposable income base of the residents and thereby increase tax base of the locality.
- Creating jobs through combination of strategies and initiatives.
- Sustainable use of resources more especially when LED strategies rely on exploitation of exhaustible resources.
- Diversified industrial strategy so as to avoid the vulnerability of the local economy to external shocks as a result of becoming a ‘one sector’ or ‘one company’ area.

Based upon these mentioned initiatives three critical areas of intervention identified by the municipality are: agricultural development, tourism, and SMME development (Draft IDP 2011/2012). Based on the IDP 2011/2012 agricultural development, there are proposed earmarked agricultural development projects which include the following, Nguni cattle breeding, wool improvement, livestock production and improvement, siyazondla, vegetable processing plant, broiler production, citrus fruit production, crop production (maize-beans), and maize milling plant.

2.5.3. Mbhashe’s Integrated Development Plan

An Integrated Development Plan (IDP) of a municipality is the key strategic planning tool for the
municipality. It is described in the Municipal Systems Act (MSA) (2000) as “…the principal strategic planning instrument which guides and informs all planning and development, and decisions with regard to planning, management and development in the municipality”. Mbhashe’s 2011/2012 IDP is the product of joint collaboration of different stakeholders who are made up of the following; IDP representative forums, Strategic manager, LED/ IDP Co-ordinator, LED Officer- Agricultural Development, LED Officer- SMME, LED Office-Tourism, IDP and PMS, as well as the Municipal Manger and Administrator. Due to the underdevelopment that prevails in this local municipality as compared to other local municipalities under Amathole District Municipality (ADM), Mbhashe’s 2011/2012 IDP has targeted these following areas for economic and community development of its own local municipality, agricultural development, fishing, mining and quarrying, transport facilities, bio-fuels, Mari-culture, tourism, building-construction and road-works, indigenous medical plants, as well as manufacturing and SMME’s. It is upon this 2011/2012 IDP that co-operative analysis in terms of viability and sustainability is to be studied by the current researcher. Since agricultural development is the top priority in 2011/2012 Mbhashe’s IDP, the agricultural based sampled co-operatives are Duff Mission co-operative and Zamani Development co-operative.

2.6. Brief origin of the two sampled co-operatives

Given Mbhashe’s Local Economic Development key development objectives and strategies, namely,

- To develop a vibrant, sustainable agricultural sector- assist farmers in self-help programmes; provide stock medicine to stock farmers; provide stock dams and fencing; renovate dipping tanks; provide fencing to maize producers; strengthen value chain programmes through partnerships; support development of sustainable recreational fishing.
- Create viable, sustainable enterprises- mobilise support for SMMEs; develop and mobilise support for co-operatives; assist Mbhashe Hawker Co-operatives; organise workshops, seminars and best-practice workshops.
- Facilitate business planning for Hlakothi-Ntsimbakazi Community Game Farm
- Retain scarce skills- provide financial assistance to needy students.

Given these LED key development objectives and strategies, there are slightly more than sixty eight funded co-operatives in this local municipality and most of them are primary co-operatives in nature.
(a) Duff Mission Co-operative

This co-operative is a product of the joint venture between community members of Bomela location, Mbhashe municipality as well as the former minister of agriculture Hon. Gugile Nkwinti. There are almost four different localities that have formulated this co-op, namely; Bomela location, Mangwevini location, Gubevu location, and Rhwantsini location. It is rated among the biggest co-operatives that have ever existed in Mbhashe municipality. It is located along the banks of mighty Nqabarha River. This co-operative is located on about 35 hectares of land and there is a high possibility of extending its premises. There is a speculation that Duff junior secondary and the co-operative itself are located on the church land hence the project is paying an undisclosed amount to the church as a rental. It was started in 2008 with the assistance of Fort Cox agricultural college (the rural development section of the University of Fort Hare). In fact it has been said that Duff Mission Co-operative, up to this day, operates under the mentorship of Fort Hare section of rural development. Duff Mission co-operative is a multi-purpose undertaking that includes a nursery and vegetable garden. There is a newly built and equipped physical structure wherein the processing of vegetables into soup and other stuff is going to take place. In the initial stage there were only twelve members, but currently this co-operative has sixteen permanent workers and a number of seasonal workers. There is a high speculation that workers might increase due to the labour demand envisaged when the processing of vegetables to different products kicks off. Apart from the mentorship, there are various forms of assistance that can be associated with the drastic success enjoyed by Duff Mission Co-operative. This assistance comes in different forms; both in cash and kind. Some of the stakeholders that can be associated with Duff Mission Co-op are the Department of Rural Development, Department of Agriculture, Department of Education, and Mbhashe Local municipality.

(b) Zamani Development Co-operative

This co-operative is located in ward eleven of Willowvale rural town. This co-operative was started by between seven to eleven members at Weza location operating from one of the member’s site in 2006. The traditional leader of the area under which this co-op operates is Chief Zwelakhe Sigcawu (a son of the late paramount chief- King Xolilizwe Sigcawu).

It was at the end of 2009 and beginning of 2010 that the co-op received a funding from the National Development Agency (NDA) and the amount was R2.3m. It was in 2009 that the co-operative
started to operate towards their proposal. According to their proposal it was said that the co-operative would specialize in chicken farming including meat and egg laying breeds, maize and vegetable, cultivation, as well as running a chicken abattoir. There is a lot of progress that has been achieved by this co-operative, most likely to the success recorded by this co-operative its membership has been growing. According to the records of this co-operative there was a time when membership was one hundred and three, but some of the members decided not to renew their membership as the membership is renewed after a three year cycle. The reason behind the big membership is that the co-op had got two sub branches (i.e. the one at Upper Dadamba and the other one at Mandluntsha). However, the main branch is at Weza, and it is this one that the researcher will use as a sample in the study.

2.7. Conclusion

Co-operatives are part of poverty eradication that is encouraged by provincial government to be implemented at local government levels. It has been envisaged that for local development to be practical in addressing local challenges the local people face the municipal local economic development (LED) through its IDP is seen as one of the strategies to alleviate poverty and to ensure sustainability. The IDP hopes to bring sustainable development at the local level through working together involving various stake-holders within local level. Given what co-operatives can achieve if the necessary support, monitoring and evaluation, it is arguable that co-operatives can assist in poverty eradication to a very great measure.
CHAPTER THREE : RESEARCH DESIGN AND METHODOLOGY

3.1. Introduction

This chapter discusses the purpose of the research, the methods including research design, setting, population, sample and data collection instruments. As it has been mentioned in the beginning of the study; the main aim of the study as has been reflected in chapter 1 is to explore sustainability of rural co-operatives in Eastern Cape with reference to Mbhashe Local Municipality; the research objectives are as follows:-

- To evaluate sustainability of co-operatives in income generation (Duff Mission and Zamani have been used as samples for the study).
- To determine how co-operatives has contributed in the community development.
- To explore literature on what is meant by co-operative sustainability and income generation.

3.2. Research Design

Burns and Grove (2001:223) state that designing a study helps researchers to plan and implement the study in a way that will help them obtain the intended results, thus increasing the chances of obtaining the information that could be associated with the real situation. Polit and Hungler (1999:155) describe the research design ‘as a blueprint, or outline, for conducting the study in such a way that maximum control will be exercised over factors that could interfere with the validity of the research results’. According to Mouton (1996:175) the research design serves to ‘plan, structure and execute’ the research to maximise the “validity of findings”. Research on its own is defined as organized and systematic way of finding answers to questions (Polibuis et. al, 2007). Research is regarded as systematic in the sense that it involves a set of procedures and steps which the researcher needs to follow. It is organized in the sense that there is a structure or method in going about doing research.

Given the principles and techniques employed by a researcher, the work may be clustered as quantitative and qualitative research. This is qualitative research. Since this research is naturalistic; it attempts to study the everyday life of the targeted groups in their natural setting. Denzin and Lincoln (2003) complement this statement by citing that qualitative research involves an interpretive, naturalistic approach to its subject matter; it attempts to make sense of, or to interpret, phenomena in terms of the meaning people bring to them. Domegan and Fleming (2007)
affirm this view when they state that qualitative research aims to explore and to discover issues about the problem on hand, because very little is known about the problem. Strauss & Carbin (1998) define qualitative research as any kind of research that produces findings not arrived at by means of statistical procedures or other means of quantification. This statement is supported by Babbie and Mouton (2001) define qualitative research as an approach in which research takes its departure point as the insider perspective on social action. Lincoln and Guba (1985) view qualitative research as a collection of methods and techniques, and that its adoption is based on the logic that there is more to social action than can be adequately captured using structured surveys, social ‘experiments’ or other quantitative techniques. The basic aim of qualitative research according to Myers (2009) is to help researchers understand people, and the social and cultural contexts within which they live.

Like any other research undertaking, this study has a central question to which answers can be sought. The big question that the researcher is trying to find answers to is what causes co-operatives to fail in achieving their intended purposes? And what are the causes of co-operative collapse or death. Since this type of research is based on social ethics, qualitative research is the best type of research relevant to the study. Qualitative research is distinguished from quantitative by its concern with interpreting meaning in textual data and spoken words, rather than in numerical data through use of statistical methods (Morgan 1983). Qualitative research turns to be systemic rather than analytic, it attempts to capture ‘the big picture’ and see how a multitude of variables work together in the real world. This type of research interprets what is happening in the research context. Since this type of research examines natural occurring behaviour, the researcher’s effort on the subject and the data is minimal. Merriman (1988) lists six basic assumptions and rationale behind the qualitative method which are:-

- Qualitative research is interested in (meaning) how people make sense of their lives, experiences, rather than outcomes of products.
- Qualitative research is the primary instrument for data collection analysis where data mediated through this human instrument, rather than through inventories, questionnaire or machines.
- Qualitative research involves field-work where the researcher physically goes to the people setting, site, or institution to observe or record behaviour in its natural setting.
- Qualitative research is descriptive in that a researcher is interested in the process,
meaning and understanding gained through words or pictures.

