

**Improving conflict resolution in cooperatives: A study in the  
Vumengazi authority, Umlazi**

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(Peacebuilding) in the Faculty of Management Sciences at the Durban University of  
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## ABSTRACT

Conflict amongst cooperative members in Vumengazi, KwaZulu-Natal, is a major cause of concern, growing to an extent that threatens their survival. Lack of management skills tends to create conflict in cooperatives: members vie for a management position in the business, however, they often have no clear commitment or understanding of the duties required in management positions, even enough to handle the day-to-day challenges. Some of the groups formed a cooperative not because they have a joint objective, but because they planned to use the cooperative as a platform to access available resources. In most cases, the groups who formed the basis for this study lacked cohesiveness and this led to internal conflicts and an inability to work together. In most of the cooperatives, there were no professional business plans and they lacked feasibility with identifiable and foreseeable market opportunities. There were no drafted documents constitutions to govern the directors.

The researcher undertook this study to investigate the following:

- What are the contributing factors to conflict within the cooperatives?
- What is the role of the 2005 Co-operatives Act in resolving conflict within the cooperatives?
- What are effective ways to resolve conflicts within the cooperatives?

A case study design using qualitative methodology was used in this study. In-depth understanding was needed; qualitative methodology was appropriate for a study of this nature. A sample of four co-operatives out of 20 from Wards 84 and 100, eNgonyameni Tribal Area, Vumengazi, was selected to identify the nature, extent, causes and consequences of conflicts, to assess the effectiveness of existing provisions for conflict resolution and the way they are implemented, to plan and implement an intervention strategy aimed at resolving conflicts to provide a foundation to resolve future conflicts. I engaged five people in a participatory action research programme and a focus group to establish the findings.

Findings include a low standard of education among members; some members are very old who do not respect the youth. Gossip among the members led to cooperative issues being discussed in the community, thereby exacerbating conflict. Some of the cooperative members have primary education and they are unable to read and write English, however, the Act is written in English. Members of the cooperatives do not deal with conflict nor resolve it; there is no plan in place for such resolution. Members therefore keep grudges and bring them to work and meetings. Mismanagement of funds was found to be problematic. Conflict occurred regularly, partially because of the inability to analyse conflict among members and inability to apply peaceful conflict resolution methods.

Recommendations as a result of the study are that peace education, both formal and informal, must be a prerequisite for cooperatives, to help members deal with individual emotions and behaviours and to avoid more aggressive approaches in running a cooperative. Local Economic Development officials and Ward Councillors need to come closer to rural cooperatives because of their stated interest in alleviating poverty in the area through peaceful running of cooperatives. Conflict does not allow cooperatives to flourish.

## **DECLARATION**

I Bongani Innocent Mkhize, declare that this dissertation is my own work and I have not previously submitted it for any degree at any other University.

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Bongani I. Mkhize

## **DEDICATION**

I dedicate this work to WORKERS COLLEGE for paving the way for people like me without whom I would not have gone to university to pursue my master's program. I believe that this study will make the college management proud.

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# CHAPTER ONE

## INTRODUCTION

### 1.1 Introduction

This chapter is an overview of the study. It outlines conflicts and their causes between two cooperatives in two Wards in the eThekweni Municipality: Ward 84 and 100. It defines the problems, potential contributions of the study, its purpose and objectives, provides an overview of the research methodology and of the major findings.

Cooperatives in eNgonyameni [tribal land under the eThekweni Municipality] are frequently embroiled in conflict. One major source of conflict is that members often see themselves as managers and can lose sight of the fact that a division of labour in business is a necessity (Philip 2003). Further, some members are better skilled than others; those with skills usually feel that it is unfair that they receive the same payment for their work as people who do not have any skills. This causes firstly tension and eventually conflict, as even though cooperatives depend strongly on skilled members and their skills are valued, it is rarely reflected in differentiated pay rates. Unequal payment has been proven to cause conflict amongst the members of the cooperatives (Philip 2003) as members feel that their value is not recognized or is being abused by those who are doing simpler jobs. Mojtahed (2007) added to this by stating that in some cases, the groups came together not out of joint need but to access available funds. The lack of a unified vision and mandate later causes poor cohesion within the group, leading to internal conflicts within the cooperative and the inability of members to be productive. In some cases, critical planning such as drawing up business plans becomes difficult to draft as such documents require unity of vision and objectives.

The aim of this study was to examine cooperatives located in the Wards 94 and 100, Umlazi Township, which is one of the largest African townships in KwaZulu-Natal, and which is part of the eThekweni Municipality. Umlazi is located approximately 42 km from the city centre of Durban. Umlazi was originally established due to the policies of racial and economic segregation under Apartheid, in which black Africans were forced to live in townships. Such townships continue to exist today although Apartheid ended in 1994 (Routhag 1998:8). Umlazi is further divided into urban and rural areas. Wards 84 and 100 are located in an area

called *eNgonyameni* and the land demarcated as tribal. These particular wards were selected as there was evidence that the cooperatives were experiencing conflict among the members. It was also accessible to the researcher. eNgonyameni is on the outskirts of Umlazi without clinics and a high reliance on mobile health services from Emaweleni (Department of Health 2015). Cooperatives have become very important in this area, as they are perceived as a means of job creation and obtaining an income.

## 1.2 The population of the two wards

The population of the two wards is approximately 71,500. The following Table provides the population of each Ward.

**Table 1.1 Population of the Wards**

	<b>Male</b>	<b>Female</b>	<b>Total</b>
Ward 84:	18,782	20,394	39,176
Ward 100:	15,578	16,750	32,328

**Source: [http: www.statssa.gov.za](http://www.statssa.gov.za), created on 10 November 2015.**

## 1.3 Basic definitions

This section provides the basic definitions of terms used in this study.

Capitalism is seen as a system that breeds violence through the exploitation of people for the purposes of maximizing profits. Given that capitalism is a system that encourages individuals to put their special interests first instead of the general interests of others, opportunities for industrial peace building are minimal (Martin 2001). This system, at one level of development, has created chronic unemployment and inequalities of accumulated wealth. The opportunity to realize peace becomes non-existent (Martin, 2001).

Conflict is an incompatibility between the interests or needs of two parties, be they individuals, groups or nations. Conflicts are common and inevitable (Harris 2008).

Peace on one hand is a mental or spiritual condition marked by freedom from disquieting or oppressive thoughts or emotions as well as calmness of mind. Peace is both a state of mind and a social construct, implying the ability for individuals or groups to live together in harmony. Peace is like happiness, justice and other human ideals: something every person and culture claims to desire and venerate; however, few if any, achieve a peaceful state at

least on an enduring basis. Peace is different from happiness, since it seems to require social harmony and political enfranchisement, whereas happiness appears, at least in Western culture, to be largely an individual matter. Peace is a pre-condition for emotional well-being, but a peaceful state of mind is subject to cognitive disruptions and aggressive eruptions (Wel and Galtung 2012).

Peacebuilding should involve the modification of social structures political, economic, cultural and psychological through democratization and economic development (Cockell 2003). Peace education is known as development-education; for example, in Ireland, peace education is referred to as education for mutual understanding (Harris 2004:7). Originally a study of the causes of war and its prevention, peace education since has evolved into studying violence in all its manifestations and educating to counteract the war system for the creation of a peace system-a peace system on both the structural and international level (Harris 2004).

Education for peace provides compatibility between content and the teaching process. Education represents a process of individual empowerment, fostering the progression from one cognitive or affective state to another in a bottom-up rather than a top-down progression. It requires shifts in perceptions and an inner transformation. Education and learning increase human capital, knowledge and cognitive skills as well as allowing individuals to use non-cognitive or affective skills and talent to enhance their productive capacities (Maulden 2013).

Education should help facilitate many of these desired changes in individuals, groups and communities. In addition, education and educational reform become creating and sustaining powers behind the concept of a culture of peaceful resolution of conflict, which can serve to shift the pre-conflict norms, values, and practices towards non-violent approaches to resolving differences. The culture or peace paradigm also includes, in part, sustainable development, human rights, gender equality, democratic participation, and tolerance (Boulding 2000).

Fair trade: is a trading partnership, based on dialogue, transparency, and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers-especially in South Africa. Fair trade organizations (backed by consumers) engage actively in supporting producers, awareness raising and in campaigning for changes in the rules and practices of conventional trade (EFTA 2001:24).

Ubuntu: Means that each individual's humanity is expressed in relationship with others, and, in turn individuality is truly expressed. A person depends on others to be a person, and someone who cares about the deepest needs of others and who adheres faithfully to all social obligations (Battle 1996).

#### **1.4. BACKGROUND OF COOPERATIVES**

The modern cooperative movement is attributed to have begun in 1844, when the Rockdale Equitable Pioneers society was established in England (Cooperative Development Institute 2014). Its members documented the principles by which they would operate their cooperatives, implanting the central tenets around which cooperatives are structured today. Through the 18th and 19th century, cooperatives had sprung up in America and other regions in the world, particularly in times of economic hardships (North Country Co-operative Foundation 2006:9). It is of note that the history of cooperatives dates back more than 150 years and that currently cooperatives exist in almost all continents of the world, from the developing nations of Africa, Asia and South America, to the industrial countries of Europe, North America and Northern Europe (Chibanda 2009). The significance of this growth is that the cooperative movement established sound operating principles, which could be adapted in a wide range of diverse economic and cultural systems.

Cooperatives became part of the early colonial political economy in various societies; colonial regimes introduced legislation that supported the development of cooperatives. With the emergence of the Soviet Bloc and after World War II through the post-colonial era, cooperatives were used as part of national development to organize production and consumption. It was believed that cooperatives could contribute to employment and in many instances, such enterprises were extensions of the state and subject to bureaucratic rationalities of state planning. Others were locked into patronage systems that fostered dependencies on post-colonial elites. After the collapse of the Soviet Union in the late 80s, many of the cooperatives were not able to survive the transition period to open national economies. Develter *et al* (2008: *xiii*) posit that:

The history of cooperative development in Africa has resulted into two popular, but very contradictory conclusions. On the one hand, there is the view that cooperatives in Africa have failed to live up to the challenges of developing the continent. That they ceased to be development agents when they were hijacked by governments and other state agencies. As government instruments, they do not resonate with the local culture and have subsequently performed poorly as evidenced by the many malfunctioning cooperatives. On the other hand,

there is the opinion that cooperative entrepreneurship is the way forward for African development. Those who hold this view have maintained that cooperatives as private enterprises do also fit very well with communal cultures in Africa.

The pressures of global competition and lack of dynamic efficiencies forced many of these cooperatives to collapse (Satgar 2007). Thus, many countries in the post-colonial era adopted structural adjustment programmes and forced those countries to reallocate their fiscal resources away from national development priorities, which undermined patronage support systems, with adverse effects on cooperatives (Satgar 2007). In the 20th century, cooperatives co-existed with mass Fordism systems in the West, centrally planned economies of the Soviet type and with interventionist third world regimes. In most of these experiences, cooperatives lost their identity (Satgar 2007:4). That made cooperatives vulnerable to many kinds of exploitation and conflict (Satgar 2007:4-5).

## **1.5. Principles of cooperatives**

Among the principles accepted internationally are:

1. **Voluntary and Open Membership:** Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.
2. **Democratic Member Control:** Cooperatives are democratic organizations controlled by their members, who actively participate in setting policies and making decisions. The elected representatives are accountable to the membership. In primary cooperatives, members have equal voting rights (one member, one vote) and cooperatives at other levels are organized in a democratic manner.
3. **Decision Making:** Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the cooperative, possibly by setting up reserves, part of which at least

would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

4. **Autonomy and Independence:** Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

5. **Special Practices:** Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public — particularly young people and opinion leaders about the nature and benefits of cooperation.

6. **Cooperation among Cooperatives:** Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional, and international structures. The quality of cooperatives in community development is associated with their ability to create interdependent economic, human, and social capital. Community networking combines social capital with community norms, each member trusting all others to ease coordination and cooperation for mutual benefit. This improves access to economic capital and political influence (Gittell and Thompson 2011). This sustains human capital, crucial for community development (Wood and Narayan 2000).

7. **Concern for Community:** Cooperatives work for the sustainable development of their communities through policies approved by their members (Prakash 2003).

## **1.6 South African principles and history of cooperatives**

For South Africa, cooperative principles are built on values such as self-help, Responsibility, Accountability, Member's belief in ethical values of honesty, openness, social responsibility, Solidarity and caring for others, democracy (Modimowaharwa et al 2015).

The history of cooperatives in South Africa dates back to the late 19th century. Natal was the first province to establish commercial farm cooperatives (Chibanda, 2009). Ortmann and King (2007:45) said, "Several more Cooperatives, particularly agricultural cooperatives, were registered under the Companies Act that was passed at that particular time."

The Cooperatives Societies Act of 1922, which focused mainly on agricultural activities, followed the Transvaal Companies Act 1909. Following this Act, recommendations by a Commissions of Inquiry led to the Cooperatives Act of 1939, which still focused mainly on agricultural activities. The Cooperatives Act 1981 in turn repealed this Cooperatives Act of 1939 and made provision for trading cooperatives. The 1981 Act was amended on at least eight occasions. These Acts were all passed under the Apartheid government, and primarily applied to whites and were discriminatory, leaving the black population out.

The government of National Unity, in 1994, led by then President Nelson Mandela, enacted a national development strategy known as the *Reconstruction and Development Programme* (RDP). The main priorities of the RDP were to ensure the provision of basic needs, e.g. housing, sanitation, electricity, education and health. This was an effort to create income and jobs and upgrade the industrial foundation. Cooperatives were part of this strategy. The key element of the strategy was to rectify the legacy of apartheid and colonialism by emphasising black economic empowerment (BEE) (Ntsika 1999:41). The RDP served as a basis for the cooperatives development policy and the new Cooperatives Act (Satgar, 2007).

However, economic equity did not happen as per the plan, because the BEE Policy itself fostered conflict since it had an element of discrimination against white South African citizens. This was against the international principles in terms of the international cooperatives principles (Satgar, 2007). Therefore, educating young learners about the development of cooperatives should have been incorporated into the education system because the cooperatives initiatives were meant to provide self-help, self-sufficiency and poverty alleviation caused by both past governments, colonial and Apartheid (Satgar, 2007).

Two plans with similar programmes evolved: The Small Median Enterprises (SME) and plans to strengthen cooperatives. The SME sector initiated the means to broaden the private sector and ensure increased ownership of private firms among black Africans who did not have businesses during apartheid (Jespersen 2005:464). To integrate the two programmes, the South African government decided to group SMEs with the cooperatives into one Act. This gave birth to the Co-operatives Act of 2005 (Nyambe 2010). Cooperatives and SMEs were under the Department of Trade and Industries. The responsibility for cooperatives was transferred from the Department of Agriculture to the Department of Trade and Industries (Phillip, 2003:12). At the time of writing this thesis, a new Ministry, Small Business Development, has been formed. This study refers to the Co-operatives Act 2005 even though

newer regulations had been put in place after that Act, partially because over time, weaknesses were identified.

### **1.7 problem statement**

There are several major problems facing cooperatives at Vumengazi. The first is that of conflicts created by the lack of management skills. This arises from competition between members who want to occupy management positions despite a lack of qualifications in management. Furthermore, members have not addressed adequately issues of gender. Management positions tend to be held by men with women playing more subordinate roles (Philip 2003). This may have been caused by a lack of education, resulting in accepting cultural norms that did not take into account the need for gender equity. Thereon (2005:61) said, “Members had limited education and also did not have access to resources”.

Another source of conflict was that some groups were formed not out of joint objectives and need but as a structure that could access available resources. Groups formed primarily to be able to access resources lacked cohesiveness. This led to internal conflicts and an inability to work collaboratively. In most of the cooperatives, there were no proper business plans with identifiable market opportunities (Mojtahed, 2007). In terms of skills, some members were more skilled than others and those with skills usually felt entitled to higher wages, believing it was unfair that they should receive the same wage as unskilled members. There is a feeling among those with skills that their value is not recognized and those who are doing simpler jobs are abusing them. (Philip 2003).

All these challenges listed above are the main causes of conflict amongst the members of the cooperatives. The population of eNgonyameni is an estimated 20,000 to 30,000 inhabitants, with an estimated 85% unemployment rate. Cooperatives are potentially a means to create income for the people in the area, provided that the cooperatives function effectively and that destructive conflicts are reduced. The high failure rate of cooperatives in the country, some estimates are as high as 88% of cooperatives failing within the first 4 years of their existence, indicates that cooperatives have been unable to solve problems of unemployment. Conflict within the cooperatives is one of the contributing factors to their failure.

### **1.8. Research questions**

The main research questions of this study were:

1. What are the contributing factors to conflict in cooperatives?
2. What is the role of government through the Co-operatives Act 2005 and its policies in contributing to or resolving conflict in cooperatives?
3. What are effective ways to resolve conflicts?

### **1.9. Specific objectives**

- To identify methods in which conflicts among members of cooperatives can be resolved within the South Africa context.
- To assess the effectiveness of existing measures designed for conflict resolution and the way these are practiced.
- To plan and implement an intervention strategy aimed at resolving these immediate conflicts and
- To provide a foundation for the resolution of future conflict.

### **1.10. Motivation for the study**

Cooperatives arguably have the potential to build self-reliance and the democratic economic development needed for recovery from poverty. Conflict, however, causes degradation of the process and can lead to failure to accomplish this end. Violence can develop among members leading to disharmony in the community.

This study aimed to unearth the deep-rooted causes of conflict in cooperatives, to build the capacity of cooperatives to resolve their conflicts peacefully and more productively.

This study was intended to help promote dialogue as a means to healthy running of cooperatives and dissolve conflicts amicably.

### **1.11. Research design**

The study used a qualitative research design as in-depth understanding was needed to gain understanding of the causes of conflict (Strydom *et al* 2002:199). The sample consisted of four of the twenty known cooperatives in the Vumengazi area. After conducting interviews of members of the selected cooperatives, participants were invited to form an action research team to develop and test an intervention (Bless & Smith 2000:93). I chose the four cooperatives because of their proneness to conflict and chose Vumengazi area because of its accessibility to the researcher and the participants. Information was also obtained from municipality officials who are monitoring the cooperatives in the area.

### **1.12. Research limitations**

What limits this study is its size: by its focus on a small number of the cooperatives, confirmation of these results by way of other research will need to be conducted. A qualitative case study is valid for the specific area but cannot be generalized. The study result represents cooperatives in eNgonyameni Ward 84 and 100, both very big wards. This includes AA, BB, CC and a rural area known as Engonyameni.

The distances between these additional areas are large, which limits reaching them as expense is a factor. This contributed to my decision not to conduct research in these areas as well.

### **1.14. Significant results**

Among the significant findings of this study are that conflicts can be between groups of members within the organization. Conflict is further caused by different vested interests. Conflict arises when board members vote for their individual interests, not for the best interest of the cooperatives. Another finding was that the cooperative members do not understand the legislation and therefore find it difficult to follow its objectives. There is a low standard of education in some of the members. Members were not trained about how to run and manage their cooperative. The relevant registering agent simply took their names and did not teach them the implications of the Co-operatives Act. Further, maintaining grudges stemmed from the lack of resolution of conflict. Other issues were in personal and positional power, lack of confidence and maturity, structural and ownership of assets challenges. Given the inability of the members to analyse and manage conflict, such conflicts continued to harm the cooperative. Conflict resolution techniques were lacking.

It was evident from the results that unless members learned how to resolve conflicts, the cooperatives would not be able to fulfil the objective of providing employment and income for its members.

#### **1.14. Dissertation structure**

**Chapter 1:** introduced the research topic, demonstrates its significance, provides its South African context and outlines the whole thesis.

**Chapter 2:** Reviewed the literature on the nature, extent causes and consequences conflict.

**Chapter 3:** Provided the research approach, research design, data collection methods and data analysis methods.

**Chapter 4:** Provided the findings with particular reference to specific aims as per introduction.

**Chapter 5:** Provides analysis, the conclusion and recommendations.

## **CHAPTER 2: LITERATURE REVIEW**

### **2.1 Introduction**

The main purpose of the literature review is to glean from other studies, deepen understanding of the issues dealt with in this study and compare the findings. In other words, a literature review represents examining other theories and literature, and the previous research in a way that demonstrates the accomplishment of the exploratory process (Christine 1996). This literature review will examine:

- The Co-operatives Act and its purpose;
- Registered cooperatives per province;
- Types and degree of conflicts that exist in cooperatives;
- Gender representation;
- What measures exist to capacitate them to do their work;
- Their ability to wield personal-positional power within the cooperative
- Lack of confidence or maturity based on gender,
- Assets available to the cooperative from individuals or collectively and

### **2.2 The 2005 co-operatives act**

The Co-operatives Act of 2005 was intended to resolve the differences of past Acts and create a unified vision of how co-operatives are defined, their purpose and the regulatory framework. The comprehensive nature of the Act was designed to cover all aspects of cooperatives. The Act states that “Cooperatives are an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly–owned and democratically controlled enterprise.” (Department of Trade and Industry [DTI] 2005). Their purposes include the following key objectives:

- Promote the development of sustainable cooperatives that comply with cooperatives principles....
- Encourage persons and groups who subscribe to values of self-reliance and self-help... to register cooperatives in terms of this Act.

- Promote equity and greater participation by African persons, especially those in rural areas and women, persons with disability and youth in the formation and management of cooperatives.
- Establish a legislative framework that preserves a cooperative as a distinct legal entity.
- Facilitate the provision of support programmes that target emerging Cooperatives, specifically those cooperatives that consist of African persons, women, youth and persons living with disability.
- Ensure the design and implementation of the cooperative support measures across all spheres of government, including delivery agencies.
- Adherence to a uniform framework of established norms and standards that reflect fairness, equity, transparency, accountability and lawfulness. (DTI 2005).

In terms of the effectiveness of this Act, sufficient time has elapsed since its inception to question whether it fulfilled its purpose. According to Kanyane and Ilorah (2015:13), they state that:

In our opinion, the obvious problems bedevilling cooperatives in South Africa include lack of support in the areas of finance and education... The Co-operatives Act of 2005... is meant to stimulate self-help initiatives (Nyambe 2010), but it may amount to naught if not vigorously pursued by the government. Enacted Co-operatives Acts alone—without practical support networks.

Williams (2013:13) wrote that: “In post-apartheid South Africa cooperatives have been understood as an important empowerment and development tool.” The focal point of government initiatives is on poor townships. “At both national and provincial levels cooperatives are promoted through top-down initiatives and financial incentives. Genuine empowerment based on cooperative principles and values has not emerged in practice through this form of government support.” It is questionable whether the Act has fulfilled its major objectives in spite of excellent intentions.

### **2.3 Registration of cooperatives**

The following Table shows a comparative analysis of success and failure of registered cooperatives in South Africa.

**Table 2.1 Survival and failure of cooperatives**

<b>No. Cooperative</b>	<b>Survival</b>	<b>Failed</b>	<b>Survival rate</b>
<b>22,619</b>	<b>2,644</b>	<b>19,975</b>	<b>12%</b>

**Source: CPRO: Current registration and DTI baseline figures. 2010.**

Table 2.2 shows an analysis of cooperatives per province.

**Table 2.2 Provincial breakdown**

<u>Province</u>	<u>Current</u>	<u>National Picture of surviving co- ops</u>	<u>Number of dead co-ops</u>	<u>Survival RATES</u>	<u>Mortality rate</u>
KZN	8,697	1,044	7,653	12%	88%
E.C.		287	3,957	7%	93%
W.C.		69	934	7%	93%
N.C.	798	20	778	2.5%	97.5%
LIM.	1,879	405	1,474	22%	78%
MP	1,496	187	1,309	12.5%	87.5%
GAU	2,365	394	1,971	17%	83.5%
F.S	900	71	829	8%	92%
N.W.	1,257	167	1,090	13%	87%
<b>Total</b>	<b>22,030</b>	<b>2,644</b>	<b>19,386</b>	<b>12%</b>	<b>88%</b>

**Source: CPRO: Current registration and DTI baseline 2010.**

The above table indicates that KZN, where this study is located, has been successful in terms of new entrants; nevertheless, there are challenges that confront KZN. DTI (2012:39-40) reports that:

These challenges, among others, include poor debt repayment rates from cooperatives to Ithala Bank, which are threatening to undermine the loan book; conflict among members of cooperatives, threatening to undermine the sustainability of co-operatives in the province; lack of procurement opportunities from local government for co-operatives; lack of compliance by co-operatives with the Co-operatives Act; and hostility from mainstream business, in the form of overpricing of raw material and denial of access to markets for co-operatives. This also calls for the model to be further refined, but nonetheless, some valuable lessons can be drawn from it.

However, they are also registering high levels of mortality rates, ranging from 88%, to 78% being the lowest. Even the developed provinces, such as Gauteng, KZN and the Western Cape, do not fare well when it comes to co-operatives, pointing to the need for sharper policy interventions to turn the picture around (DTI 2012:40).

## **2.4 TYPES OF CONFLICT**

This section discusses the types of conflict that occur in cooperatives and the possible causes of conflict.

### **Conflict among members:**

Division of labour has a tendency to spark conflicts in cooperatives. Everyone wants to be a manager with or without the relevant skills (Philip 2003). Cooperatives have a challenge when applying democracy in their decision-making processes and dividing labour according to skill sets. Money seems to create conflict as members seem only interested in the financial gains more than the democratic process of running a cooperative. Cooperatives, however, require financial skills, which often do not exist within the cooperatives (Philip 2003).

### **Different needs in the different cooperatives:**

There are many types of cooperatives; they range from for-profit to non-profit. The manner in which cooperatives are defined in terms of making a profit or not can lead to future conflict. A debate can arise regarding what to do with profits from a cooperative, whether to divide it among members or re-invest in the cooperatives for growth and a more secure future (Davidmann 2013).

In the case of Chinese cooperatives, it was discovered that conflicts arising from ethnic differences among the members were a serious problem as the ethnic differences define needs differently. The consequences are detrimental for the business (Snell 2006:322). Portman & King (2007:49) stated that, “conflicts among members are caused by poor management, lack of training, lack of funds, and some cooperatives never even started after registration”.

## **THE TRUST BETWEEN THE BOARD OF DIRECTORS, AND THEIR MEMBERS:**

Thereon (2005:61) in his study said, “Members had limited education and also did not have access to resources.” Conflict between the manager and the board are caused by the following:

- views about organization’s objectives,
- lack of understanding between board and management about duties and functions,
- failure to properly reward good management,
- lack of focus on long-range planning,
- failure to recommend and adopt clear cut policies,
- nepotism,
- board member’s failure to represent membership,
- Directors assuming board authority outside of board meetings.

Any or all of the above points can cause conflict and usually occur when persons or groups disagree over a means or ends, and try to establish their views in preference to others (Snell, 2006). Such conflict can be linked to power relationships. A cooperative is meant to be democratic but inherent in any such system are issues of power.

It is safe to suggest that conflict is an intangible force and may come in a variety of forms such as covert or non-apparent disputes, which tend to erode the base of the organizational viability, and only to emerge at a time when it offers the greatest danger to organizational survival (Mojtahed 2007).

Conflict can come from members who put their trust in the board of directors who prove later to be untrustworthy. Most cooperatives members place their trust in a board of directors. This trust is primarily developed from the satisfaction with the board’s ability to bring profit and it is therefore rarely important unless their primary role fails. Catherine (2009:185) said, “Conflict is more public, and hence is perceived to be more prevalent, because relationships in cooperatives are often based on friendship rather than just work rules, conflict damages highly valued relationships and therefore carries personal costs. Nathan (2012:11) noted this and added by saying that “in some of the cooperatives, there were in-fighting, low levels of trust, and generally undemocratic decision making.”

**Capacity and incentives to form a cooperative:**

The study by COPAC (2006:34) discovered that, in some cases, the groups came together not out of a joint need but as the means of accessing available funds. The groups lacked cohesiveness and this led to internal conflicts and the inability of members to work together. No proper feasible /business plans with identified, market opportunities were ill-prepared and in some cases cooperatives lacked the necessary infrastructure. The study discovered that there was a lack of capacity from the service provider who was to train members. The service provider was to have had competent coordinators for program. But due to the lack of skills, the coordinators neglected their duties and eventually ended up losing the contract (COPAC 2006).

Cooperatives benefit from training and the development of skills. This would have prevented what Lubusi (2012:9) said, “Conflicts comes from the differences in educational background, experiences and expertise among team members and social cater gory diversity arising from differences in race, culture, gender, and age among team members”.

This issue of education and skills was further highlighted by Bau (2012:11-12):

Several buyer representatives and producers were in a rush to just do something with limited funds, the cooperative lunched a prematurely and tried to get by “on the cheap production and pricing because of a young and relatively inexperienced operator or co-coordinator was hired part-time. In addition, that led the cooperative to lack sufficient additional buyers to offset the loss. The loss was never recovered. That caused conflicts amongst the members of the cooperatives.

### **Personal position: power and conflict:**

Very forceful power managers use more competitive behaviour to influence subordinates than low power managers do. The use of power in positions reflects a social distance that encourages conflicted relationships. Because supervisors and subordinates have power differences, this leads to greater use of threats and punishment and supervisors use coercive power to influence others. Each party can perceive that attempt of influencing as a threat. The use of coercive power sources increases the underlying basis of conflict and produces destructive outcomes. The power based on one’s position in the cooperative increases the social distances between supervisors and employees. It reduces the level of trust between them, which can easily lead to relationship conflict (Francisco *et al* 2008:352, Guerra 2012).

In some cooperatives, members misunderstand industry conditions with CEOs advocating change that members are likely to resist. In many cases, conflict is because members understand, for example, their own farming operation, but have only a minimal grasp of the

competitive pressures of the industry in which their cooperative operates. This issue is exacerbated when farmers on the Board of Directors have little or no experience in marketing. Sometimes the marketplace in which the cooperative operates demands changes that the members have difficulty grasping. This was illustrated in a case prepared by the Hale group in the United States ([www.halegroup.com](http://www.halegroup.com) 2012).

It also emerges when people experience frequent dissatisfaction or frustration, this in turn can produce anxiety, tension and conflict with other members., In one case, this was due to non-attendance to meetings, miscommunications and non-payment of dues (Viscos 2006:226). In China, cooperatives experience conflict based on ethnic differences among the members. The consequences of it were reported as not good for the business (Snell 2006:322).

Guerra (2012:350) said:

Conflict is caused by the use of power between the superior and subordinates... [This] depends significantly on whether group members believe that congruence exists in their goals. ... the use of a position power base increases the social distance between supervisors and employees and reduces the level of trust between them, which can lead to relationship conflict.

### **Lack of confidence and maturity:**

In the study done by COPAC (2006:33), it was found that some members became too reliant on the project managers and failed to take responsibility for their own success or failure. They often did not deal with problems faced in the normal course of the business and often took the easy way out by sitting back and expecting the service provider to do everything for them. This has been happening to the extent that the service provider who was responsible for training courses failed to do so and that led to conflict.

A conflict of interest among members is sometimes based on customers and other capital providers: the benefits and expectations that could have prevailed slipped away since there was a discount found in other cooperatives. Members have different views and can end up blaming each other for the lost opportunities.

### **Conflict stemming from having to depend on each other:**

This type of conflict occurs from the intensive interactions among members that it creates more opportunities for conflict. This happens when an individual team member needs information, materials, and support from other team members to be able to do his or her job (Somesh *et al* 2009). This is what Johnson and Johnson call oppositional interaction. The

participant's actions obstruct the goal achievement of others and this oppositional interaction tends to result in low effort to achieve the group goals. (Johnson and Johnson, 2010:7).

### **Conflict caused by conflicting interests:**

In some of the cooperatives, there is a conflict of interest coming from politics. The conflict is between members and an outside agency; it is about positions, who must sit in the supervisory board? The conflict is caused by the pitfalls of a multi-tier structure and the lack of clarity concerning the division of roles and responsibilities between the different tiers, leading to agency potential agency conflict (Shaw 2006). The above conflict is between groups of members with different stakes, conflicts started after board members voted for their individual interest, not for the best interests of the cooperatives, and it has caused distrust between top management and significant members of cooperative members (Hale Group 2012).

Johnson and Johnson, (2010:19) said that “conflict of interests exists when the actions of one person attempting to maximize his or her wants and benefits, blocks, or interferes with another person maximizing his or her wants and benefits.” Thus, conflicts of interest among the patrons, directors and managers, mainly when they merge their activities in two or three-tiered structure that might jeopardize their principle (Apreda 2013).

### **Gender and conflict:**

The disadvantages of women in many cooperative businesses is based on the nature of community in which they exist, for example, the greater illiteracy and poorer education of women in most developing and some developed countries today. Most community members continue to believe that the role of the women is the kitchen and bearing children, not in the management of the businesses (Esim & Omera 2009:19). Challenges arise with such an attitude when men and women jointly own a cooperative (Francis 2004:65). Therefore, culture can cause gender-based conflict because males culturally assume positions of power in a patriarchal society. Men still believe that they must give instructions all the time and women must obey the instructions. Such attitudes cause conflict. Often members elected into positions assume that because they are male, they are entitled to that position. Francis (2004:65) said: “... others could give it to us so that we can exercise some kind of responsibilities for their benefits.” Women members do not benefit to the same extent as with women leaders, further, women are often absent from the leadership structure of mixed cooperatives” (Esim & Omera 2009:19).