✓ The process of qualitative research is inductive in that the researcher builds abstractions, concepts, hypothesis, and theories.

The researcher has decided to use qualitative research due to a number of reasons. Padgett (1998) states that ‘qualitative methods are empirical and systematic in the sense that they are inductive and naturalistic, he further state that this method assumes that studies take place in ‘open system’ within a dynamic (rather than static) reality where they involve a closer relationship between the researcher (who is instrumental in data collection) and the researched. The other reason that influenced the choice of qualitative method is the desirable characteristics that the researcher should have if the intention is to get results that can be trustworthy and reliable. Padgett (1998) states several reasons of which some of them include maturity and self discipline. The researcher should bear in mind that the need for self discipline should be constant from the earlier phases of the study when it seems as if all the potential respondents refuse our invitation to participate. This argument is supported by Mariano (1990) who states that ‘qualitative research should be characterized by creativity and scholarship. Mariano goes on and argues that qualitative type of research draws on creativity on original insights in giving the investigator broad discretion in pursuing research goals. The researcher has chosen two co-ops, and in each co-op ten members have been chosen as respondents.

3.3. Research setting

The research setting refers to the place where data is collected. In this study the data will be collected at Mbhashe Local Municipality. The two co-operatives located in two different locations around Mbhashe have been chosen for the study. Both of these chosen co-operatives are agricultural co-operatives in which land cultivation is the main focus of their operation. The names of these chosen co-operatives are Duff Mission Co-operative (referred to by many as Agripark) and Zamani Development Co-operative.

3.4. Research Population and Sample

Polit and Hungler (1999: 232) define a population as the totality of all subjects that conform to a set of specifications, comprising the entire group of persons that are of interest to the researcher and to whom the research results can be generalised. Webster (1985) defines sampling as a finite part
of statistical population whose properties are studied to gain information about the whole’ and it includes the defined set of respondents selected from a larger population for the purpose of survey. Trochim (2006) defines sampling as the process of selecting units (e.g. people, organizations) from a population of interest so that by studying the sample one may fairly generalize results back to the population from which they were chosen. Ader and Mellenburgh (2008) define sampling as that part of statistical practice concerned with the selection of a subset of individual observations within a population of individuals intended to yield some knowledge about the population of concern, especially for the purpose of making predictions based on statistical inferences. In simple terms one can define sampling as the process by which inference is made to the whole by examining the part. The purpose of sampling is to draw conclusions about population from samples, where inference statistics which enable a researcher to determine a population’s characteristics by directly observing only a portion (sample) of the population (Salant and Dillman, 1994).

3.4.1. Population

The literature reveals that Amathole District Municipality is the second largest district municipality in as far as numbers of registered co-operatives are concerned. The district municipality with the highest number of registered co-operatives is Chris Hani. The figure below shows the level of registered co-operatives per district. Figure 3.A.

(Source: Jara & Satgar 2008)

The population for the study is the two agricultural co-operatives located at Mbhashe Local Municipality. They both share many similarities, just to mention a few; they both receive funding from external sources, and are grounded on poverty alleviation. Apart from the ten chosen beneficiaries from each co-op, one official who is community practitioner from the Department of
Agriculture, and one community development practitioner from the Department of Social Development too were also included as part of population for the study.

### 3.4.2. Sampling

Sampling is the process of selecting a portion of the population to represent the entire population (Polit and Hungler 1997:714). The most basic step in research is sampling. The question of sample size is always a challenge when conducting a research that deals with human personnel and social context. In qualitative research the focus is on the quality of information obtained from the participants, rather than on the size of the sample (Burns & Grove 2003:257). The time frame, the fact that the researcher is self sponsored, and is performing this research as a requirement for partial fulfilment for academic purposes, makes the researcher to limit his sampled frame to Mbhashe Local Municipality, whereby the two co-ops in this municipality are sampled. Besides the issue of time frame and self sponsorship, sampling is advantageous in the sense that costs are kept at minimum, data collection is faster, and since data is set smaller it is possible to ensure homogeneity and to improve the accuracy and quality of data.

By definition, sample frame is the source material or device from which a sample is drawn Sandall, Swenson, and Wretman (2003). In plain language a sampled frame is a list that includes every member of the population from which a sample is to be taken. The researcher has decided to use a probability sampling whereby every unit in the population has a chance of being selected in the sample. Simple random sampling (SRS) is the exact example of probability sampling used by the researcher in creating the sampled framework. There are more advantages seen by the researcher in simple random sampling of which some include the fact that it is ease to assemble, and an unbiased selection of a representative sample is important in drawing conclusions from the results of this study. Due to the representativeness of a sample obtained by simple random sampling, it is reasonable to make generalizations from the results of the sample back to the population. It is due to these reasons discussed above that the researcher has chosen this sampling procedure. Figure 3.B below shows the sampled population.

**Figure 3.B**

<table>
<thead>
<tr>
<th>STATUS /department/co-op./Location</th>
<th>GENDER</th>
<th>NUMBER</th>
</tr>
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<td></td>
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</table>

28
### 3.5. Data Collection

In a qualitative research, different knowledge claims, enquiry strategies, and data collection methods and analysis are employed (Creswell, 2003). Polit and Hungler (1999:267) define data as “information obtained during the course of an investigation or study”. On the other hand, data collection is the term used to describe a process of preparing and collecting data as part of process improvement. The purpose of data collection is to obtain information to keep on record. This information is useful for decision making. The primary purpose of data collection is to get information, monitor progress, evaluate performance, identify gaps between knowledge and practice, and to evaluate the impact of a program. The purpose of this study is to identify reasons and challenges that led to the death or collapse of some co-operatives in Mbhashe Local Municipality. Two co-operatives located in this municipality have been sampled for data collection. Participants were also asked to provide biographical data on sex, age, marital status, number of dependents, and highest levels of education.

### 3.6. Data Collection Instruments

An observation of both sampled co-operatives was done by the researcher before deciding on any relevant data collection instrument. Observation is a systematic data collection approach. Observation is relevant when the researcher wants to examine people in natural settings or naturally occurring settings. The researcher has decided to embark on participant observation due to a number of advantages this type of data collection has. Fatterman (1998) states that participant observation combines participation in the lives of the people being studied with maintenance of a professional distance that allows adequate observation and recording of data. There are various

<table>
<thead>
<tr>
<th>Social Development official</th>
<th>Male 1</th>
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<tbody>
<tr>
<td>Department of agric.</td>
<td>Female1</td>
<td>1</td>
</tr>
<tr>
<td>Official</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Duff Mission co-op</td>
<td>7 Males</td>
<td>10</td>
</tr>
<tr>
<td>beneficiaries</td>
<td>3 Females</td>
<td></td>
</tr>
<tr>
<td>Zamani Development Co-</td>
<td>8 Females</td>
<td>10</td>
</tr>
<tr>
<td>operative</td>
<td>2 Male</td>
<td></td>
</tr>
<tr>
<td>Beneficiaries</td>
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reasons for collecting observational data, some of those are: it is relevant when it is important to
study a phenomenon in its natural setting, when the topic is relatively unexplored and little is
known to explain the behaviour of people in a particular setting, and when the nature of the
research question to be answered is focused on answering a how- or what- type question (Adler &
Adler, 1987).

The advantages of participant observation has influenced the researcher to apply it due to the fact
that it is as Savage (2000) states, an essential part of gaining an understanding of naturalistic
setting and its members’ way of seeing things it fosters an in-depth and rich understanding of a
phenomenon, situation, setting and the behaviour of the participants in the setting, and the last,
immersion and prolonged involvement in a setting can lead to a development of rapport and foster
free and open speaking with members.

In order to link what was said by the respondents with what was happening in the sites the
researcher set aside a period of two weeks. A personal timetable was made by the researcher
whereby visits to the sites were done. From the 11th to the 16th of August 2012 the researcher spent
the afternoons observing Zamani Development Co-operative. Duff Mission co-operative was
observed from the 18th to the 22nd of August 2012.

3.7. Methods of Data Analysis

Streubert and Carpenter (1999:28) emphasise that data analysis in qualitative research begins when
data collection begins. Various forms of data analysis were used and these include coding, content
analysis, charts and direct quotes from participants. Charmaz (1983: 112) state that “researchers
use codes to pull together and categorise a series of otherwise discrete events, statements and
observations which they identify in the data”. In content analysis, the researcher started by
transcribing data (as it was recorded through cell phone), then followed by reading the scripts,
coding quotes, then quotes were sorted into coded groups, thereafter patterns in quotes were
interpreted and described.

Data collection instruments refer to devices used to collect data such as questionnaire, tests,
structured interview schedules and checklists (Seaman 1991: 42). The purpose of the instruments is
to elicit the data for the study. There are various instruments and procedures that a researcher can
use, but this is determined by the researcher, for this study interviews (semi-structured),
questionnaire, and observations were used to collect data.

3.7.1. Interviews

Bless and Higson (1995) define interviews as direct personal contact with the participant who is asked to answer questions. Cohen and Manion (1994) on the other hand define interviews as a two-person conversation initiated by the interviewer for the specific purpose of obtaining research relevant information and focus on content specified by the research objectives of systematic description, prediction, and explanation. Mellenburgh (2008) affirms the definitions of interview given above and he states that ‘qualitative researches are usually wide ranging, probing issues in details. He further states that such research seldom involve asking a set of predetermined questions, they encourage the subjects to express their views at length. This method involves the gathering of data through direct verbal interaction between the individuals.

In order to delve more information on research beneficiaries a semi-structure interview was used whereby both open ended and closed questions were asked. This type of interview is flexible, allowing new questions to be brought up during the interview as a result of what the interviewee says. Interviews of this type are suited to work well with small samples and are useful for studying specific situations or supplementing and validating the information derived from other sources used for making safety diagnosis. The interviewer in a semi-structured interview generally has a framework of themes to be explored. In semi-structured interviews the researcher used this approach to know specific information which can be compared and contrasted with the information gained in other interviews. To be able to do this, the same questions were asked in each interviewee. For this type of interview the researcher produced an interview schedule appendix a, b and c (attached in the appendices).