The above argues that once the person assumes that the position is for him because of his sex, that person will practice gender discrimination. This could lead to a power struggle in the cooperative. The power struggle will lead to a lack of co-operation within the cooperative members and that causes conflict (Francis 2004).

The more serious types of violent conflict identified through literature include gender-based violence and violent conflicts stemming out of greed. Another is the free-market problem which fosters more individualized or self-centred approaches to business. This is the opposite of the cooperative model because cooperation is the natural response of self-organizing groups who identify a common need and meet face-to-face to find creative ways to fulfil this need in a mutually beneficial way. However, cooperatives, in order to be successful, compete in a free-market economy. Conflict is caused by the business strategies designed to build market shares and are exacerbated by Western demands for short-term profits (Christianson, 2007:4).

In order for cooperatives to survive the challenges they face including the many types of conflict, confusing regulations, competition versus cooperation in the marketplace, the cooperative members will require on-going education, experiential learning and the concrete application of international and national cooperative principles. The education of cooperative members must incorporate understanding the democratic culture necessary for the functioning of the cooperative.

## **2.5 Organizational structures**

In a situation such as post-Apartheid South Africa, where the majority of citizens are yet to graduate to meaningful citizenship, black Africans find themselves fighting with one another for the lowest level jobs (Nyamnjoy 2007:2). South Africans inherited violence from the colonizers, from Apartheid, and into post-apartheid South Africa. A culture of xenophobic sentiments, evidenced by negative perceptions of and increased violence against black immigrants, has quickly materialized and consumed South Africans (Eke 2011). Organizational structures such as colonialism and Apartheid, both of which fostered inequality, black Africans in post-Apartheid South Africa may continue to perpetuate inequality and be unwilling to share wealth (Nayar 2013). ‘South Africa is locked into a cycle

of oppression, material conditions that act as a catalyst for the psychological complex of self-alienation resulting in the frustration of himself or herself” (Parris 2011:31).

The conflicts that are based on structure are related to:

- Capital structure and financing,
- governance structure,
- knowledge interaction and
- Selected organizational structure.

These conflicts are associated with the potential conflicts of interests between shareholders and non-shareholders, as well as financial limitations the current capital structure could represent for international growth plans (Chibanda 2009).

**Conflict caused by fights over assets:** Such conflicts happening even if the Cooperatives Act of South Africa is straightforward. Conflict is caused by the lack of clarity on asset ownership in the cooperatives although the legal definition of the cooperatives is straightforward about the ownership. The assets of the cooperatives are jointly owned and the assets are indivisible and not linked to the member share contributions (The South African Labour Bulletin 2007).

**Conflicts caused by fight for management status:** Conflict occurs because of the capital sourced from a member and the value contributed which can be unequal to others. The cause of this conflict is because the Act does not give clarity or it is the lack of knowledge in terms of business management. Conflict originates from the local division of labour, level of education, ethnic origin and masculinity (South African Labour Bulletin: 3 July and August, 2007).

“The cooperative members face the member /shareholder conflict because of the returns on their investment in terms of dividends and the potential for capital growth is poor as compared to what shareholders in an IOF may receive on their investments”. (Ortmann and King, 2007:48)

According to Visco (2006:226), “the conflict from the leaders was due to priority programs of the cooperative, marketing of products and policies that need to be changed”.

## 2.6 South African context

In terms of understanding cooperatives in government, there appears to be a lack of knowledge and understanding about cooperatives by officials within the relevant departments such as in the case of South Africa and the Local Economic Development (LED) Department. This challenge was highlighted in the study by COPAC (2006:20). For example, an executive director can be the only one who really understood a project from the beginning. Many officials were ill-trained in cooperatives and did not properly understand the purpose of the project nor the structure of a cooperative. In the example cited by COPAC, this included the members of council and other departments. All of them lacked the understanding and had no knowledge about the cooperative. Hence the LED department held a one-day workshop in order to try to raise awareness, but a great deal more training of officials, elected representatives, and support staff is necessary.

Based on the government's objective that cooperatives are important in alleviating poverty, creating self-reliance, ownership, human resource development and skills enhancement, having a clear understanding of the objectives and structures of cooperatives is vital for officials tasked with fostering such businesses. The central objective of cooperative strategy is to alleviate poverty by improving the capabilities of particularly the disadvantaged communalities, to create sustainable livelihood for them (Harrison *et al* 2003).

The history of cooperatives in South Africa dates back to late 19th century, when Natal was the first Province to establish commercial farm cooperatives in 1892 (Chibanda 2009). This was the colonial era when South Africa had been colonized by Britain; such colonization created violence and conflict. South Africans inherited the violence and conflict from this brutal system. It is often argued that in general, South Africans are prone to violent conflict because of the country's violent past, including the more recent violence firstly from the fight against Apartheid, and more recently in the form of political violence and violent service delivery protests. The nature of cooperatives requires unity and cooperation; they are referred to as autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly and democratically controlled enterprise (Philip 2003).

Therefore, the environment in which cooperatives are operating is in South Africa, but the economic model upon which South Africa models it is that of mixed socio-capitalist. South Africa uses a capitalist approach to business which implies competitiveness, individual

achievement: cooperative models, social programs and peacebuilding programmes are not well practiced nor understood given that capitalism values self-achievement, not group cooperation.

In the case presented by Chibanda et al (2009:293), the impact was studied of the two institutional and government factors on the performances of 10 smallholders' agriculture co-ops in KwaZulu-Natal. Institutional problems gave rise to low levels of equity and debt capital, reliance on government in the absence of secret ballot, low levels of education, lack of production and management skills training, weak marketing arrangement and low returns to members as patrons or investors. In the study conducted by Seem and O'Meara in (2009:14), they note that: "Local and international NGOs (in South Lebanon)...operate in the field of social services and economic development, from the creation of agricultural cooperatives, and the covering of all their expenditures, till the education of women". Etudes ET Consultations Economiques (2004:20) added to this by stating that: "the NGOs working in rural development ... indicate that they prefer to encourage companies rather than cooperatives as they associate cooperatives with hand-outs of foreign aid programme".

Another issue causing conflict is a weak approach in terms of member elections noted in the study done by Nyambe (2010:7). It was discovered that regarding the issue of electing members to a management position, that:

71% of the respondents agree that the process is transparent while 29% stated otherwise. Usually, management positions in cooperatives are filled by consensus at an Annual General Meeting (AGM). At an AGM the principle is one-member one-vote principle applies. This remains the rule that governs cooperative operations...when this happens, those with strong influence could have those they prefer appointed in management positions. This, without proper checks and balances, the process could easily be manipulated. In addition, there are no extra specific requirements with which one has to comply before assuming a management position. The approach is seen as weak.

Peace education in cooperatives would have been a very useful tool to diminish violence and conflict. People accepted democracy before they had a deep understanding of what it is. The colonial system and Apartheid was linked with capitalism, a system full of conflict and violence. Cooperatives are supposed to be democratic but it is questionable if capitalist systems foster cooperation. Christianson (2007:4) saw conflict coming from a free market, because cooperatives are the natural response of self-organizing groups who identify a common need and meet face to face to find creative ways to fulfil this need in a mutually beneficial way. Once an informal cooperation is formalized into a legal organizational

structure, the cooperative members will require on-going education, experiential learning and the concrete introduction to international and national cooperative principles, as noted above.

Conflict and challenges can arise when the differences between capitalism and cooperative endeavours is not well understood, particularly with competition within the organization and a top-down hierarchal structure (Christianson 2007:4). The current South African democratic government inherited an apartheid education system, which, among other things, deprived society of the holistic, complete development of an individual, and which deprived Africans with the right to good education. Further was the question of dependent development, in which African children were educationally prepared for employment and not for self-employment. The employment opportunities open to non-whites were mainly focused on service and on providing white-owned businesses with labour. It appears that the current democratic state has not yet managed to create a paradigm shift from the previous apartheid system, which had been dictated by capitalist theory and of dependent development, with a culture of serving self-interest as opposed to the group interest, therefore, perpetuating greediness.

## **2.7 Peace education for peacebuilding in a capitalist system**

It is posited in this research that capitalism is by nature an exploitative system. It is the system that promotes the private control of the means of production, thereby promoting the exploitation of one person by another based on ownership. Therefore, capitalism is regarded as a system that perpetuates and breeds structural violence. Cooperatives, however, run democratically. Now, the question is about what type of democracy is being followed in South Africa? In what context does democracy exist? Is it a capitalist democracy being propagated, where property ownership and wealth is in the hands of a privileged few? Alternatively, is it a socialist democracy where ownership is in the hands of all those who produce the wealth? The answer came from Aggett (2010:49) who viewed this form of democracy as a “thin democracy”, because citizens are permitted limited participation in decision-making. This could also be called ‘unrepresentative democracy’.

This brings me to the next question: “Does the current education system assist in educating for peace and peacebuilding?” Peace education arises out of studying the causes and consequences of violence both direct and indirect; arguably, the current education system

does not foster peacebuilding. It is still producing a society that is still suffering from violence, which is built from its social, political and economic systems.

Examples of violence in South Africa are several. The 2006 private security sector strike became violent. Security workers were among the most vulnerable workers in the economy, security guards did not have guaranteed employment after five-year contracts had expired. The strike was about fighting for better working conditions in the industry (Makgetla 2006). There were several factors that fuelled violence in the security strike. Disempowered workers found themselves with no space to organize and negotiate their interests, employer's efforts to undermine the Union, SATAWU, and the Minister's lack of action to defend workers' rights to negotiate, poor public order policing and restrictions on protests from municipality. These issues contributed to the striking workers' deep sense of injustice. There were also limits on the strikers' ability to defend their objectives (Makgetla 2006, Jansen 2006).

In the 2010 Violent Transnet Strike, it is said that at Koedoespoort, in Pretoria, management hired a security task force with big aggressive dogs to harass the workers by setting the dogs on them. Shop stewards stated that such a tactic was a scare tactic to provoke workers to go out of line and become violent so that Transnet could apply for a court interdict to kick them out of their premises where they were picketing (Seria 2009).

In the 2011 Road Freight strike, again SATAWU was blamed for violence that occurred and that it has the worst reputation for violence because in 2006, SATAWU was the driving force behind the industrial action on behalf of security guards. Non-striking security guards had to use their normal clothes for a couple of months to avoid being killed (Grootes 2011).

In 2015, university students went on strike because of high fees. There were several instances of violent acts against persons and acts of violence against property. For example, the students at the University of the Western Cape went on a rampage, looting the café, beating up a security guard, setting fires and damaging buildings (Petersen 2015).

Structural violence is caused by exacerbating conditions of poverty, starvation, avoidable diseases, discrimination and denial of human rights (Hicks 1987). The current system of education and its curriculum, for example, does not provide the development of skills for poverty alleviation from early learning to tertiary levels; therefore, it loses the necessary direction to enable the nation to be able to deal with the reality of the apartheid's triple crises which are: poverty, inequality and unemployment. The underlying policy rationale for the development of post-Apartheid cooperatives was grounded in the BBEE Act of 2003. In

2000, BEE was improved to be known as Broad Based Black Economic Empowerment Act (BBEE) (Sholtz 2005). That Act served as a basis for the cooperatives development policy and the new Cooperatives Act (Satgar, 2007). However, the BBEE Policy itself fostered conflict because it had an element of discrimination against white South African citizens. This was against the international principles in terms of the international cooperatives principles (Satgar, 2007). Therefore, educating young learners of the development of cooperatives should have been incorporated into the education system because the cooperatives initiatives were meant to provide self-help, self-sufficiency and poverty alleviation caused by both past governments, colonial and Apartheid (Satgar, 2007).

Cooperatives are facing a number of challenges arising out the lack of education for peace building. Among these challenges are the continued violent conflicts caused by unnecessary human aggression. It has been observed that violent conflicts within cooperatives occur because of the inability of members to analyse conflicts and apply peaceful conflict resolution techniques to such situations.

## **2.8. Conclusion**

Literature reveals that conflict is between groups of members with different stakes; that conflicts arise when board members vote for their individual interest, not the interest of the cooperatives; conflict arises when distrust between top management and significant members of cooperative members occurs. Literature also revealed that there are many contributing factors to conflict such as conflict among members, lack of capacity and misuse of personal-positional power. Other causes of conflict are:

- Lack of confidence and maturity,
- Gender inequality and lack of gender balance in all positions within the cooperative, structure and assets,
- Management and conflict of interest,
- Interdependent conflict,
- Capital structure and financing,
- Governance structure, knowledge interaction and
- Selected organizational structure.

Conflict resolution is complex given that the reasons for the conflict are equally complex as noted in the above literature review. Resolution is not simply a matter of forgiving, although central to transformation to occur.

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## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.1 Introduction**

The process that guided the research methodology, the research design and research techniques that have been used in this study is the focus of this chapter. The diversified approaches toward research enabled the researcher to make an informed decision about the suitability for the study, bearing in mind its purpose and objective, taking into consideration the broad issues to be explored as described in Chapter One.

#### **3.2 Research aims, objectives and design**

The overall aim of the study was to analyse conflicts within cooperatives in Umlazi with a view to promoting conflict resolution. The objectives of the study were to explain the way cooperatives are mandated to work in the South African context, with specific reference to the handling of conflicts, to identify the nature, extent, causes and consequences of conflict, to assess the effectiveness of existing provision for conflict resolution and the way these are practiced, to plan and implement an intervention aimed at resolving these immediate conflicts and to provide a foundation to the resolution of future conflict.

#### **3.3 Background of South Africa**

South Africa has nine provinces, one of which is KwaZulu-Natal (KZN). Umlazi is a township in the eThekweni Municipality in KZN, the largest Black township in KwaZulu-Natal, population estimated at 600,000. The unemployment rate is estimated at between 38% - 54%, depending on the section in Umlazi (Statistics South Africa 2011). It is about 42 km from the city of Durban. There is a high rate of unemployment varying according to the particular section in Umlazi. Umlazi was one of the reserves created for Africans. During the Apartheid system, the research that was conducted by the South Local Council-Durban Metro indicates that the existence and form of Umlazi was an expression of the policies of racial segregation and the economic activities in Southern Metropolitan area (Routhag 1998:8).

Umlazi Township was designed to be the largest township ever built inside one of South Africa's areas called "Bantustans". Common in most African Townships in South Africa, in the original design of the township, names were not given to mark areas and roads, instead, road names and areas started with the first letter of alphabets using all the letters except I and O before going on to AA, BB, CC etc. Units were used when referring to various parts of the township (Townsend 1991: 33).

The Umlazi Township surrounding area includes Isipingo in the East, Chatsworth in the North, and the Vumengazi Tribal Authority in the West and Sobonakhona Tribal Authority in the South (Routhag 1998: 37). Much of the development in the area is characteristic of townships in general with major deficiencies relating primary to residential accommodation, provision of facilities and services and lack of urban and economic opportunities (Statistics South Africa 2011).

### **3.4 Methodology**

In order for a researcher to carry on with his or her research, it is important to understand what is meant by research methodology. Research methodology refers to the selection of the research questions, the theoretical framework and the research methods used for data collection (Creswell 2002). In terms of the data collection strategy used in a research study, it is determined by the research question and data sources, and researchers are encouraged to use more than one method of data collection in order to increase the validity of their results (Merriam 1998).

It is further necessary to define a qualitative research method. According to Henning *et al* (2011:8), qualitative research was defined as

... a broad umbrella term that covers a wide range of techniques and philosophies, thus it is not easy to define. In broad terms, qualitative research is an approach that allows you to examine people's experiences in details, by using a specific set of research methods such as in-depth interviews, focus group discussions, observation, content analysis, visual methods, and life histories or biographies.

Maree (2007:51) described qualitative research as "understanding the process and the social and cultural settings which cause various behavioural arrays and is mostly concerned with discovering the why and what questions of the research." Therefore, as the researcher, I decided to use qualitative research in this study as the most likely to provide the data

necessary to answer the research questions. Qualitative data assisted me in understanding the participants better and to understand their motivations, problems, frustrations, etc. Qualitative research can be difficult to capture and codify, whereas quantitative numerical data is easier to codify and produce empirical results, but less informative than qualitative data in terms of depth of responses (Baumgartner and Clinton 1998).

The collection of data needs accuracy and skills in any research project as research stands and falls on the quality of the facts on which it is based (Bless & Smith 1995). The process of research involved examining emerging questions. Qualitative data typically collected from the participants produced a data set containing open-ended text. Analysis is conducted inductively, building from the participant's general themes with the researcher making interpretations of the meaning of the data. Researchers engaged in these types of inquiry support a way of looking at research that honours an inductive style, focus on individual meaning, and importance of rendering the complexity of situation (Creswell 2009:4).