In this study the researcher used cell phone for recording the respondents backed up by pen and paper. To enhance the skills in note taking; the researcher practiced taking notes in an interview situation, making sure that he can maintain eye contact with the interviewee and write at the same time. The researcher also wrote up all notes into a longer report as soon as possible after he had conducted the interview. This helped on eliminating bias as all the information was still fresh in mind. The manner in which the interview questions were arranged is as follows:-

**Section A:** personal information of beneficiary.
Section B: questions related to co-operative establishment. The following questions relevant to the objectives of the study were asked to co-operative members:-

! Why did you choose to form a co-operative?

! Was there any assistance you ever received in forming the co-operative?

! Does the co-operative have legally required documents e.g. constitution and business plan,

! Do you receive any assistance either in funding or materialistic- like seeds, fencing, machinery like tractors, irrigation implements?

! Is the co-operatives governed according to co-operative principles?

! How do you access market for the products produced by the co-operative?

! What are the challenges faced by the co-operative?

Section C: questions related to co-operative governance

Section D: Role of government or private sectors in assisting co-operatives

3.7.2. Questionnaire

This study has used questionnaire to collect data. Sport and Science Medicine (2007) defines questionnaire as a form containing questions to which a subject or subjects respond. On the other hand Foddy (1994) defines questionnaire in a research as an instrument consisting of a series of questions and other prompts for the purpose of gathering information from respondents. These definitions are in line with Smith’s definition, Smith (1981) defines questionnaire as a self-administered interview in which the instructions are self-explanatory and are open to the interpretation of the respondent. De Vos and Van Zyl (1998) explain questionnaire as an ‘instrument with open or closed questions or statements to which a respondent must react.

Mellenburgh (2008) defines questionnaire in the same way as De Vos and Van Zyl. He defines questionnaire as a research instrument consisting of a series of questions and other prompts for the purpose of gathering information from respondents. When the researcher prepared questions for the respondents, the researcher considered nine preliminary decisions in questionnaire designing which according to Crawford (1990) include deciding on the information required, defining the
targeted respondents, choosing the methods of reaching the targeted response, deciding on question content, developing the question wording, putting questions into a meaningful order and format, checking the length of the questionnaire, pre testing the questionnaire, and the last issue was to develop the final survey form. The reason behind the use of questionnaire by the researcher is that a questionnaire permits the respondents’ time to consider their responses carefully without interference from the interviewer. It is possible to provide a questionnaire to a large number of people simultaneously. This certainly saves time and costs. The other reason is the desire to achieve uniformity.

Although there are more good things about questionnaire, there are also limitations that the researcher needs to take them into consideration. Some of the limitations of questionnaire involve the quality of data. Data quality may probably not high as would it be with the other alternative methods of data collection such as personal interview. To minimize this limitation, the researcher has decided to use questionnaire in conjunction with personal interview. The other challenge posed by the questionnaire is that of not making it possible for the researcher to probe questions. In a questionnaire, there is no way, whatsoever, of probing or making follow-up questions to the answers given by the respondents. As pointed out already, this shortfall will be mitigated by the information collected through personal interview.

The questionnaires were designed for the official from the Department of Agriculture and the Department of Social Development. The reason behind the use of questionnaire by the researcher was the fact that both of questionnaires permit the respondents time to consider their responses carefully without interference from the interviewer. The use of questionnaire was advantageous to the respondents on the grounds that it gave them time to fill them on their spare time since work overload was the reason cited by some officials within the two sampled departments.

The questionnaires were designed in sub-sections like as follows:

**Section 1**: Brief personal information of the respondent

**Section 2**: Role of the Department in assisting sustainability of co-operatives.

3.8. Conclusion

The findings will assist in identifying gaps that need to be addressed by all stake holders more
especially at the grass-root level. In order to engage and involve a maximum participation of research sample a participatory research approach was applied by the researcher. The researcher encouraged the active participation of the people whom the research intended to study with the hope that it will empower them in various aspects like planning and so forth. The findings might be used as solutions to the problems that have been encountered by the two co-operatives and will be generalised to other co-operatives of this nature. Since this research focused on particular problem faced by the communities within this municipality (namely-the collapse of small co-operative within the (community) the findings and recommendations could be used as a tool to bring about social change in Mbhashe Local municipality. The study may be used as a point of reference in the development of policies and the way in which funding by various government departments maybe done. Lastly, the study can be used as a frame of reference for future studies in the area of community development where co-operatives are a course of interest.
CHAPTER FOUR: DATA PRESENTATION AND ANALYSIS OF FINDINGS

4.1. Introduction

This chapter is aimed at presentation of findings, analysis and interpretation of data covered in this study. Data analysis by definition refers to the process of inspecting, cleaning, transforming, and modelling data with the goal of highlighting useful information, suggesting conclusions, and supporting decision making (Ader, 2008). Dawson (2002) on the other hand defines data interpretation as the extraction of maximum information from a given set of data or information by data presentation. The purpose of data analysis and interpretation is to transform data collected into credible evidence and this has helped to improve reliability of the findings.

There are various ways in which data can be analyzed (i.e. qualitatively or quantitatively) but this depends on the measurement and the number of dimensions and the variables of the study. The process followed by the researcher in interpreting and analyzing data included the following steps; organizing data for analysis (data preparation), describing the data, interpreting the data (assessing the findings against the adopted evaluation criteria). After finishing the process of interpretation and analysis, five basic evaluation criteria were applied, namely:

- Relevance: does the interpretation address an existing need?
- Effectiveness: did the intervention achieve what it was set out to achieve?
- Efficiency: did the intervention achieve maximum results with given resources?
- Results/impact: have there been any changes in the target group as a result of the intervention?
- Sustainability: will the outcomes continue after the intervention has ceased?

4.2.1. Data Collection Analysis

Once data collection and checking was completed, the researcher began the process of analyzing data. Bless et. al (2006) state that data analysis process allows the researcher to generalize findings from the research sample used, to the larger population in which the researcher is interested. On the other hand Bogdan and Biklen (2003) define qualitative data analysis as working with data, organizing them, breaking them into manageable units, coding them, synthesizing them, and
searching for patterns. The aim of analysis of data is to understand the elements that constitute
data collected through an inspection of the relationships between concepts, variables and to verify
trends that can be identified, isolated or to establish themes in the data (Mouton, 2001). The
process of data analysis takes place in many different forms depending upon the nature of the
research question, and the nature of data itself. The process of data analysis begins with the
categorization and organization of data in search of patterns, critical themes and meaning that
emerge from the data.

Qualitative data analysis is a very personal process, with few rigid rules and procedures (Dawson:
2002). The methods used in data interpretation by the researcher will be influenced by the type of
research that has been followed. Qualitative research might acknowledge that participants are
influenced by taking part in the research process; they might acknowledge that researchers bring
their own preferences and experiences to the project. It is for these reasons that critics of
qualitative methods criticize it as unscientific or unreliable. In qualitative method the researcher
might analyze data as research progresses, continually refining and reorganizing in light of the
emerging results. To be able to analyze data properly in a qualitative data analysis it is useful to
produce an interview summary form or a focus group summary form which, the researcher
completes as soon as possible after each interview has taken place.

During data analysis, the researcher read through the collected data and identified some trends and
themes and made a comparison and contrasts of them. Data analysis was conducted from the
context; activities, resource and programmed profiles which were completed on sites. The
researcher then started by grouping the responses according to the levels of employment in all the
two sites, meaning that the responses from the government officials was compared together, and
this is likewise with that of the co-workers in co-operatives. It was after the sorting of the
respondents scripts according to the level of employment and the interview guides that the
researcher continued by reading the responses.

The information was grouped according to the similarities from the two co-operatives and was
analyzed. The idea was to eliminate irrelevant data until only data relevant to the research was
identified and studied (Brynard and Henekom, 1997). Research responses were then captured in
tables and the percentages of participants per response and were calculated. The documented
information was utilized to support the accuracy of the information collected on the sites. The
completion of data analysis led to the report writing and conclusion of the study for recommendation of lessons learnt on what causes the collapse of some co-operatives within Mbhashe Local Municipality.

4.2.2. Data Sources

The purpose of the research is to investigate the reasons and challenges that lead to the collapse of some of co-operatives around Mbhashe Local Municipality. It was the intention of the study to find out what sustains certain co-operatives while other short lived. The data sources were co-op beneficiaries of the two sampled co-operatives and the officials from the department of agriculture and social development. The main data collection techniques used includes literature review, questionnaire, interviews, and observation.

4.3. Response by key informants

(A) Department of agriculture

One community practitioner from the Department of Agriculture was sampled for the study. She was given a questionnaire to answer. The questionnaire was designed in such a way that most of the activities around co-operatives could be explained. There were other things asked pertaining to the two sampled co-operatives apart from personal profile, roles and responsibilities of the official pertaining to funding, challenges, and sustainability of co-operatives under study were also asked.

(i) Response on roles and responsibilities

“The Department of Agriculture is the most active department in developing communities through crop and livestock farming in Mbhashe Local Municipality”. Those were the words of the community development practitioner working for the Department of Agriculture in the local municipality under study. The researcher probed by asking the Agricultural development practitioner the reasons that makes the Department of Agriculture to be highly active. The practitioner responded by stating that Mbhashe has got plenty of land and if used effectively it is believed that it can be the major instrument in eradication of poverty. “Land in this municipality is available in abundance both for crop farming and livestock farming”, there are different types of fruit that grow in the open veldt. That was said by agricultural practitioner. The statement by the practitioner can be confirmed by the researcher because when the researcher was visiting Zamani
Development co-operatives there were open veldt trees in which guava grow. No specific person had claimed ownership over that open land.

Among the role and responsibilities mentioned by the community practitioner revival of cultivation and ploughing of fields was regarded as the first priority. Community engagement and outreach in an attempt to mobilize people along the lines of ‘back to land was the theme of ‘Dutywa Agricultural Department in September/November 2010, this was stated by community practitioner.