Further to the above, it is acceptable to use for “a wide range of applications because qualitative research is suitable for addressing ‘why’, ‘how’ and ‘what’ and more especially, the behaviour” (Hennink 2011:10). Qualitative research method is used to generate interpretations and meanings of the research (Hallin 2011:193).

### **3.5 Design**

Welman and Kruger (2003:30) defined the research design “as a plan according to which the researcher obtains the research participants (subjects) and collects information from them”. The clear identification of the purpose of the study, setting up of items from the initial data, decision on data collection process and validation of data done during the conceptualization stage of the study. A case study, according to Creswell (2009:9), is “an empirical inquiry that investigates a contemporary phenomenon in-depth and within its real life context, especial when the boundaries between phenomenon and context are not clearly evident”.

This study is a case study, involving participatory action research through facilitating focus groups to suggest solutions as how conflict can be reduced in the cooperatives. The participatory action research group and focus group of five people assisted in establishing the findings from the objectives and in undertaking an intervention (Creswell 2009:9).

Participants in the focus group, after debating the issue around the table, agreed to come up with an intervention to reduce conflicts amongst the members of cooperatives. As a researcher, I accepted this decision because the focus group is an important tool that produces large amounts of qualitative data in a limited time. It also generates more data than a range of other methods (Parker & Tritter 2006, Lunt & Langston 1995). The intervention will be discussed in the next chapters of this study.

### **3.6 Types of qualitative research**

The study used an exploratory research method, which is a qualitative research method because it describes the research problem in a manner that can best be understood by exploring the concept or phenomenon (Creswell 1999). Furthermore, it gave most of the participants a chance to talk openly when ready and they volunteered to give information (Ponterotto 2005, Ramie 2001).

The study used quantitative research only for the purposes of obtaining an accurate picture of the situation such as age groups, gender, level of education, racial balances, official positions, size of the cooperatives, conflict in the cooperatives, level of understanding of the Cooperatives Act and success rate on conflict resolution (Christensen, 2001). This data needed to be in the form of numbers and measurements, and analysed by means of statistical procedures (Cresswell 1998). This does not make this study to be a quantitative study, however, simply that some results were reported in this manner.

### **3.7 The sampling approach**

The *Induna* initially had recommended twenty cooperatives from Vumengazi. Out of these twenty cooperatives, the researcher selected four cooperatives and asked two executive members from each cooperative to participate in the research. I chose four because they were the oldest in the area and are rumoured to have the most challenging conflicts, thus making them appropriate choices for this research. Two employees from each cooperative were asked to participate. This meant those eight executive members and eight employees of these cooperatives, giving 16 respondents (Neumann 2000:6).

Sampling is a procedure that uses a small number of elements of a population as a basis for drawing conclusions about the whole population (Neelankavil 2007:240). There are steps involved in developing a sample like defining the targeted population, obtaining a list of the population, selecting a sample frame, determine the sampling methods and developing a procedure for selecting the sample size up to the drawing up of sample (Neelankavil 2007:234). Convenience sampling was implemented in seeking the subjects from the population to constitute a sample. This type of sampling involved collecting information from the research population, which is suitable and able to provide information pertaining to the research question (Neuman 2000) This approach is justified as suitable to the study where the population and members of the subset are easily identifiable: in this study, cooperatives with conflict amongst the members were the best choice (Babbie 2010).

### **3.8 Targeted population**

The researcher conducted research from the cooperatives in Wards 84 and 100. Both wards are under the eThekweni Municipality. Of interest was that the wards were in a rural area known as Vumengazi Tribal area (Engonyameni). The researcher also involved the Department of Trade and Industry because it is the researcher's belief that it is the Department of Trade and Industry's duty to monitor and make sure that cooperatives are capacitated in terms of business management skills. The target population is a microcosm of the real world and all its components have some common characteristics (Bui & Taira 2009:412).

### **3.9 Method of data collection**

The researcher used secondary data from the literature review, the internet and documents. The primary data was collected from focus group interviews, questionnaires and face-to-face interviews that were administered to members, employees and the owners of the cooperatives. The data collected from the different sources helped the researcher understand what was happening in the cooperatives and it provided the researcher useful answers to the research question (Ferrance 2000, Merriam 1998). Further to that, instruments were pilot-tested as described below by the researcher before being used at the selected cooperatives. The research instruments are in the appendices.

### **3.10 The pilot study**

The questionnaires were tested with 3-5 participants, with the hope of checking if indeed it would give the researcher what he or she requires. The main aim of pilot testing was to check if the:

- I. Respondents understand the questions;
- ii. Identify any ambiguous questions;
- iii. Identify questions that combine two or more issues in a single question;
- iv. Find questions that make respondents uncomfortable (Dillman 2000).

Indeed, the pilot test of the questionnaires revealed that the questions were written in English and the majority of the participants were not good in reading and writing English. Some open-ended questions had insufficient space to write on because people's handwriting is not the same. Some people had large handwriting and others small. I then re-wrote the questions in Zulu and the participants were able to answer the questions without the interference of the researcher. The questionnaires were handed out to the participating cooperatives, the researcher collected them after three weeks and the focus groups with the participants were conducted.

### **3.11 Collecting primary data through questionnaires**

A questionnaire is commonly defined as a tool for collecting information to describe, explain or compare knowledge, attitudes, behaviour and socio-demographic characteristics on a particular target group. And, it is known as a written list of questions, the answers to which are recorded by respondents (Rumar 2005, Oppenheim 2003). It must be borne in mind that:

Questionnaires are an inexpensive way to gather data from a potentially large number of respondents. It is the only feasible way to reach a number of viewers large enough to allow statistical analysis of the results. The important part of good research design concerns making sure that the structure of questionnaire addresses the needs of the research (Rossman and Rallis 2003:59).

There are weaknesses and strengths that the researcher must note when drafting questionnaires (Sarantakos 1998):

**Advantages:**

It produces a quick responses and results.

It offers fewer opportunities for bias or errors caused by the presence of an interviewer (Sarantakos, 1998).

**Disadvantages:**

It does not allow probing, prompting and clarification of questions.

Due to the lack of supervision, partial response is a possibility (Sarantakos, 1998).

Hence, I developed questions in the broad categories of personal determinants: beliefs, attitudes and behaviour regarding causes of conflict in the cooperatives. I formatted questions to investigate the causes of conflicts among the cooperative members. Further to that, I formatted questions to investigate how South Africa had designed cooperatives to work, with specific reference to the handling of conflicts.

Based on a sample of four cooperatives, I aimed at identifying the nature, extent and causes and consequences of conflicts, assessing the effectiveness of existing provisions for conflict resolution and the way they implemented them. According to Newman (1995:417), the researcher can infer from the empirical details obtained “Since this is a qualitative research”. Ramie (2001:15) said, “Qualitative research is different from other methods because it is a systematic method of inquiry and it follows the scientific methods of problem solving to a considerable degree”. This fit well in this research because this research is concerned more on trying to find the cause of conflict in the cooperatives.

**3.12 The focus group**

The focus group is a form of qualitative research in which we ask questions to a group of people about their attitudes towards products, services, concepts, advertisement, ideas and packaging. I asked questions in an integrative group setting where participants were free to talk with other group members (Sukdeo 2009).

A focus group is an important tool that produces large amounts of qualitative data in a limited time, and generates more data than a range of other methods (Parker & Tritter 2006). In focus groups, the researcher played the role of moderator of group discussion between participants.

Parker and Tritter (2006) promote the idea of using focus groups because it is a reliable way to examine public opinion, it is also a kind of interview where people are encouraged to discuss specific topics and discover underlying issues, norms, beliefs, and values that are familiar to the lives of participants.

Lunt and Livingstone (1996) depict focus groups as a microcosm of 'the thinking society', capable of revealing the processes through which social norms are jointly shaped through discussion and argument. Focus groups disclose the way in which specific individual's opinions are accommodated or taken in a developing group process. Individual contributions interlink and clash through the process of dialogue and argument between individual participants as members asked one another questions, exchange stories and comment on one another's' experiences and points of view.

The focus group size can range from four to twenty members in a group (Krueger and Casey 2000:10). And, Liamputtong (2011) preferred smaller groups as being more useful since it allows participants to speak freely and to explore issues thoroughly; that gives the rich relevant information needed. In order to maximize transparency and to help ensure that greatest amount of information gathered from each group, a set of participants might meet on several occasions, i.e. focus groups can run in a series or in parallel.

Data collection in the current study took the form of two focus group discussions with four participants in each group. These were supplemented with information by using an in-depth interview. Four participants from each focus group were invited to participate. This gave me as the researcher a chance to follow up some of the insights gained from the focus groups. The interaction within a group discussion is what counts, and the moderator has a role to help generate in-depth discussion with a logical sequence of open-ended question that encourages participation within the group. (Parker and Tritter 2006).

During the focus groups discussions, the atmosphere was good when considering the interaction between participants in the focus group discussions. Conversations flowed easily between the moderator and participants as well as among respondents themselves. By doing so, the researcher gave them a chance to say what was inside his or her heart. The researcher took notes but there were tape recordings made as well. The recording helped me as the researcher later when I was analysing the information (Mouton 2001).

Parker and Tritter (2006:27) indicated that as far as qualitative academic research is concerned, the recruitment of participants for focus groups is not something that should be

carried out simply on an ad-hoc basis. This means that getting participants in the focus groups was not easy and it needed proper explanations to convince them as to why they were asked to give up their time freely. The researcher needed to explain all of these questions without misleading them about monetary gain later. On the contrary, issues of sampling and selection are likely to prove crucial in relation to the form and quality of interaction in a focus group and therefore the kinds of data one gathers, and the extent to which participants share their opinions, attitudes and life experiences.

Secondly, I conducted the non-structured interviews of the other focus group participants. I selected these groups for their ownership of the cooperative/positions in the particular cooperatives. The questions were useful to develop discussion among group participants, allowing them to learn from each other. This provided deeper understanding to the researcher about the cooperatives and their functioning (Bless & Smith 2000:272-3).

Furthermore, I conducted face-to-face interviews with the members of the cooperatives but failed to do the same with DTI officials. Face to face interviews resulted in a greater response rate and it permitted the researcher to ask questions while recording the responses. It also helped me as the researcher to monitor or to observe the respondents and their body language (Newman 2000:272-3).

### **3.13 Ethical considerations**

In this study, the researcher clearly explained the purpose of the study. The researcher has an obligation to the participants to protect their rights through informed consent, anonymity and confidentiality (Rosnow and Rosenthal 1996:52). Therefore, the researcher has to ensure that the participants participate voluntarily after a briefing on the research topic, overall aims and objectives and procedure to be followed (Heffernan 2005:108). The participants voluntarily agreed to participate in this research study and understood their right to withdraw at any time. We explained to all participants the right to anonymity and confidentiality and asked the participants to sign the consent forms to satisfy their willingness to participate in the study. (Greenstein 2006:167).

### **3.14. Confidentiality and anonymity**

The researcher used alphabets to represent the names of the participants and assured all participants of their anonymity. What was discussed remained in the room in terms of respecting the privacy of the respondents (Leedy and Ormrod 2005:102). This means that their right to privacy was respected and the data from the questionnaires kept secretly by the supervisor and the researcher and to be disposed of after three years. Since this is the case study and focus group study, four cooperatives will receive the results of the research, as they deserve to know the results (Coleman & Briggs 2007:117), because the major problem facing Cooperatives at Vumengazi is conflict among members, which has grown to an extent that it threatens their survival. As noted previously, conflict among members of cooperatives is created by a lack of management skills, in that everybody is juggling for a management position in the business, with no clear commitment to abolish the sexual division of labour (Philip 2003). (Theron 2005:61) in his study, said, "members had limited education and also did not have access to resources". Therefore, they must have the outcome of this research as it involved them and it can help them in dealing with future conflicts and problems.

### **3.15. Approval to conduct research**

The researcher, before starting this research asked permission from the different boards of the cooperatives. The different boards wrote formal letters consenting to the research. In terms of Durban University of Technology, all students conducting research are required to complete postgraduate documents known as PG4 forms as part of the research process. The researcher had to wait for the approval from the Faculty Research Committee (FRC) and the Institutional Research Ethics Committee (IREC) before starting the actual research. IREC approved all data collection.

### **3.16. Limitation of study**

What limited the study was its focus on a small number of the cooperatives I interviewed. One would need to explore further the elements addressed before allowing generalization of the findings to other populations. The focus on cooperatives that are having conflict is likely to be biased. The study results are representative of cooperatives in Engonyameni only, though Ward 84 and 100 are a very large wards and it includes AA, BB, CC and rural area known as Engonyameni. Cooperatives in these mentioned sections are not included in this

study because of the distance from the researcher. Another aspect is resources such as funding, transport and time constraints to the researcher. The older participants were very keen and eager to participate in the study, but some of them needed the researcher to repeat the questions all over again due to their levels of education. Repeating the questions was time consuming and costly to the researcher, hence the research took longer to finish.

### **3.17. Summary**

The research design worked well in this study as even those who could not read and write, did have the opportunity to share their input in the face-to-face interviews and during the focus group discussions. Their inability to read and write English was discovered when the questionnaires were returned. Some could not even read isiZulu. The information was collected through questionnaires distributed to cooperatives, focus group discussions and face-to-face interviews. Although in the beginning, the participants were tense and afraid of each other, after the intervention, they started to open up and had good discussions. The focus groups discussions helped me as the researcher to deal with some of the ambiguities and clarify these points.

The sample procedure worked well as it helped identify those cooperatives specifically affected by conflict. In several of the focus group discussions, several withdrew without any explanation at all and did not participate further.

The design of the study was qualitative; this helped me obtain the required information as to the more in-depth concepts being investigated.

## CHAPTER FOUR

### FINDINGS

#### 4.1 Introduction

This chapter provides the findings with particular reference to specific aims as previously noted in the introduction. Data was received from three sources: namely questionnaires; focus groups and in-depth, face-to-face interviews conducted in the Vumengazi Traditional Area. The findings relate the respondents' arguments and opinions, but their identities are protected by the use of codes. The questions examined and discussed the way in which cooperatives are intended to work in the South Africa context, with specific reference to the handling of conflicts. The study was intended to identify the nature, extent causes and consequences of conflicts assess the effectiveness of existing provision for conflict resolution and the way these are practiced.

The findings reflect the answers to these questions. Respondents are indicated by letters, A, B, C, etc. The findings reflected below was obtained from the following cooperatives:

Name of Cooperative	Type of Cooperative	Year of Formation
CK INAYA	Agriculture	2008
MASJEKULA	Agriculture	2008
MABELEMADE	Agriculture	2010
INGINYAMA ZENZELENI	Building Blocks	2008
KHUZALA	Agriculture	2008
BONGISFISO	Poultry Farming	2014
SILWANOBUPHOFU	Poultry Farming	2008

## 4.2. Questionnaire, section a

Section A asked basic data information about the informants. It is presented below in the form of tables. There were twelve informants interviewed. The interviews began with questionnaires on basic information such as age, gender, etc. The researcher then called them one by one for further elaboration on the points raised in the questionnaire.

There were 9 men and 3 women. The wide gap in gender is reflective of other cooperatives in these two wards. There is no gender balance as men still dominate businesses in Wards 84 and 100. This imbalance is supported by the literature review where women are still submitting themselves to men, even in business. The disadvantages of women in many of the cooperative businesses are based on the nature of the community, such as the greater illiteracy and lower educational levels of women in most developing and some developed countries today. Most community members still believe that the role of the women is in the kitchen and with child bearing, not in the management of the businesses (Jackson 2013).

Table 4.1 notes the ages of the participants in the study. Three out of twelve (12) participants in this study were youth. Three (3) participants were age 31 to 40 and one (1) between the ages of 41 to 50. The participants 50 years old and above were five. These statistics indicate that older adults are still dominant in these two wards. Perhaps this is because older adults have experienced poverty and unemployment in this country and they are the ones who suffered from a high rate of retrenchments that came from technology or other such examples of downsized businesses. Older adults are often unemployable since they are not well educated and they lack skills currently required by world job markets. It is safe to assume that cooperatives offered an opportunity for survival not available in other markets.

Age groups	Number of participants
20-30	3
31-40	3
41-50	1
50 and above	5

**Table 4.1: Participants by age**

The educational levels of the participants are noted in Table 4.3 below. The level of education is reasonable because ten (10) people have secondary education and two (2) with tertiary education. The secondary education is potentially enough to have good management. These respondents are matriculates and some have job experiences. Participants with tertiary education were two (2) and tertiary education for the cooperatives management means that those cooperatives must be well run and should have fewer conflicts or none at all in view of their education and professional experience.

<b>Level of Education</b>	<b>No.</b>
NO FORMAL EDUCATION	0
PRIMARY EDUCATION	0
SECONDARY EDUCATION	10
TERTIARY EDUCATION	2
OTHER EDUCATION	0

**Table 4.2 Educational Level of Participants**

<b>Race</b>	
African	12
Indians	0
Coloured's	0
Whites	0

**Table 4.3 Participants by racial group**

All 12 participants are black Africans, the intended group for this study. Wards 84 and 100 are black African. Vumengazi is a Tribal area under the traditional Leader Mr. Cele. It is difficult for other racial groups to dwell in Vumengazi, as primarily people are of Zulu culture.

<b>Position</b>	<b>no.</b>
Executive member	6
Manager	2

Office Bearer	2
Ordinary member	1
Ordinary employee	1

**Table 4.4 Positions held by cooperative members in the study**

In terms of the size of the cooperatives, nine had 5-10 members; three had 10-20 members. Cooperatives are generally small in this area.

### 4.3. Questionnaire, section B

The following information was obtained from the focus group discussions and from face-to-face interviews.

#### *Educational Levels:*

**Informants A, B, C:** Can understand English a bit but cannot write it. However, the only person who can read, write and speak English is Sister D and she is still young. Therefore, if the majority of members are poor and they have poor education, it may be expected that as time goes on conflict would occur in that business. This proves what Christianson (2007:4) wrote: “Poor education contributes to conflict in that the purpose of the cooperatives and how it should function is often poorly understood.” In terms of the success rate in resolving conflicts, 6 out of 12 participants had success, or 50%. This makes me agree with Christianson (2007:4) who said that cooperative education affirms the importance of investing in on-going education to ensure that cooperatives create a democratic culture:

. At the heart of a cooperative is democracy. If poorly understood, the cooperative will not be able to function democratically and may apply autocratic styles of management. This is a very likely source of conflict (Themba 2013) and by contrast, in the post-apartheid era, the state has not intervened in the market to assist cooperatives, instead the state sees cooperatives as a stepping stone to normal capitalist enterprises and it has done it in a top –down heavy –handed manner...

On-going education can also enhance their knowledge of the Co-operatives Act, help members come up with business strategies to advance their cooperatives and improve the knowledge of interacting with one another, one of the major causes of conflict. As noted below, participants indicated a lack of understanding of the Co-operatives Act, partially caused by language.

They were asked: *What do you think can help you to understand the Cooperatives Act?*

Responses include the following statements:

**Informant A:** Maybe if we can get somebody who can translate it from English to Zulu because I can read Zulu.

**Informant B:** If this act can be written in Zulu, I can read it and understand it. My problem is English, once a person starts to speak in English I am lost and bored. The question is where are the officials for Local Economic Development? If they are there, are they visiting this area? If the answer is yes:

- Why has the problem not yet been identified that these members do not understand English?
- Why is there no copy of the Co-operatives Act that is written in Zulu?
- Maybe even themselves the (LED Official) do not understand the Cooperatives Act.

This proved what was identified in the literature review when it stated:

Many officials on which the project rested were ill-trained in cooperatives and did not properly understand the whole project. This included the members of the council and other departments. All of them lacked the understanding and had no knowledge about the cooperative; hence, the LED department held a one-day workshop in order to try to raise awareness, but a great deal more training for official, elected representatives, and support staff was necessary. (COPAC 2006:20).

The lack of understanding of the Act indicated that participants would very likely be ill-equipped to manage their cooperative. The responsible Local Economic Development officials should have identified this and translated the Co-operatives Act from English to Zulu, then trained cooperative members.

### **Ownership:**

The respondents identified one source of conflict coming from the lack of clarity of asset ownership in the cooperatives, even though the legal definition of the cooperatives is straightforward in terms of ownership. The assets are jointly owned and are indivisible and it

is not linked to the member share contributions (South African Labour Bulletin, 2007). Several informants' responses in terms of ownership were:

**Informant J:** I was there the time the cooperative was formed, therefore they kept on reminding me that “this is their cooperative, I must stop questioning things here. My biggest problem with my colleagues is that I paid joining fee to join this cooperative but I'm not counted as an owner in this business”. Because, in my understanding the cooperative business is different from other types of business. The nature of cooperatives requires unity and cooperation; they are referred to as autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly and democratically controlled enterprise (Philip 2003). The obvious problems bedevilling cooperatives in South Africa include lack of support in the areas of finance and education... The Co-operatives Act of 2005... is meant to stimulate self-help initiatives (Nyambe 2010), but it may amount to naught if not vigorously pursued by the government. Enacted Co-operatives Acts alone—without practical support networks.

**Informant D:** “The problem of our elders is English; they can't read and write it”.

Therefore, if there are members running the cooperatives not able to read Zulu or English and without the understanding of how asset ownership is defined, conflict can result. Hence, a further challenge of ownership is that the economic system of South Africa is based on a capitalist model as well as more traditional land ownership. In a capitalist system, ownership is more individual than group, whereas cooperatives prescribe group ownership. Land ownership under Apartheid was restricted to whites, and blacks were either allocated housing or land that they did not own, or, in tribal areas, a chief would allocate land. The lack of clarity on the meaning of “ownership” is due to poor education and for the older generation, problems of allocation instead of ownership (Lund 2013).

### **Conflict resolution strategies:**

Participants were asked if they had plans to resolve conflicts in the cooperatives. They were asked how they dealt with conflict and how they felt if the conflicts were not resolved and kept coming back again.

**Informant D:** We usually called meetings, but it seems as if it is not stopping, it is coming back all the time.

**Informant D:** “I feel very bad as I’m having a big plan about this cooperative, these mothers know the job, the only thing that I see as problem is education, not knowing the Co-operatives Act, and otherwise they are good”.

**Other sources of conflict:**

Conflicts identified came from differences in educational backgrounds, experiences and expertise and social diversity from different culture and age among the team members.

**Informant D** is young and is educated. Culture is changing; therefore, a person born in the 1940s did not practice the same culture that was being practiced by the person born after 1987. Although both identify themselves as Zulu, but their culture is not exactly the same as those of 1940s. This is the same for their education. This corresponds with what was said by (Lubisi 2012:9). When he said, “Conflicts comes from the differences in educational background, experiences and expertise among team members and social category diversity arising from differences in race, culture, gender, and age among team members”.

**The consequences of conflicts in the cooperatives:**

Respondents were asked what the consequences of the conflicts were in their respective cooperatives. **Informant C** illustrated the general view of the participants:

**Informant C:** “The trust is broken. We are working but we mistrust each other, there is no more that relationship and friendship that we had when we were starting our cooperatives”.

**Informant J:** In the beginning, when we were starting our cooperative, we were all happy and trusted each other and even relying to one another. Some among us seems as if they had the knowledge of the cooperative but used us as the majority of us are not aware of any training offered by SEDA. The only thing we know is that we paid R500 at SEDA for registration. We did not attend the class for five days for training. Now we are in conflict and the trust is broken, it is clear that if you do not know the Dos and the Don’ts you may end up being misused.

This proved what was highlighted in the literature review by Satgar (2007:4-5) when he said that “cooperatives vulnerable to many kinds of exploitation and conflict”. Nathan (2012:11) noted: “in some of the cooperatives, there was infighting, low levels of trust, and generally undemocratic decision-making.”. Because members are coming in the meeting with anger, and instead of dealing with the problem or issues on the table, they fight. In democracy we

agree to disagree but the bottom line is we must have resolution. According to Ilorah et al (2015 :6) “in cooperatives ... getting ahead and bridging social capital may require not necessarily a superior talent, but a great inner strength, driven by faith on oneself and confidence among other”. It seems as if in these cooperative groups, they lack that inner strength longer driven by faith, oneness and confidence and they don’t practice democracy as per cooperatives act and principles (Modimowaharwa et al 2015).

Nathan (2012:11) noted this: “in some of the cooperatives, there was infighting, low levels of trust, and generally undemocratic decision-making.” This is what Philip (2003:4) highlighted:

...skill levels amongst members are uneven; those with skills usually feel that it is unfair that they are paid the same as people without skills. This causes tension, even though cooperatives are very dependent on members with skills. Because members are coming in the meeting with anger and instead of dealing with the problem or issues on the table, they fight. In democracy we agree to disagree but the bottom line is we must have resolution.

### **Conflicts caused by incompatible systems:**

The combination of democracy and capitalism can cause conflict, particularly if both systems are poorly understood. Some members in the cooperatives have prior work experience. In Apartheid South Africa, it was more of a capitalist system but also one of legal inequality and discrimination. It was not democratic in any sense. The new South Africa is a democratic system. The new South African government has a mixture of capitalism and socialism. That is why Aggett (2010:49) viewed this democracy as a “thin democracy”, because citizens are permitted a limited participation in decision-making. It is also called a developmental state, which attempts to combine democracy with social services given the inequality of the past. This can also be called unrepresentative democracy (Gumede 2009:9). Many African countries can effectively be called developmental states because they are democracies in name only. African countries or states often used a combination of persuasion, coercion and incentives to help society support a particular growth path, not the public interest (Gumede 2009:7).

Cooperatives were imposed on local populations instead of being created by the people themselves. Cooperatives were created for people, deviating from the basic cooperative principle (Kwapong and Hanisch 2013). This combination of different economic systems is

causes conflicts on its own. In South Africa, cooperatives are structured on a socialist fundamentalism and in some quarters are regarded as an alternative to a free market system (Ilorah 2015:1). Cooperatives are communal and developmental in nature and can thrive in tough environments (Kanyane 2009:1124).

Hence, Ortmann and King (2007:42) hold that cooperatives respond to market failures and provide needed goods and services at affordable prices without compromising quality. The reason why cooperatives do not compromise quality is because they are community-centred development businesses, incorporating low-income people into the socio economic mainstream (Majee and Hoyt 2011). Community is at the centre of every movement and community democratically takes control of its socio economic destiny, based on common geography, experiences and a unified effort to achieve community-established goals (Ilorah et al 2015:4).

#### **Mixed motive for formation of the cooperative:**

The literature review highlighted mixed motives as being problematic. In some cases, the groups were formed not out of joint objectives and needs but as a platform to access available resources. In most cases, these groups lacked cohesiveness and this led to internal conflicts and inability of members to work together. In most of the cooperatives, there are no proper feasible business plans with identifiable market opportunities (Mojtahed 2007). This confirms what Informant G, as noted above, who described the gradual disintegration of trust.

“Now we are in conflict and the trust is broken, it is clear that if you do not know the Dos and the Don’ts you may end up being misused by those who claim to know”.

#### **Finances:**

Whether the cooperative was formed simply as the means of obtaining funding, or members misused the funds later on, any misuse of finance breaks trust and relationships among the members.

**Informant J:** We the members don’t know how the money was used in our cooperative. If we asked to the Treasurer and the Chairperson, they told us that the issue of money is their baby, not for us. We must concentrate on working and leave them to deal with money. Later it was discovered that there was no money in the cooperative bank account. We became aware of this problem the time the customers

were demanding their deliveries and there were no materials to make other blocks but the demand was very high. That led us to conflict.

The literature review highlighted this as being problematic. In some cases, the groups are formed not out of joint objectives and needs but as a platform to access available resources (Mojtahed 2007). This corresponds very well with what was noted by (Satgar 2007:4-5) when he said “the corruption that flows from this has made it extremely difficult to build trust amongst groups in cooperatives development process”.

Thus, cooperatives have a challenge when applying democracy in their decision-making processes and dividing labour according to skill sets. Money seems to create conflict as members seem only interested in the financial gains, not the democratic process of running a cooperative. Cooperatives, however, require financial skills, which often do not exist within the cooperatives (Philip 2003, Christianson 2007:4). The current South African democratic government inherited an apartheid education system, which among other things, deprived society of the holistic, complete development of an individual, and which deprived Africans with the right to good education.

Among those things is the whole question of dependent development, which under Apartheid promoted preparing a child for employment and not for self-employment. It appears that the current democratic state has not yet managed to create a paradigm shift from the previous apartheid system, which was dictated by capitalist theory and of dependent development, with a culture of serving self-interest as opposed to the group interest. What we are being informed by informant J. is that of acting as a dictator, serving self-interests as opposed to group interests and greediness from the chairperson and treasurer. This is totally against the Co-operatives Act and cooperative principles. The Co-operatives Act demands transparency and democracy (Modimowaharwa et al 2015, Prakash 2003).

### **Communication, leadership and age:**

The elders may give instructions to the young ones not in a correct and acceptable manner. Trust is supposed to be related to satisfaction with the profitability of their operations, not the age of the member and the members' experience on the board, as well as the members' perception of the governance of cooperatives.

**Informant F:** “In the cooperative nobody is a boss, we need to discuss issues no matter you are young or old. Some Treasure want to use money they way they feel

like. If you asked questions about the use of money, He/she will tell you that He or she is a Treasurer of this cooperative, nobody can tell him or her”.

**Informant A:** “Yes in some cooperatives there is a misuse of money by Treasurers and they do not want to be questioned”.

**Informant F:** “Treasurers and Chairperson are treating the cooperatives as their businesses forgetting that in the cooperatives we need to discuss things including the use of money”.

**Informant C:** “This is a problem to us because we are not educated enough but we attended school but to lower classes because we are females and females during our time they were not allowed to go to school up to secondary level. We only do business verbally; we are not recording things down”.

Leadership may help or stifle group and individual growth, and it may create a climate of distrust and develop suspicions between members of a group (Visco 2006). Leadership in a more traditional sense is linked to age, but in today’s world, age is not as respected as it was in the past. An older person is likely to subscribe to traditional ways, whereas younger people will not feel as strongly about them. Leadership in a more traditional sense is linked to age, but in today’s world, age is not as respected as it was in the past. An older person is likely to subscribe to traditional ways, whereas younger people will not feel as strongly about them. During the focus group discussions, this issue of communication and age was raised by **informant D**. And it is corresponding very well with the literature review (Visco 2006).

#### **Resolution of conflict:**

Participants were asked if they think that conflict can be resolved and how they think it could be resolved.

**Informant C:** Yes. I do not know and I do not have any plan but I still believe that these conflicts can be resolved as it is not that bad, we still talk to each other.

**Informant I:** I think it can be resolved but if and only if we all go back to training, given an opportunity to learn the Co-operatives Act and be taught in isiZulu, we can resolve these conflicts.

Regarding education for peace, respondents were asked if they knew of such issues and where did they learn about education for peace. They were also asked if they thought that peace education would be helpful, in whatever form such as training or workshops.

Informant C: Yes. On the Radios and Televisions but not involved in it or given an explanation of it. Maybe it can help because some of us keeps anger; we do not forgive and forget. We keep issues in our chest and bring it back to other meetings. We end up not sticking to the agenda. This tells me again that members are angry at one another. There is no peace in some of these cooperatives.

**Informant J:** I only heard about peace on the Radios and Televisions, it was the time of Truth and Reconciliation around 1990 but it was for politics not us the ordinary people. I am very angry for the Treasurer and the Chairperson as they kept every information to themselves as if they are the owners of this cooperative. They went to too many meetings but never gave us a report. This issue of democracy in the cooperative is new to me.

It was unsettling to hear the co-founder saying the issue of democracy is new to him because democracy is one of the points in the Co-operatives Act and in international principles. It again confirms what was stated by one of the informants, when she said that they never met any government official at SEDA but they just gave the list of their names and did not attend the class. This corresponds very well with what was noted by (Satgar 2007) when he said that the corruption made it extremely difficult to build trust amongst groups in the cooperative development. This issue of corruption in South Africa has become a norm and it is learnt from the government officials down to community. This was noted by William (2013:11) when he says “as a result, the cooperatives were not viable enterprises and were associated with corruption patronage system of state control and the effect of this had on cooperatives been devastating”. And Robert (2001:173) notes that and said “a person learns what they live and experience”. People living with criticism and hostility learn to condemn and fight other people (Robert 2001:173).

They cannot resolve the conflicts that they are having as they bring their anger to the meetings. These members need a platform to state their anger and from there, they need education for peace in the sense that education for peace links content – the need for peace - with process – how it may be achieved. Therefore, education represents a process of individual empowerment, fostering the progression from one cognitive or

affective state to another in a bottom–up rather than a top–down progression. It requires shifts in perceptions and an inner transformation. Education and learning increase human capital or knowledge and cognitive skills as well as allowing individuals to use non non-cognitive or affective skill or attitude, motivation, and talent to enhance their productive capacities (Maulden 2013: 122).

Regarding education for peace, respondents were asked if they knew of such issues and where did they learn about education for peace. They were also asked if they thought that peace education would be helpful, in whatever form such as training or workshops.

**Informant C:** Yes. On the Radios and Televisions but not involved in it or given an explanation of it. Maybe it can help because some of us keep anger; we do not forgive and forget. We keep issues in our chest and bring it back to other meetings. We end up not sticking to the agenda. This tells me again that members are angry at one another. There is no peace in some of these cooperatives.