When the practitioner was asked about Duff Mission co-operative “The Department of Agriculture was very instrumental in the establishment of the Agripark” (i.e. Duff Mission co-operative). Basing from the community practitioner’s response, it was clear that Duff Mission co-operative was supported by the Department of Agriculture from establishment phase up to the of funding. By assisting in the establishment of Duff Mission co-operative on the other side the respondent stated that they were enhancing the pilot project recently initiated by Department of Agriculture known as Silimile. Silimile is a pilot project programme whereby some of the twelve wards chosen among Mbhashe were given an opportunity to identify a fifty hectares area. This identified fifty hectares was going to be cultivated for the benefit of those wards with the assistance of the department of agriculture.

There were series of challenges mentioned by the respondent and marketing was among those challenges. “These challenges need someone working with poverty alleviation programmes to strategise hence Zamani Development co-operative has recently seen used to pilot some of those strategies” those were the words of the respondent. Recently there has been (2012 July) an agricultural function where the minister of agriculture was giving imported bulls to the Weza community. This function was hosted by Zamani Development co-operative. This was two fold move according to practitioner from the department of agriculture, it was a marketing strategy whereby the intention was to put the hosting co-operative on the map so that it can be known by the public. Apart from that it was to expose to the minister the poor road conditions that most of co-operatives around Mbhashe experience. Being one responsible for monitoring the projects and co-operatives, the respondent mentioned that all the projects and co-operatives receiving any assistance from the department were highly monitored and they remained accountable to the department. The respondent claimed if the roles of provincial stakeholders as stated by the Department of Economic Development and Environmental Affairs (DEDEA) in connection with roles
and responsibilities of co-operatives could be properly implemented in as far as monitoring, reporting and evaluation was concerned; the collapse of co-operatives could reduce drastically. The respondent ended by stating that for co-operative to be sustainable ‘there should be a continuous process of learning from the experience in order to ensure improvements and necessary changes in policy, approach and implementation.

(ii) Funding

The respondent divulged that there were many co-operatives which were funded by the department of Agriculture around the local municipality; Duff Mission Co-operative was among those co-operatives. The community practitioner from the Department of Agriculture made it clear that it was not only financial assistance that was given by the Department of Agriculture- other materialistic things like seeds, fencing, cultivation utensils including tractors with full equipments, livestock and feed, fertilizers, workshops and trainings were also given to some projects and co-operatives. Duff Mission co-operative was one of those co-operative that received material aid from the Department of Agriculture. Apart from material aid, there was a once off lump sum of R2.8 million that funded Duff Mission co-operative from the Department of Agriculture. This lump sum assisted the co-operative in many respects including purchasing of working implements, paying of rent (as the co-operative was established on the land owned by the church), remunerating co-operative members. According to the community practitioner there are constant visits by other officials from the same departments who assist in conducting training and workshops. The trainings and workshops are ranked according to different expertise like experts in cultivation, co-operative management and administrative experts, as well as marketing and publicity experts.

(B) Department of Social Development

A community development officer was sampled from the Department of Social Development. A questionnaire was given to one respondent from the Department of Social Development. The questionnaire was designed in a way that it would dig deeper in areas like funding, co-operative sustainability, challenges faced by co-operatives and the role played the department of Social Development in dealing with those challenges.

(i) Roles and Responsibilities

The community developer said that most of her key performance areas are based on betterment of

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the communities. The community development officer mentioned few of her roles in community development which included the following: extension of services to rural areas, community organization, consulting with local authorities, community awareness and campaigns for special events and challenges experienced by local people. The community developer elaborated on these key performance areas by explaining all that is entailed by each performance area. According to the community developer poverty alleviation is one of her key performance areas. It is under poverty alleviation that different forms of co-operatives are funded and assisted in various ways by the Department of Social Development.

(ii) Participation in Community Development

Participation in community development is one of the corner stones of the department of social development. According to the respondent the department of social development’s mission is to ‘create a caring and integrated system of social development services that facilitates human development and improving the quality of life’. The core functions of the Department of Social Development according to the respondent are based along the lines of sustaining and maintenance of all forms that promote community development and alleviation of poverty. She claimed that she fully participates in all programmes that enhance community development and she worked jointly with different departments in ensuring that. She mentioned that some of the departments that she has worked with include education, police, justice, agriculture and health.

The other important aspect mentioned by the practitioner was the attempt to strengthen sustainability of co-operatives as a collaborative approach by various departments. The practitioner stated that they have started an approach wherein there would be inter-departmental collaboration when conducting community outreach programmes. The researcher asked about the assistance given by the Department of Social Development in co-operative formation starting from formulation of business plan, constitution, site or land acquiring, funding and general management of day to day co-operatives. The respondent stated that since those were the overall challenges encountered by many people in rural communities, there was a proposed collaboration advanced by Mbhashe Local Economic Development. According community development officer collaboration would entail that when various community outreach programmes are conducted there should a representative from each department.

(ii) Funding
According to the respondent the department of social development has got two basic primary functions which she quoted as ‘alleviation of poverty’ and ‘development of social welfare’. The respondent mentioned that one of the basic strategies in alleviation of poverty and creation of social welfare was through various types of social grants and funding. The respondent stated that funding was mainly directed to the collectives’ likes co-operatives and projects.

The researcher asked whether the department had ever funded any of the two co-operatives under study. The practitioner responded by explaining that both co-operatives had got their main funders; (i.e. Duff Mission is funded by Department of Rural Development and Zamani Development co-operative was funded by National Development Agency) but even so the department of Social Development was giving a secondary funding of some sort to both co-operatives. Little as those funds might be; they are given as once off assistance and constant materialistic aid like seeds and seedlings, as well as fertilisers. It was stated by the practitioner that money for fencing Zamani Development co-operative premises came from social development.

(C) Response by the co-operative members

An interview was used to collect data from twenty respondents (ten members from each co-operative. Apart from personal profile, things like the origins of the sampled co-operatives, roles and responsibilities of co-op members, sources and criterion of funding, benefits of being a co-operative member, sustainability of co-operatives under study, as well as challenges faced by their co-operatives were part of questions asked. The first section of the interview was based on the personal information of the sampled beneficiaries of both co-operatives. The information given by the respondents is summarised in the table below as follows:

<table>
<thead>
<tr>
<th>Personal information : Zamani Co-op</th>
</tr>
</thead>
<tbody>
<tr>
<td>Question</td>
</tr>
<tr>
<td>Gender</td>
</tr>
<tr>
<td>Males</td>
</tr>
<tr>
<td>Females</td>
</tr>
<tr>
<td>Age : Females</td>
</tr>
<tr>
<td>35 – 45</td>
</tr>
<tr>
<td>55 – 65</td>
</tr>
<tr>
<td>Age: Males</td>
</tr>
<tr>
<td>45 - 55</td>
</tr>
</tbody>
</table>
According to respondents from co-operatives, (Duff Mission co-operative and Zamani Development co-operative) these co-operatives claim less than a decade of survival as they were both formed after 2005. The responses from Duff Mission co-operative divulged that this co-operative started to operate as a co-operative in 2008 whereas Zamani Development co-operative started to function properly as co-operatives in 2009. All the respondents stated that the reason behind the formation of their co-ops was to fight hunger and starvation brought by high rate of unemployment in this municipality. For example out of the twenty respondents, thirteen of them; from both Duff Mission and Zamani Development co-operatives were working in the factories that are no longer operational (three were working at Buyer- a shoe manufacturer factory, four were working at Lexim- a biscuit and dog-more maker, six were working at Castle Lager: a branch of South African Breweries). These are some of the factories that closed down and the retrenched people were still left with the burden of raising their kids and families as many of the respondents claimed to be bread winners of their families. In an attempt to maintain families five members in Zamani Development co-operative came together and established something that finally became a co-operative.

Land in this municipality is available in abundance as well as labour too, so many people around this municipality opted on co-operatives as the source of survival, and this is what was stated by some young members who initiated the establishment of Duff Mission co-operative. The other respondent claimed that by virtue of being born and bred in Bomela location he was aware of the fact that there was once a joint collaboration of people who used the open land for cultivation during the era of Agricultural Co-operative Action Trust (ACAT). After being retrenched from the mines he encouraged; and was very active in initiating the establishment of Duff Mission co-operative.

By looking at the above cited responses from both of these two sampled co-operatives, it is clear that they both came into existence as response to poverty and their main formation was based on poverty reduction and equitable economic growth. The main objective of forming these co-
operatives was to fight hunger in all forms. To do that, members agreed to work together as a group of which one of those strategies was to get monthly wages. Duff mission co-operative successfully implemented this strategy without failure. The respondents stated that when they started to get remuneration, it was a continuous activity that never came to a stop. Zamani Development co-operative unlike Duff was starting to show signs of inconsistency in as far as remuneration was concerned. The inconsistency of remuneration had made some members to leave the co-operative.

(ii) Roles and responsibilities

All the respondents seemed to have been aware that success or failure of any co-operative dependents mostly on its members whether other stakeholders can contribute to members’ efforts either negatively or positively. The basic roles and responsibilities of all the respondents seemed to be in line with the original mission and goals set at the beginning of the formation of their co-operatives. Many respondents mentioned the core working for the purpose of producing the final product. All the roles and responsibilities mentioned seem to complement each other so as to be able to reach the final goal which is to produce the vegetables, maize and other crops. Some of the roles mentioned included preparing the crops, irrigation, cultivation, applying of fertilizers, monitoring of the planted crops.

Duff mission co-operative respondents mentioned that decision making was a team work effort and all the members were responsible for planning and execution of the co-operative. This collaborative team-work helps them in executing tasks and producing according to the co-operative plan. One respondent from Duff Mission co-operative also mentioned that joint decision making helped in making every member share accountability so as to be able to keep all the stake-holders updated. With Zamani Development co-operative, it was mentioned that although decision making was suppose to be a joint venture, there were other individuals who were more influential hence decisions were always taken based on their influence. It was also highlighted by another respondent the fact that the co-operative was about to shut down, it was because of those influential members.