They cannot resolve the conflicts that they are having as they bring their anger to the meetings. These members need a platform to state their anger and from there, they need education for peace in the sense that education for peace links content – the need for peace - with process – how it may be achieved. Therefore, education represents a process of individual empowerment, fostering the progression from one cognitive or affective state to another in a bottom–up rather than a top–down progression. It requires shifts in perceptions and an inter transformation. Education and learning increase human capital or knowledge and cognitive skills as well as allowing individuals to use non non-cognitive or affective skill or attitude, motivation, and talent to enhance their productive capacities (Maulden 2013).

#### **4.4. Questionnaire, section c: identifying nature, extent, causes and consequences of conflict**

Section C identifies the nature, extent of the causes and consequences of conflicts, to assess the effectiveness of existing provision for conflict resolution and the way these are practiced. It discusses conflict in cooperatives and provides some basic data about cooperatives. The data is qualitative as this study is an exploratory study and came from the focus group discussions.

After the group discussion, there were further in-depth interviews. This was to understand the way cooperatives are intended to work in the South Africa context from the participants' perspective.

*Conflict within cooperatives:* responses to the question about conflict in cooperatives were as follows:

Not at all	1
Rare	2
Very rare	4
Often	1
Very often	4

*Understanding the Law:*

Low	5
Very low	2
High	4
Very high	1

The data above indicates that the majority of people working and managing cooperatives in these two Wards have a poor understanding of the Cooperatives Act. Adding together the level of those whose understanding of the Cooperatives Act are low/very low, this means that 7 participants have a low understanding of the Act, whereas 5 understand it well. During the focus group discussion, the informants talked about this data: this is what they said.

**Informant C:** There is a conflict caused by the lack of knowledge in terms of the Cooperatives Act. Some members reported that they went to the agent for registering their cooperatives. They were ill informed about managing their cooperatives.

This corroborates what was said in the study conducted by the Department of Economic Development and Environmental Affairs and the Eastern Cape Socio-Economic consultative council (2009:8) when it was revealed that “there are a number of cooperatives that do not report which act they are registered under and indicated limited of knowledge of the 2005 act and its requirements.”

**Informant A:** They went to SEDA to register their cooperative; they met the Agent who did not tell them anything about Co-operatives Act. They just paid money and suggested five different names, suggested a structure of the positions and paid money to the Agent and went away. Nobody told them anything about the Cooperatives Act.

This validated what was said in the literature review, “conflicts among members are caused by poor management, lack of training, lack of funds, and some cooperatives never even start after registration” (Portman & King, 2007:49). These participants went to register through an Agent but that Agent did not even bother to teach them about the Co-operatives Act, which is the backbone of the cooperatives. The South African Government, especially the Department of Trade and Industry, let the people down by allowing agents to have offices at SEDA. The agents are given an opportunity and frequently use it to exploit poor people. Agents are there for money, not for development purposes. This was noted by William (2013:11) when he says “as a result, the cooperatives were not viable enterprises and were associated with corruption patronage system of state control and the effect of this had on cooperatives been devastating”.

The above corresponds very well with what was noted by (Satgar 2007:6) when he said “the corruption that flows from this has made it extremely difficult to build trust amongst groups in the cooperative development process”. This issue of corruption in South Africa has become a norm and it is learnt from the government officials down to community. This was noted by William (2013:11) when he says “as a result, the cooperatives were not viable enterprises and were associated with a corrupt patronage system of state control and the effect of this had on cooperatives has been devastating”. Robert (2001:173) notes that and said “a person learns what they live and experience”. People living with criticism and hostility learn to condemn and fight other people (Robert 2001:173). They cannot resolve the conflicts they are having as they bring their anger to the meetings. These members need a platform to state their anger and from there, they need education for peace in the sense that education for peace links content – the need for peace - with process – how it may be achieved. Therefore, education represents a process of individual empowerment, fostering the progression from one cognitive or affective state to another in a bottom–up rather than a top–down progression. It requires shifts in perceptions and an inter transformation. Education and learning increase human capital or knowledge and cognitive skills as well as allowing individuals to use non non-cognitive or affective skill or attitude, motivation, and talent to enhance their productive capacities (Maulden 2013).

This was further collaborated by Satgar (2007:4) when he said, “In most of these experiences cooperatives lost their true identity. That made cooperatives to be vulnerable to any kinds of exploitation and conflicts”. Christianson (2007:4) saw conflict coming from the free–market economy, because cooperatives are the natural response of self-organization groups who identify a common need and find creative ways to fulfil this need in a mutually beneficial way. As this informal co-operation is formalized in a legal organizational structure, the cooperative members will require on-going education, experiential-learning and the concrete application of the international cooperative principles. Cooperative education affirms the importance of investigating in on-going education to ensure the cooperative democratic culture.

### **The practice of democracy within cooperatives:**

**Informant A:** Said, “I am shocked to hear such question” as she asked “democracy in the cooperatives?”

The moderator agreed that the basic aim in introducing cooperatives was to create a climate of democratic business.

**Informant A:** “I am not aware of that, we do not practice democracy in our cooperative as we said in the beginning that we were not trained in terms of Co-operatives Act and to how to manage a cooperative”.

“I do not have any knowledge and any understanding of the Co-operatives Act and democracy in the cooperatives”.

The follow up question from the moderator: Why do you not know the Co-operatives Act?

**Informant A:** “As I said before, we went to register our cooperative, we were five but we paid money to the agent to do application for us. Nobody told or explained to us about this act you are asking us about”.

**Informant B:** “I do not know the Co-operatives Act, I do not know maybe the agent told us about it when we were applying, maybe not. I am saying this because he was speaking English and I do not understand it, as I am not well educated. I am involved in the cooperatives just because our Induna in this Tribal Area called us to the meeting and informed us that the government wants us in rural areas to start business known as cooperatives. There were no more explanations”.

**Informant C:** “We discussed issues and if two out of three agrees on the point I normally take it and agree with them but I was not aware that we need to practice democracy, it is something that we do just because we are adults”.

All the above confirmed what was discovered in the literature review by Thereon (2005:61) in his study and he said, “Members had limited education and also did not have access to resources.” The first resource that they were deprived of was education and training for business management skill and the understanding the purpose of the cooperatives. Hence, they are not aware that the type of business they are in requires democracy management and principles.

### **Laziness and ownership:**

Some members felt that others are lazy and they do not want to work since they believe they are the owners of the cooperatives. This causes conflict because the chairperson found himself or herself with too many tasks to perform. Instead of sharing work since the business is still small and about to grow, they end up employing people to cover the work that is supposed to be done. This made the cooperative to over-employ people.

**Informant A:** “Their members are still employed somewhere else. Since our cooperative is dealing with chickens, we must look after the chickens and it is a hell of job to work on this type of business. Those who are still employed, they do not want come and work for cooperative during their day offs. Some will say that they are having important things to do or to attend and they do not arrange time to come and work for the cooperative. It ends up being the job of those who are unemployed and those who are always available. If you tell them that chickens are being fed in the morning and afternoon, so therefore, please arrange your time in one of the two shifts to be available, they get angry and give you names. However, once there is money they want equal share”.

This type of conflict occurs from the intensive interactions among members. This happens when the individual team member needs information, materials and support from other team members to be able to do his or her job (Somesh et al, 2009). Johnson and Johnson (2010:7) said, “This is what Johnson and Johnson calls an oppositional interaction. Whereby the participant’s actions obstruct the goal achievement of others and this oppositional interaction tends to result in low effort to achieve the group goals.”

### **Power struggle between co-founders of cooperatives:**

One source of conflict was when co-founders became engaged in power struggles for control.

**Informant D:** “People are power hungry. Instead of supporting the one who is in charge, they challenge him or her forgetting that they all own the same business and that he or she is running it for them. They end up not attending the meetings. Decisions are not handled in a business manner and friendships get in the way of business”.

**Informant A:** “Everybody wants to be the Chairperson, Treasurer, Secretary; nobody wants to be a normal member. Instead of working, we end up having unplanned meetings at the workplace. In those meetings, resolutions are rarely taken, as meetings often do not have a chairperson to guide the meeting. Once you raised a point that it is the duty of the secretary and chairperson to call a meeting whereby we will discuss this issue not now, we must work and have an official meeting later, and you will be labelled and given names”.

This corresponds to what was found in the literature review. In some cases, the groups came together not out of joint need but as incentives to access available funds. The groups lacked cohesiveness and this led to internal conflicts and inability of members to work together and only to find that there are no proper feasible business plans with identified market opportunities were prepared (Mojtahed 2007).

### **Financing:**

Conflict over financing was reported as a serious problem and a source of conflict. Some members misused funds, some expenses were not approved by all the members.

**Informant D:** “Members use the cooperative money for their own expenses, without accountability to other members. Sometimes the Chairperson and Treasurer are discussing issues of finance privately and withdraw money for the business without informing the members of the cooperative. This is causing conflict and we end up not trusting them”.

**Informant F:** “There is misuse of funds or improper handling of funds and lack of respect in terms of division of labour. The questionnaires are revealed that there is

misuse of funds or improper handling of funds and a lack of division of labour, which bred disrespect. Members of the cooperatives are not respecting each other and as result, they end up not respecting each other's positions. Members also it seems as if they are not trained in terms of division of labour. Hence, it resulted to improper handling of funds”.

**Informant B:** “Once the cooperative made a little bit of money, some members want that money to be used or to be shared amongst them, not for business purpose, they want to divide it forgetting that they must keep money to run the businesses. If one within the group says no, it is premature to benefit from this cooperative, He or she will be labelled and given names”.

**Informant A:** “Some members goes out and gossip about you who said no the business is still new or young, we need to keep the money for business purposes. She further said you might hear people of the public talking about you, which are not good”.

**Informant C:** “Members do not want to wait, once there is money they want their share and when the new order comes in they are nowhere to be found. This is causing a big conflict”.

All the above informants described conflict about financing. Simply put, cooperatives are supposed to be democratic and there is an issue of equal contribution in these types of businesses: everybody wants to participate in the issues of finance. They overlook that finances in the cooperatives require financial management skills, which often do not exist within the cooperatives (Philip 2003).

### **Bosses and leadership styles:**

South Africa is locked into a cycle of oppression, material conditions that act as a catalyst for the psychological complex of self-alienation resulting in the personal frustration (Parris 2011:31). The following highlight the effects of such alienation:

- Differing objectives,
- Misunderstanding or lack of knowledge of duties and functions,
- Failure to properly reward good management,
- Lack of focus on long –range planning,

- Failure to recommend and adopt clear cut policies,
- Nepotism,
- Board members' failure to represent membership and
- Directors assuming board authority outside of board meetings.

The informants commented on these points:

**Informant F:** “In the cooperative nobody is a boss, we need to discuss issues no matter you are young or old. Some Treasurer want to use money they way they feel like. If you asked questions about the use of money, He or she will tell you that he or she is a Treasurer of this cooperative, nobody can tell him or her”.

**Informant A:** “Yes in some cooperatives there is a misuse of money by Treasurers and they do not want to be questioned”.

**Informant F:** “Treasurers and Chairperson are treating the cooperatives as their businesses forgetting that in the cooperatives we need to discuss things including the use of money”.

**Informant C:** “This is a problem to us because we are not educated enough but we attended school but to lower classes because we are females and females during our time they were not allowed to go to school up to secondary level. We only do business verbally; we are not recording things down”.

**Informant D:** “It is a problem and is causing conflict because I may be young amongst them and having standard ten upwards. If I say this must be done in this way, the members who are adults and having low classes in terms of education will say no. not just because they are fighting but just because they do not understand what is written down and they think you are robbing them. Further to that, they do not keep records of what they did and what they bought. You as a young member who knows that in business you must keep records of everything you are doing, they will say you are lacking respect. They want to do things based on adulthood and as a young member, you must listen to them all the time.

Thereon (2005:61) in his study said: “Members had limited education and also did not have access to resources”. Here those who are adults did not have access to resources which is education, hence they have limited education. The types of education they are relying on are

prior learning obtained from where they were employed before, not formal education. Cooperative business needs an on-going education, group work, not individualism. The above proved what Lubusi (2012:9) saw and said “conflicts comes from the differences in educational background, experiences, and expertise among team members and social cater gory diversity arising from differences in race, culture, gender, and age among team members”. In this matter it is caused by age and differences in educational background, experiences, and expertise among team members and social cater gory diversities (Lubisi 2012). “

### **Gossiping:**

Conflict over gossiping was reported as a serious problem and a source of conflict. For some members, gossiping is common and situations easily become personal and cause conflict within the cooperatives.

**Informant F:** “The major problem in our cooperative is gossiping. Sometime other members will be together for something not related to cooperative business or issues, maybe in their funeral cover meetings. Once they are there, maybe two or three belonging in one cooperative, they will start to discuss issues of the cooperative and end up coming with discussions out of the board or out the official meeting”. (Francisco et al 2008:352, Guerra 2012) said “these types of behaviour may reduce the level of trust between them, which can easily lead to relationship conflict”.

**Informant D:** “The conflict is caused by the lack of education. I am the only one who is still young in our cooperative. I am the only one who has matric. Since I am the youngest, the members are expecting me to show respect to them but they do not show it to me. May be I am raising the point that we need to have policies and I sometimes talk of the Co-operatives Act. Since they are older than I am and they are having experience from their prior work, where they were employed, they will overpower me and remind me that I am young, I must give them a respect. To me to be old or young does not mean that you know everything. They end up going to the community and talk bad about me instead of saying all they want to say here in front of me during the meeting, not to discuss about me in my absence with their friends, or their relatives. If the ere was cooperative trainings in this area they would have no conflict”.

**Informant I:** Is the only one who has matric. Since I am the youngest, the members are expecting me to show respect to them but they do not show it to me. Maybe I am raising the point that we need to have policies and I sometimes talk of the Cooperatives Act. Since they are older than I am and they are having experience from their prior work, where they were employed, they will overpower me and remind me that I am young, I must give them respect. To me to be old or young does not mean that you know everything. They end up going to the community and talk bad about me instead of saying all they want to say here in front of me during the meeting, not to discuss about me in my absence with their friends, or their relatives.

If there were cooperative training in this area, they would have no conflict. It was noted that the cooperative members lacked the knowhow to manage and run the cooperative. They lack commitment to democratic decision-making or the on-going education of members of the cooperatives so that the knowledge can be passed to the oncoming generations. People in the cooperatives do not understand each other hence, a young person leaving school forms a cooperative, but later realises that they come from different backgrounds and end up not seeing eye to eye (Themba 2013).

Therefore, there is a lack of knowledge in terms of business management and cooperative management skills (Cooperatives in the Eastern Cape: Struggling for survival and sustainability, 2009). The above exemplified what Lubusi (2012:9) saw and who said: “conflicts comes from the differences in educational background, experiences, and expertise among team members and social cater gory diversity arising from differences in race, culture, gender, and age among team members”.

#### **Success rates in conflict resolution:**

Cooperatives are democratic in nature, the principles and its law clearly demands cooperatives to be conflict-free. However, all the organizations are having conflicts but they have mechanism to resolve challenges The following indicates the success rates of conflict resolution:

Low - 3; very low – 3; high – 4; very high – 2.

According to the above, success is uneven. There are no policies in place to deal with misconduct. There is individualism as opposed to group or teamwork. The members do not understand that cooperatives are supposed to be managed democratically. This is caused by a

low standard of education of the cooperative members; members were not trained in terms of how to run or manage cooperatives. The responsible government agencies did not teach them the main points of the Co-operatives Act, which is the backbone of how cooperatives are structured. Respondents reported that they never met any member from the Department of Trade and Industry. The corruption that flows from the government institutions has made it extremely difficult to build trust amongst groups in the cooperative development process, instead, it is causing conflicts amongst the members of the cooperatives (Satgar 2007). Again, the problem of corruption was raised in the case study of cooperatives in two countries, that is Tanzania and Ethiopia, where it was discovered that as a result of state control, the cooperatives were not viable enterprises and were associated with corrupt patronage systems of state control (Williams 2013).

#### **4.5. Summary of the findings**

In addressing the objectives of this study, data was obtained through a qualitative approach using questionnaires, focus group discussions and questionnaires from face-to-face clarifying interviews conducted with the different cooperative members. I drew respondents from 20 different cooperatives in Vumengazi Ward 84 and 100.

The questionnaire is a good tool for data collection. In this study it worked to some extent but due to the lack of writing skills from the members of the cooperatives in this area, it became a problem and made me to call them after I have read their answers. I called them one by one in order to get clarity on their feedback on the questionnaires as there were ambiguities. That helped me a lot and everything was cleared up one by one. Therefore, the questionnaires as a tool to collect data did not work as I have planned. I obtained half of what I was expecting, however, the data nonetheless was very rich and informative as noted above in the respondents' statements.

The focus group is a tool to collect a data. There were two focus groups. The original aim was to have four focus groups to ensure that the study received different opinions from different people. I ended up having two focus groups as members withdraw at the last minute. The focus groups discussion helped me a lot as it gave me a great deal of information and I learnt a lot from the members or participants. The respondents in this chapter reflect that the contributing factors to conflicts were as follows:

- Members of the cooperatives do not deal with the conflict and resolve it;
- Members hold grudges towards each other and this affects subsequent meetings;
- Members are angry with each other and are unable to forgive and forget;
- The members do not understand and not use democratic procedures during meetings;
- The high rate of illiteracy among members, and lack of management training affects the running of cooperatives negatively;
- Lack of comprehension of the Cooperatives Act;
- The Department of Trade and Industry is problematic as it never visited the cooperatives in eNgonyameni.
- There is a language barrier restricting the elderly members who are mostly illiterate from gaining access to documents teaching them about cooperatives.
- The Department of Trade and Industry is not lending enough support to the cooperatives in rural areas. The current democratic government inherited an apartheid education system, which among other things, deprived individuals of a good standard of education.
- It appears that the current democratic state has not yet managed to create a paradigm shift from the previous apartheid system which was dictated by the capitalist theory of dependant development and the culture of serving self-interest as opposed to the group interest, therefore, perpetuating greed.

The above led me to agree that this is the method in which conflicts among members of cooperatives can be resolved within the South African context. I also assessed the effectiveness of existing measures designed for conflict resolution and the way these are practiced. I therefore found that there were no existing measures designed for conflict resolution for cooperative business.

Thus, all the stakeholders in this research or project came together and identified the areas for urgent intervention to the conflicts that was discovered through questionnaires, literature review and focus groups discussions.

#### **4.6 Intervention strategy**

The intervention strategy was aimed at finding ways to solve such conflicts. I invited the community leader (Induna) and I explained what we were doing and what we need now as

the way forward. The Induna, a legend in this community, who was involved in community development after listening to the outcome of the research, accepted our idea of developing a workshop for the cooperative members in eNgonyameni. With his help (Mr Mpsikayihlangulwa Agrippa Nombela (Induna of the area), we invited Dr. Mandla Buthelezi from ISULABALIMI.

I explained to him the problems of the cooperatives in Engonyameni. I further explained the intention of the study and we all agreed these people need immediate help. Together we developed the training manual and Dr. Mandla Buthelezi was very happy and he suggested that we need to extend the invitation even to those who did not take part in the study. We agreed because it was clear that even those who did not participate in the study are having the same problems. Dr. Mandla Buthelezi brought in somebody to teach every person who is involved in cooperatives no matter if he participated in the study or not. We further agreed that for those who were involved in the study, I would carry on helping them to deal with issues of conflict and anger. The following is the exercise I conducted with the participants as the intervention to their conflicts.

The main purpose of this study was find the contributing factors to conflict within the cooperatives, to identify methods in which conflicts among members of cooperatives can be resolved within the South Africa context, to plan and implement an intervention strategy aimed at resolving these immediate conflicts and to provide a foundation for the resolution of future conflict. After identifying the contributing factors to conflict within the cooperatives and identifying the method to resolve the conflict within the South African context, the following were implemented as an intervention aimed at resolving conflict and the foundation for the resolution of future conflicts:

- Definition of peace
- Conflict resolution
- Reconciliation
- Culture of forgiveness
- Truth
- Capacity-building
- Peacebuilding

All the above were done in the form of workshops and cooperatives members attended the classes for three weeks. We then developed a manual together with ISULABALIMI. I was asked to deal with the first part which was about peace, conflict and conflict resolution.

This is the summary of what I taught them, it was based on the findings, the discussion with the group and on the literature reviewed in this study.

**What is peace?** Peace is a mental or spiritual condition marked by freedom from disquieting or oppressive thoughts or emotions as well as calmness of mind. Peace is both a state of mind and a social construct, implying the ability for individuals or groups to live together in harmony. Peace is like happiness, justice and other human ideals: something every person and culture claims to desire and venerate; however, few if any, achieve a peaceful state at least on an enduring basis. Peace is different from happiness, since it seems to require social harmony and political enfranchisement, whereas happiness appears, at least in Western culture, to be largely an individual matter. Peace is a pre-condition for emotional well-being, but a peaceful state of mind is subject to cognitive disruptions and aggressive eruptions (Wel and Galtung 2012).

Hence, education for peace, provides compatibility between content and the teaching process. Education represents a process of individual empowerment, fostering the progression from one cognitive or affective state to another in a bottom-up rather than a top-down progression. It requires shifts in perceptions and an inner transformation. Education and learning increase human capital, knowledge and cognitive skills as well as allowing individuals to use non-cognitive or affective skills and talent to enhance their productive capacities (Maulden 2013).

However, education for peace will not be enough if leave out Ubuntu, since the concept of Ubuntu will provide an invaluable perspective in which people will see themselves as one and human beings. People will look at each other with eyes of love. We will achieve the harmony between the individual and community which we make us say I am because we are, and since we are, therefore I am (Battle 1996).

After the above study of peace, we then discussed the reconciliation.

**Conflict resolution:** The culture of promptly talking about emerging or existing disputes provides the opportunity to talk frankly and listen, and of facilitating the search for satisfactory solutions. It has a practical effect of making everyone aware of the social context.

In this way, valuable light is shown on preceding events, disturbed relationships, underlying values, root causes, clashing interests, and difficult attitudes (Malan 1997).

In the field of conflict resolution, a balanced and positive assessment of practicality can of course be found all over. It is based on practical life experience (Malan 1997). In order for me to reach deep down to their minds, and emphasize the positive content of peace, this was done by using significant word like the following:

- Peace is reverence for life;
- Peace is the most precious possession of humanity;
- Peace is more than the end of armed conflict;
- Peace is a mode of behaviour;
- Peace is a deep-rooted commitment to the principles of liberty, justice, equality and solidarity among all human being. Peace is also a harmonious partnership of humankind with the environment (Malan 1997).

Conflict resolution has a potential for development but we need to understand that the principles of forgiveness underlying restorative justice and it involves a social transformation between a person who forgives and a person who is forgiven (Ahmed 2004).

**What is conflict?** Conflict is an incompatibility between the interests or needs of two parties be they individuals, groups or nations. Conflicts are common and inevitable (Harris 2008).

**What causes conflict?** A conflict starts with resentment, resentment leads to revenge and the conflicting parties tends to get to each other. This happens when parties perceived their cause to be valid, thus perpetuating conflict, leading to a cycle of conflict. Guerra (2012:350) said “Conflict is caused by the use of power between the superior and subordinates... [This] depends significantly on whether group members believe that congruence exists in their goals. ... the use of a position power base increases the social distance between supervisors and employees and reduces the level of trust between them, which can lead to relationship conflict”. Sometimes conflict is not necessarily destructive because in some cases conflict may be desirable for promoting change and growth (Anstey 1991).

Hence, in the industrial relations arena, the settlement of a conflict, which entails an agreement of one kind or another, is usually regarded as synonymous with the resolution of conflict between the parties. This is a misconception. The kind of settlement reached, usually in a bargaining process, takes the form of compromise, often engendered by the greater

power of one party over the other. In this type of conflict resolution one or both parties remain dissatisfied, which heightens the potentials for further conflict. To achieve resolution of conflict there should be no coercion of one party by another or by a third party in the form of an arbitrator or enforcer. Both parties should be satisfied with the outcome and the potential for further conflict should be minimised rather than increased (Anstey 1990).

The successful resolution of conflict requires that the resolution be achieved by the parties themselves. The parties may commence in an adversarial collective bargaining mode, move towards integrative bargaining and finally reached the stage when they are able to engage in joint problem solving (Anstey 1991). Before the third party can engage in facilitation, it is necessary that she/he gain an understanding of the conflict and particularly of the issues and problems which caused the conflict to escalate to existing levels. She/he therefore needs to analyse all facets of the situation and to know not only the history of the conflict, but also that of the relationship (Anstey 1991).

The above I believe is in line with the research questions that I sought answers for:

1. What are the contributing factors to conflict in cooperatives?
2. What is the role of the 2005 Co-operatives Act in contributing to or resolving conflict in cooperatives?
3. Background of cooperatives.
4. International principles of cooperatives.
5. South African principles of cooperatives.

Together with the participants we concluded by agreeing that there was a need for help. Since they themselves agreed that they need help, we started the interactive process. In an interactive intervention and resolution, the parties should own the process and be encouraged to interact with each other in a manner different to what they have been using before (Anstey 1991).

Once the parties involved in this interaction were identified, the facilitator had to gain their trust before starting his/her facilitation process. The facilitator needs to make sure that he/she remain neutral from the start to the end and to have full knowledge of conflict resolution. It was clear to the parties that the solution lies with them and not with the facilitator. The facilitator is only there to help them to achieve resolution (Anstey 1991).

In this workshop and intervention, the parties were brought together at a venue that is neutral from the conflict situation. This helped as they were removed from their own support systems, their comfort zones to a peaceful environment. People agreed on a behavioural contract and all parties committed themselves to the process and agreed that they will not engage in aggressive behaviour, they will respect each other. In this setting, nobody is still holding his /her position, everybody is equal.

We informed them that we are not here to spoon-feed them but wanted to work with them to resolve conflicts. It is them who are going to solve their problems, not the facilitators or researcher. We were there to show and teach them the knowhow of how to solve problems, because teaching local community to build bridges is more useful than building bridges for them. The process is even more useful if it draws on local expertise (Nathan 2002). We were not there to provide relief and alternatives but we were there to provide a foundation for lasting development (Ghali 1994).

The participants were advised that it would be up to them to take and use what we taught them because they are the ones who are in conflict and they live in close geographic proximity. They have direct experience of conflict-violence-trauma that they associate with their perceived enemies and that is sometimes tied to a history of grievance and enmity that has accumulated over generations, they live as neighbours and yet are locked into long – standing cycles of hostile interaction (Lederach 1997).

The following are the major points made during the workshop:

**What is Ubuntu?** It means that each individual's humanity is deeply expressed in relationship with others and, in turn individually is truly expressed. Person depends on other person to be a person. This means someone who cares about the deepest needs of others and who adheres faithfully to all social obligations (Battle 1996).

**Reconciliation:** Peace and reconciliation programs are of paramount importance from the very start of the humanitarian intervention. Therefore, reconciliation must reach into the shared democracy of death to teach the uselessness of struggles that end in killing, the unending futility of all attempts to avenge those who are no more. It is an elementary certainty that will not bring the dead back to life (Rigby 2001). Reconciliation, in essence, represents a place, the point of encounter where concerns about both the past and the future can meet. Reconciliation suggests that space for the acknowledging of the past and

envisioning of the future is the necessary ingredient for reframing the present (Lederach 2002:27).

We started to talk about restorative justice, or Ubuntu, as a higher value than the vengeful quest for resolution. We agreed that the process of reconciliation takes a long time to come to any kind of fruition, recognize that the relationships between the constitutive values are fundamentally problematic, and realize that the only way forward is to pursue these values in sequential phases (Rigby 2001).

**The culture of forgiveness.** The perpetrators have no right to expect forgiveness from those they have abused. Forgiveness, in the sense of relinquishing the quest for revenge, is the prerogative of the victim/survivor. But in exercising that power, such people can liberate themselves, escape the grasp of the past, and become more fully human. At the core of such a difficult process is the capacity to distinguish between the perpetrator and their deeds, and this in turn requires some recognition of the humanity of the other, however difficult this might be. But it is in acknowledgement of our common humanity that the seeds of a shared future lie (Rigby 2001).

**Truth.** The truth provides a base for healing, forgiving, and reconciliation. We cannot hold grudges against one another and call it reconciliation. We need to tell the truth and those receiving the truth must be ready for it and forgive the perpetrators. Because individuals and groups who harm others and then are accused of wrongdoing easily feel that they are the victims. Convincingly documenting their violent actions makes it more difficult for them to continue to blame the victims. Acknowledging them may help perpetrators heal and open themselves to their victims. Therefore, perpetrators acknowledging the truth can be of great value. How can I forgive them, if they do not tell me the truth, if they do not acknowledge what they did? All in all, tell the truth and you will be forgiven (Rigby 2001).

Education should help facilitate many of these desired changes in individuals, groups and communities. In addition, education and educational reform become creating and sustaining powers behind the concept of a culture of peaceful resolution of conflict, which can serve to shift the pre-conflict norms, values, and practices towards non-violent approaches to resolving differences. The culture or peace paradigm also includes, in part, sustainable development, human rights, gender equality, democratic participation, and tolerance (Boulding 2000).

Peace education is known as development education. In Ireland, for example, peace education is referred to as education for mutual understanding (Harris, 2004:7). Since cooperatives are the group's business, there must be mutual understanding among the members. After peace education, we must move to education for peace, as education for peace is regarded as providing compatibility between content and the teaching process. Education for peace is tasked with facilitating many of these desired changes in individuals, groups and communities. Furthermore, educational reform can be creative and can create a sustaining power behind the concept culture of peaceful resolution of conflict. It can serve to shift the pre-war or wartime, norms, values, and practices towards non-violent approaches to resolving differences. The culture or peace paradigm also includes in part, sustainable development, human rights, gender equality, democratic participation and tolerance (Boulding, 2000).

**Peacebuilding:** Peacebuilding is a broad concept that includes humanitarian aid and development, as well as actual conflict resolution and conflict transformation (Boulding 2001). In cooperatives, business it is all about sharing. Nobody knows better than others but everyone is equal except that there are positions in terms of division of labour. This requires the members to understand and respect each other's position. Each one teaches one in these types of business. This technical assistance will help to sustain the development of your cooperatives and increase your capacities, and by doing that you will be reducing your vulnerabilities. Your business will grow instead of going down (Harris and Lewis 1999).

#### **4.6.1 Conclusion of the workshop**

The above exercise took me two weeks conducting this workshop and it was a very touching experience since some of them cry in front of me and hung each other. I gave the man from ISULABALIMI a platform to conduct the workshop on capacity building. I felt it was very important to give them the following exercise to help develop capacity. There were two groups with fifty people or students. The first week was for teaching them the Co-operatives Act in isiZulu.

The second week was capacity-building on the issue of cooperative management. This is how they responded to the exercise they were given:

#### **Capacity building:**

Capacity building states that we are oriented toward expanding on what is already in place and available. It reflects an emphasis on the intrinsic value of people's abilities and knowledge, and at the same time a recognition that increased insight, learning, and growth is necessary and possible (Lederach 2002:108).

We need to draw up our own code of conduct and get everyone to sign?	Yes
We need to have workshops on conflict management?	Yes
We need to record our agreements so that we are all clear if there is a challenge?	Yes
We always argue about money we really need to sort this out.	Yes

On the following day, came and I gave them the following exercise.

#### **Dealing with conflict, Question and answers:**

1. If there is conflict, what is the process of resolving it? A: We must call meeting and must negotiate and resolved it.
2. Who is involved in supporting this process? A: All the members since we are all liable for the cooperative.
3. What happens if this process does not resolve the conflict? A: We refer the matter to our constitution.
4. Who makes a final decision? A: Chairperson
5. If a member has an issue, who do they need to speak to about it? A: Chair or manager if there is a manager.

After this discussion, capacity building included financial, marketing and sales discussions. The details of the topics and of the responses are in Annexure F, and illustrate the methods use with the capacity building component of the workshop.

#### **4.7. Concluding discussion**

The participants in this discussion and exercise demanded from all of us including myself to be honest first as the facilitator. The participants opened their hearts to me and to themselves and came down to earth after they learnt about peace. It was found that the participants actually demonstrated the quality of Ubuntu among themselves. After the participants forgave

each other and reconciled, they then requested help in term of how to run their cooperatives in a peaceful way and to resolve any future conflicts since it was highlighted that conflict is everywhere and part of life, but resolution is needed it adversely affects their businesses and relationships. Unresolved conflict stops development.

The action research project resulted in the workshops being provided, one to understand and manage conflict, another to build capacity. The findings from the interviews and the focus groups indicated that these steps would assist in resolving conflict. Of importance was that the workshops were conducted in isiZulu and that the participants were encouraged to draw upon their own cultural values – Ubuntu – which were compatible with the theories presented on peacebuilding, peace education, and education for peace. The length of time it took to give the workshop was also significant as workshops of this nature tend to be very short with insufficient time for the participants to learn and to discuss. Throughout the

## **CHAPTER FIVE:**

### **CONCLUSIONS AND RECOMMENDATIONS.**

#### **5.1 Introduction**

This chapter discusses the main findings of the whole study with reference to the main aim and objectives of the research study as depicted in Chapter One. The beginning chapter introduced the research topic, demonstrated its significance, provided its South African context and outlined the whole thesis. Chapter Two presented the review of literature and described the nature, extent, causes and consequences of conflict. The next chapter, which is Chapter Three, provided the research approach, research design, data collection methods and data analysis methods. Chapter Four provided the findings with particular reference to specific aims as per the introduction including the intervention to immediate conflicts.