(iii) Funding

Funding in the view of all respondents is the core factor in business. The respondents of Duff mission co-operative stated that they were initially funded by the department of agriculture, but currently are funded by the department of rural development via the University of Fort Hare
agricultural college. The amount of funding according to the respondents varies from year to year but they divulged that the least amount they ever received was R400,000. Department of Rural Development uses the course centre system whereby the lump-sum is subdivided accordingly. One of the respondents also mentioned that since they were mentored by the Fort Cox they never received money in cash but they used the account system. The researcher probed an elaboration on this, the responded cited Build-it (hardware for building material located at Dutywa) and Farmer Rama (an agricultural store located in East London). These two mentioned shops were some of the places used by members of Duff Mission co-operative to obtain goods required and Fort Cox pays for whatever co-operative members needed to purchase from these two mentioned shops. It was also revealed that the Department of Rural Development audits Duff Mission co-operative financial records yearly.

Zamani Development co-operative on the other hand stated that they started to receive funding in 2010 from National Development Agency (NDA). According to the respondents they signed an agreement with the NDA that they would be funded for a certain period of time provided that they continued to meet the stipulated funding contract requirements. The total amount of funding according to the co-op members was R2.3million which was meant for a three year cycle. Since this co-operative was very diverse in terms of different activities taking place (cultivation, chicken farming, proposed chicken abattoir) Department of Agriculture and Environmental Affairs did assist by giving material like fencing, seeds and seedling, as well as workshops to the beneficiaries. According to the respondents, not all is well with the NDA as some seemed to be suspicious of NDA officer as the one trying to cut ties with them. Some members resigned from the co-operative due to misunderstanding emanating from funds, there were claims that some members benefit more than others.

(iv) Benefits of being a co-operative member

Since both of the sampled co-operatives were agricultural based co-operatives (i.e. they produced and market agricultural products) the responses were analysed jointly. 100 percent of the respondents stated that they formed agricultural co-operative for job creation. 80 percent of co-operative members cited that their income had improved and economic situation had also changed for the better. From the twenty respondents only six did not have other sources of income except from the co-operative. The other sixteen members received income from other sources such as
child support, foster care grants and old age pensions.

Apart from job creation, all the respondents stated that by being co-operative members their purchasing power had been reduced. “I wish we were able to cultivate cooking oil”, that was said by one respondent jokingly in an attempt to emphasize the reduction of purchasing power. Fourteen respondents mentioned that by being the members of co-operative they owned and controlled their business enterprises and this capacitate them in terms of improving farming and management skills. This made beneficiaries seen as community developers in the sense that they supplied goods and service their communities.

4.4. Challenges faced by co-operative members

(a) Lack of skills and expertise in managing co-operatives

The most challenge highlighted by many of the respondents was the lack of background knowledge in the roles and responsibilities they had to perform. Most of Duff mission co-operative respondents stated that they were used to those old and outdated cultivation implements. They confessed that they lack experience in using irrigation engine, they needed assistance and support in operating most of the machinery they have- like connecting and assembling of machinery, cultivation, planting and, weeding implements as well as the use of modern fertilizers. Only one member was able to drive a tractor although the co-operative had two tractors, and this had forced the co-operative members to hire out someone to drive the tractor. This was an unnecessary spending as there were men who were full members of the co-operative but by the disadvantage of being grown up in a remote area they lacked the skills. There was an inconclusive debate regarding to re-skill and to assist them through providing driving lessons and other skills relevant to the benefit and growth of the co-operative.

All of the respondents seemed unsatisfied about workshops and trainings conducted by the other stakeholders. They claimed that the department of agriculture was more concerned with the co-operatives that dealt with livestock farming than any other. Also one respondent stated that since the department itself had got no modern implements they could not assist in demonstrating on how the modern tools (cultivation, planting, weeding, etc) that Duff Mission co-operative had could be used. Zamani Development co-operative cited the lack of trainings and workshops as the biggest contributory factor in their state of collapse. Apart from the this fact, Zamani co-operative members
did not know how to perform their roles and responsibilities, this co-operative operated in isolation, after having their produce, the co-operative seemed to lack marketing strategy as they lacked access to markets. The Department of Agriculture seemed to provide little or no support in the area of production.

(c) Lack of market

It was discovered that both of these two sampled co-operatives sold their products to outsiders only in cash. They were only dependent to their community in order to retain cash. Marketing was a big challenge for both co-operatives. Due to this challenge, Zamani Development co-operative was engaged in talks with a certain fruit and vegetable shop located in Mthatha. As a matter of survival both of these co-operatives cited that they also sold their produce within nearby Mbhashe towns (i.e. Zamani sells in Willowvale and Duff sells in Dutywa.) There was a plea by most of the respondents that government should assist the co-operatives in this regard. The local business man could not bind themselves with co-operatives in terms of agreement that they will but from the local co-operatives and there were many reasons to this, just to mention a few:- the quality of the products produced by co-operatives, as well as reliability of co-operatives.

(d) Poor road conditions

Poor road conditions were one of the basic challenges faced by the co-operatives around this local municipality. Both Duff Mission and Zamani Development co-operative respondents mentioned the poor road conditions. The poor road conditions made it difficult to access the market for the produce. The transportation of the produce to the market also was a major challenge to the co-op members. The low market base for the product coupled with the bad road conditions and the rising fuel costs increased the challenge upon co-operatives.

(e) Excessive government interference and difficulty in accessing bank loans

The members may not feel enthusiastic because the law governing co-operatives put some restriction on the rate of return. The notion of 10 percent savings from the funding received by the co-operative puts pressure upon co-op operation. The lack of flexibility in terms of the course centres used by government when depositing funds for the co-ops is another challenge. The government norms, procedures and excessive state regulations adversely affected the efficiency of the operation and management of the co-op.
Eighteen of the respondents linked the government funding procedure to accessing bank loans. Some respondents stated that since there were tough rules and regulations pertaining to how the government funding should be utilised by the co-op - accessing of bank loans was a myth from their point of view. Most of the respondents stated that there were many checks and balances that the co-operative underwent when applying for bank loans. One respondent cited the ‘needs analysis’ as something that complicated accessibility to bank loans. “They asked as if you are looking for billions”, “even our funders never required such documents” these are different views stated by respondents from Zamani Development co-operative. The researcher probed by wanting to know what sort of things the bank needed from the members. “A lot- starting from bank statement up to surety or guarantee of which we are not operating like big companies hence we do not have most of the things they asked for” that was a one of the responded from Zamani co-operative.

(f) Administration and leadership

“By virtue of having our mentor around everything seems to go as planned”, one respondent from Duff Mission co-operative stated that. All the respondents were quite aware of the importance of leadership and administration in the operation of their co-operatives. Zamani Development co-operative showed signs of shabby administration and management. By the look of things Zamani co-operative does not operate based on the co-operative principles; some members are more influential than others. Decision making was still cultural biased and favoured male folk; women were discouraged to participate in management, hence leadership issues were aligned with males. Although the protocol for meetings is acknowledged, taking of minutes is a rare activity due to the low literacy levels that exist. The other responded stated that ‘we are undecided yet about abattoir because our male counterparts are against it” although in the co-operative business plan chicken abattoir was proposed. Most of the respondents from Zamani co-op also mentioned that they did not have a say in the day to day running of the co-operative and they put this as the ultimate reason that made some members leave the co-op.

4.5. Sustainability of co-operatives

Both of the sampled co-operatives seemed to have a challenge with sustainability. Respondents from Duff mission project although were quite happy with the progress and the rate of development shown by the co-operative, have a big threat, this co-operative does not own the land it operates on. The land belongs to the church hence the respondents divulged that they rent an
amount of R6300.00 per annum. Fears of eviction or to be requested to move and operate elsewhere were voiced by the members. The respondents stated that they had consulted with the local headman and the department of Land Affairs in an attempt to provide them with land.

The co-operative must maintain its presence in the market. Since Duff mission co-operative is producing and selling to both the community and have orders from the surrounding businesses, the respondents mentioned a challenge of meeting the challenge. The interview revealed that there is a need for better quality checks on its production outcomes that production is sometimes not at optimal level and merely meets orders. Unless these issues are dealt with, the co-operative is at risk of losing its current market share, and could face rejected orders, which will impact negatively on their profile and finances. Both of the co-operatives have minimal administrative system. This is proved even by the lack of communication system, at present both of the co-operative run on cell phones. Although the respondents from Duff mission co-operative claimed that the installation of land line was on the pipe line. All the respondents were of the opinion that educational training on how to maintain co-operatives, conduction of workshops and skills expertise on cultivation was important and was cited by the respondents as one way to maintain sustainability of the co-operatives. Generally, most of the members of both co-ops are semi illiterate as in both there is no post metric. This is even worse with Zamani Development co-op because most of them are old people and the youngest member is twenty nine years of age of which is the opposite with Duff Mission; the oldest member in Duff Mission is thirty four years old.

4.6. Summary of findings

(a) Level of education

The findings reveal that both co-operatives are faced with is high level of illiteracy. The graph below is explained as follows, 40% of both co-operatives cannot read and write, 30% have left school in the lower levels (i.e. between grade 1 and grade 3), 20% of other members is made up of members who went to school up to junior secondary level, only 10% of the co-operative members who passed grade 9 and went to high school level. The low level of education has a negative impact in the general management of the co-operative. This is more evident with Zamani Development co-operative. A young lady employed as marketing officer by Zamani Development co-operative is doing all the office work, acting as both communication and marketing officer. This has made the lady to be the all rounder due to the low levels of education among the members of the co-
operative. Figure 4.B. give the percentages of the level of education among the members of both sampled co-operatives. According to the percentage only 10% of the members who have passed metric, 20% have reached the high school education but did not have senior certificate, 30% did not pass grade 9 and the last 40% could not read and write. **Figure 4 B**

![Pie chart showing percentages of education levels among co-operative members]

**Figure 4. B**

**Figure 4. C**

(b) Funding

The chart below shows the response from co-operative beneficiaries in as far as funding is concerned. Both Duff and Zamani co-operative members have similar challenges with funding and the challenges were summarised in the graph below. No member agreed that funding is enough.

![Pie chart showing responses to the extent of agreement with funding]

- To what extent would you agree that funding is enough? No. of respondents
- To what extent would you agree that funding is enough? Strongly disagree
- To what extent would you agree that funding is enough? Disagree
- To what extent would you agree that funding is enough? Strongly agree
- To what extent would you agree that funding is enough? Agree
- To what extent would you agree that funding is enough? Not sure

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All the beneficiaries unanimously show dissatisfaction with funding. The terms and conditions that encompass funding made the co-operatives to operate with difficult, some members claimed the government and private funders deliberately impose terms and procedures in order to discourage the establishment of other co-operatives in Mbhashe Local municipality.

(c) Summary of response from government officials

The responses from Department of Agriculture and Social Development were summarised in the table below.

<table>
<thead>
<tr>
<th>QUESTIONS</th>
<th>RESPONSE</th>
<th>YES</th>
<th>NO</th>
<th>ANALYSIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do the department participate In poverty alleviation?</td>
<td></td>
<td>2</td>
<td>0</td>
<td>Both departments agree that their departments participate in poverty alleviation</td>
</tr>
<tr>
<td>If yes are co-operatives regarded as part of poverty alleviation?</td>
<td></td>
<td>2</td>
<td>0</td>
<td>Both departments fully agree that co-operatives are part of poverty alleviation</td>
</tr>
<tr>
<td>Do you think that the support is enough to the co-ops under study?</td>
<td></td>
<td>0</td>
<td>2</td>
<td>all respondents from the government departments agree that support in the form of funding is not enough</td>
</tr>
<tr>
<td>Are the co-operatives under study funded on yearly basis?</td>
<td></td>
<td>2</td>
<td></td>
<td>Both respondents stated that since both of the co-operatives under study receive funding from other government departments and NGO’s, they do not fund co-operatives under study on a continuous basis.</td>
</tr>
</tbody>
</table>

4.7. Conclusion

As has been stated by the literature review that co-operatives were primarily created for poverty alleviation, it was the interest of the researcher to investigate to what extent this was so? It was the intention of this study to investigate the extent to which co-operatives were achieving one of their set goal which is ensuring food security. Arguably, there is a concern that some of the co-operatives
cease to exist due to the challenges its beneficiaries come across, this research was dedicated to investigate those challenges and to come up with measures that could minimise the death or collapse of co-operative.

The findings that result to the death or collapse of co-operatives can be summarised as follows:

- Lack of consistent assistance from government and non-government agencies, not enough workshops that could capacitate and empower beneficiaries.
- Not enough funding from the government departments and other agencies.
- Lack of market and competition skills.
- Illiteracy and cultural biasness in management and leadership.
- Bad road conditions in the areas most co-operatives are.
- Lack of relevant management and administrative skills.
CHAPTER FIVE : SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1. Introduction

This chapter provides an interpretation and discussion of the main findings. The analysis covers the role played by the various stakeholders in an attempt to sustain and maintain co-operatives around Mbhashe Local Municipality. The chapter also aims at presenting conclusions and recommendations of the study.

5.2. Analysis of findings

Although this research is for academic purposes, the findings discovered here might be used as the basis for advice and can guide as solutions to some of the problems encountered by the co-operatives around Mbhashe area and its surroundings. This section deals with the analysis of findings of the study. The findings of the study reveals that co-operatives around Mbhashe local municipality were not laid on the firm basis that encourages them to be able to exist for a very long time. This is proved by the lack of the implementation of co-operatives based on the co-operative principles that should guide them. Speaking at a social entrepreneurship colloquium hosted by the ECDC (Eastern Cape Development Corporation), Mr. T. Shenxane (fund manager) stated that the key to success of co-operative was business skills, understanding of the legislative prescripts and matching products produced by co-operatives to market needs. Shenxane went on further and stated that thousands of co-operatives failed every year because members did not understand the laws that govern the enterprise. He also pointed out that lack of the understanding of the law, Co-operative Act 2005, made people not stay in co-operatives as members when there was no financial backing from outside.

The other factor that contributes to the collapse of many co-operatives within this local municipality is the lack of continuous support materially, financially, empowerment in the form of workshops in publicity, marketing, farming, and in leadership and management. There are insufficient training programmes, in the form of workshops that would enhance the development of skills and expertise so as to develop the co-operative members. As many members of co-operatives are people who are not actively involved in new forms of technology and who were just cultivating for subsistence purposes only, the need to capacitate them for commercial purposes is a matter of concern.

Capacitating the co-operative members would in a way assist in empowering them to be able to
gain and utilize resources in a way that will result in goal attainment for their co-operatives. This is in line with the fifth principle of co-operatives: Co-operative Act 14 of 2005 which states that ‘a co-operative should provide an ongoing training to its members’. This fifth principle goes on and states ‘all members should be equipped to contribute effectively to the development of the co-operative’ (Guide to the South African Co-operative Act 14 of 2005). As the programme develops it needs to be more empowered in order to be able to address the challenges. This was the greatest limitation noted as there were very limited chances for it to happen due to the fact that even the trained and capacitated personnel from the government departments showed a failure in this regard. They put blame on the fact that they were both understaffed and under-resourced. The very fact that Mbhashe is highly rural was cited as the main cause of failing to conduct workshops. The researcher was more concerned; as one of the sampled co-operative was less than thirty minutes driving from the Dutywa town where the government departments are located. It was clearer that the other two towns that make up this local municipality are greatly neglected as they are very far from the centre and highly rural with bad road conditions.

The support given by the government officials is far less to sustain and help in maintaining the existence of the co-operatives in this local municipality. This is so in many ways some of which are the physical lack of supervision, inadequate workshops, lack of incentives, the criteria of funding encompassed with binding procedures on how funds should be utilized. Basing hopes on funding from the Department of Social Development where funding comes after so many years of sacrifices. As for members, their membership in these co-operative may seem to be less beneficial economically. Most of the co-operative members are encompassed with gross responsibilities like children to take care of and educate. The Department of Social Development need not just inject money into co-operatives, but proper workshops should be conducted that will develop the co-operative members in totality. Such trainings should include how to plan and monitor implementation of skills learnt in the workshops. The criteria of funding should be revised and things like stipends should be implemented. The basic aim of the creation of co-operatives by the democratic government of South Africa was to create job opportunities and co-operatives establishment was one of those ways hence the members in all the instances are the non-working people. These non-working people have responsibilities hence they opt for co-operatives as the latter seemed likely to provide solutions to their problems.

The district and provincial levels of government seemed to be lacking co-ordination in terms of
verbal and practical implementation. The Department of Agriculture seemed to lack the capacity to support the project to achieve the set goals. This is so because of lack of consistency in their support to the co-operatives. Although the Department of Agriculture at times usually supports the co-operatives through fertilizers, seedlings and seeds, the co-operatives are not aware of the criterion used. The officials have demonstrated poor coordination in this regard. The officials from agriculture shifted the blame to the provincial level as whatever they have they receive it from the province. Even lack of transport to visit and monitor the co-operatives was the result of lack of transport and this was beyond their capacity. The lack of workshops and poor monitoring by the department officials has revealed the longing of co-operative members for the new technology used in cultivation and planting. They were waiting for subsidies in the form of tractors, water pipe systems and other methods that might be of benefit to the projects and co-operatives. The departmental officials on their hand argued that the co-operative members should learn to improvise and use all that is at their disposal. Since both of these two co-operatives were located along the rivers, it was suggested to Zamani Development co-operative members to use manual form of getting water either through caring baskets on their heads, using oxen and wagons, donkeys etc whereby big drums might be pulled by them. But due to the fact that the other co-operative was well funded it managed to have big water pumping generator and irrigation equipment. This challenge is linked to insufficient funding and difficulties experienced by co-operatives in receiving loans from banks. If getting a bank loan was not a ‘myth’ the rate of co-operative deliquesce would statistically be lower than it is.

The study also reveals through the findings from the research participants that the goals of the co-operatives in one of the two sampled co-operatives were initially met. The findings of the study reveal that co-operatives were established to improve socio-economic conditions. The yard-stick to measure the level of success was through looking at creation of employment, reduction of poverty and generation of income. Only Duff Mission co-operative got nearer to achieving its goals. There were some signs of unfulfilled goals shown by Zamani Development co-operative. Duff Mission co-operative has achieved its goal of servicing not only the locality but the general community as a whole. It has managed to increase its workers up to permanent sixteen permanent and casual workers. This co-operative has got aims of not just cultivating and planting vegetables and other crops but it also is aimed at doing food processing. They have the intention of processing their food and support most of the nearby schools. If that is done they will make a great contribution to
government school nutrition programme.

The main challenge facing Zamani Development co-operative is that it is situated far from any relevant market place. The distance coupled with transportation is another challenge that has resulted in the co-operative being stagnant. The findings reveal that Zamani co-operative is solely dependent on the local people as the available market. The co-operative members are left with no option but to sell at the price that is affordable to the community and since the community is not big some of the produce gets rotten and become wasted. The main wish of the members of this co-operative is the increase in funding so that the programme can have enough transport system of its own. The intention is to get a dual transport in a form of a tractor. With this type of transport the members believe that they will be able to do cultivation as well as transporting their produce to the best market place.

5.3. Recommendations

The basic aim behind the formation of co-operatives was the alleviation of poverty more specifically in rural areas where there are no work places in the form of industries, factories and the like. This is more so in the entire Mbhashe local municipality as the entire Mbhashe district is characterized by extremely fragile, narrow and vulnerable economic base. There are various things learnt from the study conducted hence this has resulted in having an understanding as to why co-operatives collapse in many communities. Not only do co-operatives members require capacity building and training; but leaders, government officials and other stakeholders require this too. Unfortunately there is a lack of resources for such training, co-operatives need education and training in a variety of skills that are specific to them (Mazibuko et.al, 2008). Co-operatives must not only solve immediate problems and benefit individuals but must work towards long-term change that will benefit the whole community. Different co-operatives should support each other and allow members to learn and experience new ways of working together, not individually but as groups. By doing so they can learn from one another and those that have enough equipment can lend some of their equipment. They should also learn to share information.

The community in which the co-operative is situated should be realistic about what contribution can be expected from the co-operative. Co-operatives operate within the capitalist market; which is dominated by the business monopolies. There is a lot of competition. Co-operatives must become viable economic organizations and keep in touch with changes in the markets. It is difficult for co-
operatives to succeed in sectors where businesses are closing down. Co-operatives must become viable economic organizations. They need a variety of skills. Business skills are important: management; accounting; bookkeeping; costing; marketing; etc—they have to keep in touch with changes in the market (Mazibuko et. al, 2008).

Looking at the two sampled co-operatives there is a wide gap and difference in terms of success in both co-operatives. Duff Mission co-operative has extended its objective (i.e. that of food security and fighting poverty) to the close nearby schools. The co-operative has started to cultivate for some schools around its establishment. According to the co-operative members the only thing that the school needs to do in order to qualify for cultivation is to fence the school garden so that livestock could not have access to the garden. Approximately eleven schools are enjoying this benefit, the co-operative cultivates, plant seeds and supply schools with water for irrigation using its tractors.

Zamani Development co-operative has taken the pattern by conducting workshops around schools in its ward and gives trainings and workshops on how to farm. This has resulted in the revival of school gardens. Both Department of Education and Department of Agriculture have been consulted in order to partake in reviving agriculture. Circuit managers from the Department of Education have designed a competition known as “greening” in collaboration with a certain nongovernmental organisation. This competition started at the end of 2011.

All these initiatives identified above strongly suggest that if co-operatives are well managed, can provide solutions to a number of problems facing this country. It is up to various stakeholders to make this a reality.

5.4. Conclusion

The main objective of the study was to develop a conceptual understanding of co-operatives and the challenges and limitations that result in their collapse. Financial support is the key factor for success as it makes implementation plans possible. Co-operative members can have the ideas and visions but with the lack of a sound financial support those visions can never be achieved. The collapse and sustainability of co-operation also rely on the co-operation of stakeholders. Co-operatives are not solely dependent on the co-operative members, the members on their side can be good and highly active but they need the help of other stakeholders so as to boost them in different areas of operation. If a joint venture can be implemented right from the very beginning,
whereby the question of whether this co-operative is sustainable in the area in which it is located, the instances whereby co-operatives collapses can be minimal.

It can be concluded from this study that Mbhashe Local Municipality is not in a position to assist its co-operatives at this stage due to the political turmoil and unrest prevailing at present. The financial status of Mbhashe Local Municipality makes it impossible for the municipality to financially support co-operatives in its area. Co-operatives encounter a number challenges as revealed by this study. Here are some of the challenges which have been identified, limited understanding by members of the roles of co-operatives, which is, about working as a collective towards achieving a common goal, within the economic sphere. This has in some instances led to infighting. Some co-operatives are not operating and managing co-operatives with the same principles, systems and procedures that are required in any business venture. Also the limited markets and saturation of the markets as a result of same products being produced for the same markets has resulted in the decline and collapse of some of the co-operatives already established. Poor financial control systems as a result of lack of financial managerial and leadership skills are another contributory factor. Limited access to appropriate technology coupled with limited quality control mechanisms and costing illiteracy have been discovered to be contributing negatively to the sustainability of co-operatives. All this shortcomings have been shown by the Zamani Development co-operative which is on the brink of collapse.

The success of Duff mission co-operative on the other hand is making contributions towards the achievement of the Department of Economic Development’s strategic and goal objectives. DED is committed to building the economy and reducing poverty. The Integrated Business Development service programme of DED strives to fulfil this by stimulating and supporting sustainable and pro-poor economic growth and development through enterprise development and related local levels. This is achieved through planning, resourcing and implementing projects (DED’s Strategic Plan for the period 2005-2010, DED’s Annual Report 2005/2006).

5.5. Summary of findings of the study

5.5.1. Financial management

It has been noticed that most co-operative members has opted to formulate co-operatives for different reasons, some have seen it as a quick cash solution to their bankruptcy. A thorough
training pertaining to fund management including managing bank accounts, income and expenditure practices, managing cash-flow, reading of bank statements, managing petty cash, and the ability to do financial report in a convincing manner so that the entire members could understand financial standpoint. If all the co-operative members could understand the financial status and legal binding implications posed by donors and funders upon them- the complaint around financial mismanagement and misunderstanding among the members can cease to exist. This therefore will make the co-operative auditing a simple and understandable issue.

5.5.2. Operating according to co-operative legal framework

The proper decision making channel needs to be developed and inculcated as per the co-operative framework stipulates. The best way to ensure at all times that all the co-operative members are democratically equal in every respect- co-operative policy and bye laws needs to be visible written or in the case whereby literacy is the challenge- they need to be constantly communicated to every member. This need to be highlighted at every level of meetings starting from general members meetings and board meetings. Co-operative constitution should be treated with all the respect it deserves as the highest guiding document and any act against constitution should be forbidden.

5.5.3. Development of strategic planning

The ultimate aim of co-operative formation is to alleviate poverty through income generation so thus this needs to be given priority at all costs. All the plans should revolve around the positive use of surplus or other forms of finance to generate income to the co-op members. This can be done by developing and deepening webs of support so that the co-operative can sustain itself.

5.5.4. Financial support

Local government, government departments as well as other donors and funders need to revisit their procurement practices towards co-operatives. The biggest challenge experienced by the co-operatives is the top down approach in as far as how co-ops should spend the funding. This top down approach turns to blur the relationship among co-operative members. The direct mentorship strategy used upon Duff Mission co-operative has proved to be relevant and all the success enjoyed by the said co-operative owes its credit to this mentorship. Based on this evidence it is highly recommendable that municipalities should consider developing a directory of co-operative support organisations in the form of mentorship.
5.6. Final conclusion

Given the challenges faced by the sampled co-operatives around Mbhashe, one can deduce that indeed there are many difficulties and constraints for the long-term success of the co-operatives. As has been indicated earlier, there are several issues that South African government in conjunction with various stake-holders created for the well-fare, survival and success of co-operatives should take very seriously, just to mention a few:-

- Some co-operatives operate within and interact with the capitalist market, which is very competitive.
- Lack of skills and expertise in governance and administration of co-operatives by co-operative members.
- Inconsistent and low wages earned by co-operative members.
- Insufficient financial resources in the form of funding received by co-operatives.
- Many co-operatives in our communities operate in isolation, rather than supporting each other.
- Products produced by most co-operatives are often of poor quality.
- Many co-operatives of the same type operate in the same area.

In an attempt to minimize the above stated challenges in order to promote the sustainability and success of co-operatives in general various things need to be taken into consideration. In fact NCASA ( ) in the lessons learnt for co-operatives to succeed are:-

- **Co-operatives need the support of outside structures to establish and develop co-operatives.** These support structures include state, social movements and organisations such as NGO’s. The state must create an environment that is friendly towards the development of co-operatives. This can be achieved through creation of legislation that promotes and protects co-operatives.

- **Co-operatives are created to address specific needs.** In order for co-operatives to be able to address their intended aim- continuous education and training in a variety of skills that are specific to the co-operative need to be available. These include skills in management, entrepreneurship, marketing, costing, accounting, etc.

- **Co-operatives need to understand their environment and work with other co-operatives.**
A feasibility study needs to be conducted before establishing a co-operative. Also a co-operative forum or movement needs to be formed whereby a linkages and networking will be created and this could assist in increasing bargaining power when dealing with the state or any other outside structures.

**Co-operative members are responsible for building strong and democratic co-operatives.**

Co-operatives must work democratically under the control of all members. Relationships in co-ops must be based on equality. Co-op members should seek constructive ways of dealing and resolving conflicts.

Given all the challenges and limitations faced by co-operatives, it is true that co-operatives respond effectively to the ever changing needs of the people. This is the reason why people across the world continue to choose co-operatives to address their needs hence in some countries co-operatives are seen as leaders in promoting food safety and security. It was on the basis of this reason that co-operatives were created in South Africa as well but this will never fully achieved if the challenges facing co-operatives are not addressed in a proper manner. Unless the various stake-holders involved in the functioning of co-operatives could consider and implement some recommendations and adapt to some of the lessons learnt from the previous co-operatives.
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Good morning/afternoon

I am Luvuyo Ndawule, a Master’s in Development studies student at Nelson Mandela Metropolitan University. I am conducting a research study on co-operatives around Mbhashe Local Municipality. The gist of the study is to look at the challenges faced by co-operatives around Mbhashe Local Municipality. Your co-operation and input will be highly appreciated. Please take note that your personal information and input will be kept confidential and only relevant to this research. Your contributions and deliberations may improve the viability and sustainability of co-operatives in Mbhashe Local Municipality.

Sincerely yours

L. Ndawule

[INTERVIEW GUIDE FOR CO-OPERATIVE BENEFICIARIES]

DETAILS OF INTERVIEWER

NAME OF INTERVIEWER:....................................................

DATE OF INTERVIEW:....................................................

INTERVIEW GUIDE:......................................................

VILLAGE/WARD ........................................................

DETAILS OF CO-OPERATIVE

NAME OF CO-OPERATIVE....................................................

VILLAGE/WARD ........................................................
A. **BIOGRAPHICAL INFORMATION** (Please note that all the information disclosed will be kept confidential and only relevant to the study)

1. PLEASE INDICATE YOUR GENDER

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>MALE</td>
<td>1</td>
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<tr>
<td>FEMALE</td>
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</tbody>
</table>

2. AGE CATEGORY

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<tbody>
<tr>
<td>20 AND BELOW</td>
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</tr>
<tr>
<td>21 – 35</td>
<td>2</td>
</tr>
<tr>
<td>36- 45</td>
<td>3</td>
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<tr>
<td>46- 55</td>
<td>4</td>
</tr>
<tr>
<td>56- 59</td>
<td>5</td>
</tr>
<tr>
<td>60 AND ABOVE</td>
<td>6</td>
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3. LEVEL OF EDUCATION

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
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</tr>
<tr>
<td>BETWEEN GRADE 1- 6 (PRIMARY SCHOOLING )</td>
<td>2</td>
</tr>
<tr>
<td>BETWEEN GRADE 1 - 9 (JUNIOR SECONDARY)</td>
<td>3</td>
</tr>
<tr>
<td>BETWEEN 1 – GRADE 12</td>
<td>4</td>
</tr>
<tr>
<td>POST GRADE 12 BUT NO DIPLOMA/DEGREE</td>
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</tr>
<tr>
<td>GRADE 12 WITH DEGREE/ DIPLOMA</td>
<td>6</td>
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4. MARITAL STATUS

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<tbody>
<tr>
<td>SINGLE</td>
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<tr>
<td>STAY TOGETHER</td>
<td>2</td>
</tr>
<tr>
<td>MARRIED</td>
<td>3</td>
</tr>
<tr>
<td>SEPARATED</td>
<td>4</td>
</tr>
<tr>
<td>DIVORCED</td>
<td>5</td>
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</tbody>
</table>
WIDOWED 6

5. ANY DEPENDENTS?

| NO | 1 |
| YES | 2 |

6. IF YES HOW MANY?

| BETWEEN 1-3 | 1 |
| BETWEEN 4-7 | 2 |
| MORE THAN 8 | 3 |

7. DO YOU RECEIVE ANY OTHER FINANCIAL SUPPORT FROM THE GOVERNMENT IN THE FORM OF GRANT?

| NO | 1 |
| YES | 2 |

8. CO-OPERATIVE ESTABLISHMENT

8. WHAT INFLUENCED THE ESTABLISHMENT OF CO-OPERATIVE UNDER STUDY?

| PERSONAL CONSUMPTION | 1 |
| JOB CREATION | 2 |
| TO SERVICE THE COMMUNITY | 3 |
| ALL OF THE ABOVE | 4 |
| OTHER(PLEASE SPECIFY) | 5 |

9. PLEASE INDICATE WHO MIGHT HAVE ASSISTED IN THE ESTABLISHMENT OF CO-OPERATIVE UNDER STUDY
CO-OPERATIVE BENEFICIARIES
GOVERNMENT
LOCAL MUNICIPALITY OFFICIAL
NGO’S

10. HOW MANY MEMBERS FOUNDED THE CO-OPERATIVE?

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
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<tbody>
<tr>
<td>LESS THAN 6</td>
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</tr>
<tr>
<td>BETWEEN 7-12</td>
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</tr>
<tr>
<td>BETWEEN 13-15</td>
<td>3</td>
</tr>
<tr>
<td>MORE THAN 15</td>
<td>5</td>
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</tbody>
</table>

11. ARE THERE ANY ORIGINAL MEMBERS WHO HAVE LEFT THE CO-OPERATIVE?

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
</tr>
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<tbody>
<tr>
<td>NO</td>
<td>1</td>
</tr>
<tr>
<td>YES</td>
<td>2</td>
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</table>

12. IF YES WHAT MIGHT BE THE REASONS?: PLEASE EXPLAIN

............................................................................................................................................................
............................................................................................................................................................
............................................................................................................................................................
............................................................................................................................................................

C. CO-OPERATIVE GOVERNANCE

13. WHO IS RESPONSIBLE TO CALL MEETINGS/

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHAIRPERSON/DEPUTY</td>
<td>1</td>
</tr>
<tr>
<td>SECRETORY/DEPUTY</td>
<td>2</td>
</tr>
<tr>
<td>ANY COMMITTEE MEMBER</td>
<td>3</td>
</tr>
<tr>
<td>EVERY MEMBER</td>
<td>4</td>
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14. HOW OFTEN DO YOU HOLD MEETINGS?
15. DO YOU KEEP THE MINUTES

<p>| | |</p>
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<tbody>
<tr>
<td>NO</td>
<td>1</td>
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<tr>
<td>YES</td>
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</table>

16. DOES THE CO-OPERATIVE HAVE A CONSTITUTION?

<p>| | |</p>
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<tbody>
<tr>
<td>NO</td>
<td>1</td>
</tr>
<tr>
<td>YES</td>
<td>2</td>
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</table>

17. IF YES WHO ASSISTED IN THE FORMATION OF THE CONSTITUTION?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>CO-OPERATIVE MEMBERS</td>
<td>1</td>
</tr>
<tr>
<td>WARD COUNCILOR</td>
<td>2</td>
</tr>
<tr>
<td>GOVERNMENT OFFICIAL</td>
<td>3</td>
</tr>
<tr>
<td>LOCAL MUNICIPALITY OFFICIAL</td>
<td>4</td>
</tr>
<tr>
<td>OTHER (PLEASE SPECIFY)</td>
<td>5</td>
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</table>

18. DOES THE CO-OPERATIVE HAVE A BUSINESS PLAN?

<p>| | |</p>
<table>
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<tbody>
<tr>
<td>NO</td>
<td>1</td>
</tr>
<tr>
<td>YES</td>
<td>2</td>
</tr>
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</table>

19. HAS THE CO-OPERATIVE BEEN AUDITED?

<p>| | |</p>
<table>
<thead>
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<tbody>
<tr>
<td>NO</td>
<td>1</td>
</tr>
<tr>
<td>YES</td>
<td>2</td>
</tr>
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</table>
20. IF YES HOW OFTEN

<table>
<thead>
<tr>
<th>Monthly</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quarterly</td>
<td>2</td>
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<tr>
<td>Annually</td>
<td>3</td>
</tr>
<tr>
<td>Other (Please Specify)</td>
<td>4</td>
</tr>
</tbody>
</table>

D. GOVERNMENT /PRIVATE ASSISTANCE

21. DOES THE CO-OPERATIVE RECEIVE ANY SUPPORT FROM THE GOVERNMENT OR PRIVATE FUNDERS?

<table>
<thead>
<tr>
<th>No</th>
<th>1</th>
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<tbody>
<tr>
<td>Yes</td>
<td>2</td>
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</table>

22. IF YES WHAT TYPE OF ASSISTANCE?

<table>
<thead>
<tr>
<th>Funding</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Material</td>
<td>2</td>
</tr>
<tr>
<td>Workshop and Training</td>
<td>3</td>
</tr>
<tr>
<td>All of the Above</td>
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23. TO WHAT EXTENT WOULD YOU AGREE THAT THE FUNDING IS ENOUGH?

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagree</td>
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</tr>
<tr>
<td>Strongly Agree</td>
<td>3</td>
</tr>
<tr>
<td>Agree</td>
<td>4</td>
</tr>
<tr>
<td>Not Sure</td>
<td>5</td>
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</tbody>
</table>

Thank you very much for your time and cooperation.
Good morning/ afternoon

I am Luvuyo Ndawule; a Master’s student in Development at Nelson Mandela Metropolitan University. I am conducting a research study on co-operatives around Mbhashe Local Municipality. The gist of the study is to look at the challenges faced by co-operatives around Mbhashe Local Municipality. Your co-operation and input will be highly appreciated. Please take note that your personal information and input will be kept confidential and only relevant to the study. Your contributions and deliberations may improve the viability and sustainability of co-operatives.

Yours faithfully

L. Ndawule (student researcher)

[QUESTIONNAIRE FOR DEPARTMENT OF SOCIAL DEVELOPMENT AND DEPARTMENT OF AGRICULTURE]

BRIEF BIOGRAPHY

NAME OF INTERVIEWER.............................................................

QUESTIONNAIRE NUMBER....................................................

DATE QUESTIONNAIRE SENT................................................

EXPECTED COLLECTION DATE..............................................

CONTACT NUMBER..............................................................

DEPARTMENT DETAILS

NAME OF DEPARTMENT........................................................

PERSON CONSULTED..........................................................

POSITION HELD....................................................................
ROLE OF DEPARTMENT IN ASSISTING CO-OPERATIVES

1. DOES THE DEPARTMENT PARTICIPATE IN POVERTY ALLEVIATION STRATEGIES?
   - NO 1
   - YES 2

2. IF YES ARE CO-OPERATIVES REGARDED AS PART OF POVERTY ALLEVAITION ENTITIES?
   - NO 1
   - YES 2

3. WHAT TYPE OF SUPPORT DOES THE DEPARTMENT OFFER TO CO-OPERATIVES?
   - FUNDING ONLY 1
   - FUNDING AND MATERIAL SUPPORT 2
   - MATERIAL ONLY 3
   - OTHER (PLEASE SPECIFY) 4

4. DO YOU THINK THAT THE SUPPORT IS ENOUGH?
   - NO 1
   - YES 2

5. DOES THE DEPARTMENT SUPPORT OPERATIONAL CO-OPS OR DOES IT ALSO ASSITS IN CO-
   PERATIVE ESTABLISHMENT/
   - ONLY OPERATIONAL 1
   - ONLY IN THE ESTABLISHMENT 2
   - BOTH OPERATIONAL AND ESTABLISHMENT 3

6. IS THE FINANCIAL GIVEN TO THE CO-OPERATIVE UNDER STUDY A CONTINUEOS SUPPORT ON
   YEARLY?
7. DOES THE DEPARTMENT MONITOR THE ASSISTANCE IT GIVES?

<table>
<thead>
<tr>
<th>NO</th>
<th>1</th>
</tr>
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<tbody>
<tr>
<td>YES</td>
<td>2</td>
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8. BRIEFLY EXPLAIN HOW THE DEPARTMENT MONITORS THE CO-OPERATIVE IN ORDER TO ENSURE VIABILITY AND SUSTAINABILITY. PLEASE EXPLAIN

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Thank you very much for your time