#### **5.2 Conclusions of the study**

The rapid change in the way a business is run, forced by the introduction of information technology, brought many changes in our lives and our culture. The change in this world is affecting our culture and the style of living including the standard of living. South Africa is coming from two brutal government systems, i.e. colonialism and Apartheid. After the Apartheid government, there is a new South African government and it came with its new changes including democracy and the need for development. Rural development introduced the establishment of cooperatives in the rural areas, which has been an evolutionary process. Many political and economic changes have occurred in the world during the past years and have forced changes in every sectors of the global economy. Cooperatives are part of this revolutionary change as it is meant to give rural people a chance to start and own business as groups.

The researcher reviewed literature, which he presented in Chapter Two. Literature revealed that there are many contributing factors to conflict, like conflict among members, capacity, personal-positional power, lack of confidence and maturity, gender, structure, assets, management and conflict of interest, interdependent conflict, capitalistic structure and financing, governance structure, knowledge interaction and selected organizational structure. These conflicts are associated with the potential conflicts of interests between shareholders and non-shareholders, as well as financial limitations the current capital structure could represent for international growth plans, creating a “thin democracy” because of global capitalism. This is what Marx and Engels (1978:155), said:

“The development of theory of ownership that Marx has sketched makes him to conclude that, the development of productive forces come with the stage when these forces and means of relations to production are brought to being, which under the existing order are causing conflict and they stop to be productive but are destructive forces”.

Rural cooperatives are often established and supported through quick turn-around funding, not for development. There is inadequate training of rural people in regards to the Cooperatives Act and capacity building in terms of management. Hence, everyone wants to participate in the financial management of the cooperative regardless of the lack of financial management skills (Philip 2003). The integration that took place in South Africa after 1994 was a peaceful one; people cooperated but people were not empowered and currently there is a lack of rural development. Because blacks were denied the opportunities for development, many inequalities still exist in South Africa (Galtung, 1985:145). Furthermore, people were made to believe by the transnational corporation media networks that neoliberal capitalism had all the answers and can overcome any crisis (Satgar 2014). Aggett (2010:49) said that he “viewed South Africa democracy as a ‘thin democracy’, because citizens are permitted a limited participation in decision- making”. This influence from capitalism has taken root in countries, especially African countries coming out of colonialism or Apartheid and this led to a thin democracy. Conflict is created from the top to the bottom.

### **5.3. Research findings**

Through questionnaires, focus group discussion and in-depth interviews the researcher identified the following:

- Training of members was inadequate in terms of how to run or manage cooperatives;
- The agencies did not offer orientation in terms of the Cooperatives Act. The agent registered cooperatives without proper coaching or assistance to capacitate them well as cooperative members;
- There was good evidence of mismanagement of funds;
- Not enough understanding of the officer function within the cooperative leads to conflict around the positions held;
- There is a boss/top-down or autocratic style of management, which is the antithesis of a cooperative;
- Lack of respect amongst members as there is no respect in terms of division of labour;
- Some members are not working as hard as others are and are involved in gossiping about others;
- They are not keeping business records of the items bought;
- The elders do not respect the youth members hence trust is broken;
- There is a mentality of self-serving and self-interest as opposed to group interest leading to greediness;
- The Local Economic Development officials never visited the area;
- The members of the cooperatives are not dealing with the conflict and resolving it, but keep on bringing grudges to the meetings;
- Members are angry at one another;
- No market for cooperatives created by government officials hence their products are sold within the community;
- Cooperatives in this area are failing to alleviate poverty as they sometimes are not paid.

The significant findings of this study are those conflicts can be between groups of members within the organization and with different vested interests. Conflict arises when board members vote for their individual interests, not for the best interest of the cooperatives. Another finding was that the cooperative members do not understand the Act and therefore find it difficult to follow its objectives. There is a low standard of education in some of the members. Members were not trained about how to run and manage their cooperative. The

relevant registering agent simply took their names and did not teach them the implications of the Co-operatives Act. Further, maintaining grudges stemmed from the lack of resolution of conflict. Other issues were in personal and positional power, lack of confidence and maturity, structural and ownership of assets challenges. Given the inability of the members to analyse and manage conflict, such conflicts continued to harm the cooperative. Conflict resolution techniques were lacking.

Cooperatives are facing a number of challenges arising out the lack of education in peace building. It has been observed that conflicts within cooperatives occur because of inability to analyse conflicts and apply peaceful conflict resolution techniques to such situations. As noted in the literature review, the following can cause conflict between a manager and a cooperative board: the low standard of education in some of the members. Members were not trained about how to run and manage their cooperative. The relevant registering agent simply took their names and did not teach them the implications of the Co-operatives Act. Further, maintaining grudges stemmed from the lack of resolution of conflict. Other issues were in personal and positional power, lack of confidence and maturity, structural and ownership of assets challenges. Given the inability of the members to analyse and manage conflict, such conflicts continued to harm the cooperative. Conflict resolution techniques were lacking. If these members were educated, they would have policies in place to deal with conflicts in their cooperatives. It is clear that in these cooperatives there is no drawn-up Code of Conduct or confidentiality control.

This study investigated the nature, extent causes and consequences of conflicts among members of cooperatives. It has been shown, based on the response of the literature review, questionnaires, and focus groups that:

- There is a low standard of education; as a result, there is an improper handling of funds, as they are not keeping business records.
- There is no respect in terms of division of labour; hence, there is much interference in each other's positions.
- Some members are not working hard like others and are busy discussing business issues with the members of the public.

The current democratic government inherited an apartheid education system, which among other things, was not meant to provide complete development of an individual but which was based on providing inferior education to the African child. It appears that the current

democratic state has not yet managed to create a paradigm shift from the previous apartheid system which was dictated by the capitalist theory of dependant development and the culture of serving self-interest as opposed to the group interest, therefore, perpetuating greediness. Hence, cooperatives members are facing a number of challenges arising out the lack of education in conflict resolution and an inability to analyse conflicts and apply peaceful conflict resolution techniques to such situations.

## **5.6. CONCLUDING RECOMMENDATIONS AND REMARKS**

The responses from the participants demonstrated that there is a need for the Act to be translated into African languages; the workshop on the Co-operatives Act was conducted in IsiZulu. Each cooperative must formulate a code of conduct in order to be able to deal with ill-discipline among them. The code of conduct will help the respective cooperatives to deal with the attitudes from members and staff. They must learn that in business, you respect a member even if he or she is younger than you are. Age should not be used to discriminate members because in the cooperatives, members are to be equal.

The department of Trade and Industry (DTI) need to play its role. Registered Cooperatives default out of lack of support from the department and as noted above, the agents did not educate or teaches them about running a business. The Department of Trade and Industry must visit the rural areas to check how the cooperatives are functioning. The local Economic Development Officials and Ward Councillors must come closer to these rural cooperatives as they have potential to alleviate poverty in the area.

During the focus groups discussions, the researcher observed that the elders were still angry about their low level of education. Members need to learn to accept and forgive. Because to be less educated is not their fault that they are not educated but is the way things were taken and accepted in 1930 to 1940s. The results of being angry is making them to manage by boss style approach. The only way forward is adding peace education and education for peace to the Co-operatives Act and training.

The second one will be education for peace as it was established through focus groups and from the face-to-face interviews: that there is an element of anger and boss style management as compared to democratic management. Therefore, we must educate them in order to have peace. I failed to reach all the cooperatives in these two wards. Therefore, I did not obtain

their views and these calls for further study in the areas the researcher did not cover. Budget and time constraints limited the researcher to complete all the planned research.

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## ANNEXURE A

### CONSENT TO RESEARCH LETTER

**TO: WHOM IT MAY CONCERN:**

**RE: PERMISSION TO CONDUCT RESEARCH**

This is to say that I do give permission for Bongani Innocent Mkhize to conduct research in the

Name of Organization Physical Location of  
Organization\_\_\_\_\_

I understand that this research is part of a fulfilment of Bongani Innocent Mkhize's Master's Degree at the Durban University of Technology, School of Public Management And Economics. The details of the respondents and their answers are strictly confidential and will not be distributed or shared with third party without written permission from each respondent. The researcher will not share respondent's information or responses without written consent signed by the respondent. Bongani Innocent Mkhize (the researcher) considers the research to be of benefit to organization who participated in this research.

The title of Bongani Innocent Mkhize's dissertation is: Improving Conflict Resolution in Cooperatives: A study in the Vumengazi Authority at Umlazi

Thank you.

\_\_\_\_\_  
Signature of Chairperson

Date Signed

## **ANNEXURE B**

### **Letter to the respondent**

DURBAN UNIVERSITY OF TECHNOLOGY

SCHOOL OF PUBLIC MANAGEMENT AND ECONOMICS

FACULTY OF MANAGEMENT SCIENCES: DURBAN UNIVERSITY OF  
TECHNOLOGY

Researcher: B.I. MKHIZE

(TELEPHONE NUMBER 0835121600 mail:bonganiinnicent@gmail.com)

Supervisor: Dr. Sylvia Kaye

Cell: 0720703603

DATE \_\_\_\_\_ 2014

Dear Participant

### **INVITATION TO PARTICIPATE IN THE RESEARCH**

#### **Research Title: Conflicts within Cooperatives in South Africa**

We cordially invite you to participate in the research study entitled “Conflict resolution in cooperatives: A study in the Vumengazi authority at Umlazi.” Ideally should operate in the South African context, with specific reference to the handling and resolution of conflict. Based on a sample of four cooperatives, we aim to identify the nature, extent causes of consequences of conflicts, to assess the effectiveness of existing provision for conflict resolution and their method of practice. We also intend to plan and implement an intervention aimed at resolving these immediate conflicts and to provide a foundation for the resolution of future conflict.

Participation in the study is voluntary, confidentiality and we will preserve the identity of participants. Should you have any query or concern in regards to participating in this study, please contact the researcher or the supervisor through the contact details we have provided. Completing the questionnaire will take between fifteen and twenty minutes. There are no right and wrong answers but your honest opinion will be appreciated .Please take time to complete the questionnaire and be frank and honest with your answers.

We thank you in anticipation of your participation and contribution.

# ANNEXURE C

## QUESTIONNAIRE

### RESEARCH PROGRAM TITLE: REASONS CONFLICT EXISTS IN COOPERATIVES

**Researcher:** B. I. Mkhize (Telephone Number: 0835121600:

Email:bonganiinnicent@gmail.com)

**Supervisor:** Dr. Sylvia Kaye

School of Economics and Public Management

Faculty of Management Sciences: Durban University of Technology

Please complete this voluntary questionnaire based on: “the case study of the causes of conflicts in cooperatives at the EThekweni Wards 84 and 100”.

Please be frank and honest in your answers

Complete the questionnaire by pen and please do not revise your initial answers.

### SECTION A:

#### INFORMATION ABOUT YOURSELF

1. What is your gender? (Please tick the relevant box)

<i>Female</i>	
<i>Male</i>	

2. What is your age?

<i>20-30</i>	
<i>31-40</i>	
<i>41-50</i>	
<i>50 and above</i>	

3. Race

<i>Black</i>	
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<i>Coloured</i>	
<i>Indian</i>	
<i>White</i>	

4. Level of education

<i>No formal education</i>	
<i>Primary education</i>	
<i>Secondary education</i>	
<i>Tertiary education</i>	
<i>Other, please specify</i>	

5. Position in your organisation

<i>Executive member</i>	
<i>Manager</i>	
<i>An Office Bearer</i>	
<i>An ordinary member</i>	
<i>An ordinary employee</i>	

6. Size of your cooperative

<i>Below 5-10 members</i>	
<i>Between 10 20 members</i>	

7. Explain how you founded the cooperative?


8. What were the reasons for you to form the cooperative? Explain



9. Have you received training as part of skill development to manage cooperative?

<i>Yes</i>	<i>No</i>

10. If not, what do you think is the role of the Department of Trade and Industry in this regard?


**SECTION B**

**CONFLICT IN COOPERATIVES**

1 How often do you encounter conflict in your cooperative?

<b>Not at all</b>	<b>Very Rare</b>	<b>Rare</b>	<b>Often</b>	<b>Very often</b>

2 If it is very often, what in your view are the causes for conflict in you?

<b>1.</b>
<b>2.</b>
<b>3.</b>
<b>4.</b>
<b>5.</b>
<b>6.</b>

7.
8.

3 What type of conflict? Please explain

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**SUCCESS RATE FOR CONFLICT RESOLUTION**

4 How can you measure the success rate in terms of resolving conflict and bring about peace in your cooperative?

Low	Very low	High	Very high

**UNDERSTANDING OF THE 2005 CO-OPERATIVES ACT**

Very High	High	Low	Very low	

5 If it is low, do you think that this is one of the reasons, which can cause conflict in the cooperative?

Yes	No.

**DEMOCRATIC PRINCIPLES IN COOPERATIVES**

6 Does your cooperative practice democracy?

Yes	No

7 If not, what are the reasons preventing the practice of democracy in the cooperative?

1.
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2.
3.
4.
5.

8 Explain the process used to appoint members to current positions


9 Was there any contestation for positions during the elections?

Yes	No.

**SECTION C.**

**TRANSPARENCY IN FINANCIAL MATTERS WITHIN COOPERATIVES**

1 Did you receive training on the issue of finance?

Yes	No

2 Do you believe that there is transparency in the finance side of the cooperative?

Yes	No.

3 Explain how the money is used /distributed shared among members in your cooperative?



## ANNEXURE D

### FOCUS GROUP DISCUSSION POINTS

- 1) What do you like about cooperatives?
- 2) What do you understand about the word conflict?
- 3) What do you understand about conflicts within the cooperative?
- 4) Did you ever encounter conflicts in your cooperative?
- 5) Are those conflicts combatable?
- 6) When you are experiencing conflict, what do you do to resolve the conflict?
- 7) How do you feel if the conflict was not resolved?
- 8) Do you have plans in place to handle conflicts in your cooperatives?
- 9) What are the causes of conflicts?
- 10) What are the consequences of conflicts within your cooperative?
- 11) Do you think the existing plan for conflict resolution is effective enough to resolve conflicts within the cooperatives?
- 12) How do you deal with conflict within your cooperative?
- 13) Do you think that the provision for conflict resolution and its practice is good and effective to deal with conflicts?
- 14) Do you know how the cooperatives working according to South African law
- 15) Do you understand the intention of South African government of introducing cooperatives?
- 16) Do you understand the Co-operatives Act?
- 17) What problems do you experience in your cooperative?
- 18) Which part of Co-operatives Act you do not understand?
- 19) If facing problems in your cooperative, which do you consult, your co-partner or the Department of Trade and Industry.
- 20) What do you think will help you and your partners to understand the Co-operatives Act better?
- 21) What is your home language?
- 22) DO you understand, speak and write English?
- 23) What are those languages?
- 24) Do you think that your background or your level of education is affecting the growth of your cooperative?

- 25) What do you understand about the word peace?
- 26) Do you like peace?
- 27) Do you think involving peace education in the cooperative training can help the cooperatives in resolving conflicts amongst themselves?

**ANNEXURE E:**

**FACE-TO-FACE (CLARIFICATION) INTERVIEW, WITH  
EACH PARTICIPANT**

1 Do you know and understand the Co-operatives Act?

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2 What is the role of the department of Trade and Industry?

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3 What role does SEDA play?

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4 What do you think can help your cooperative and your co-partner to understand the Co-operatives Act?

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5 What is your standard of education?

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6 Do you understand, speak and write English?

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7 Have you ever encountered conflicts in your cooperative?

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8 What kinds of conflicts you normally encounter in your cooperative?

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9 What are the causes of conflicts in your cooperative?

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10 How do you deal with conflict in your cooperative?

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11 Is there any code of conduct in your cooperative to deal with ill-discipline?

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12 How do you feel if the conflict is not resolved?

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13 What are consequences of conflict within your cooperative?

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14 Have you ever heard about peace education?

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15 Do not you think that involving peace education in the cooperative training can help cooperatives quickly resolve conflict on their own?

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16 If it can happen that, you get a chance to ask for help, what types of help would request.

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**ANNEXURE F:**  
**FINANCIAL QUESTIONS IN THE CAPACITY BUILDING**  
**WORKSHOP**

**Yield per Area: How much we can harvest and earn from an area of land we have?**

Crop name: Cabbage

Land area	10m2	100m2	1000m2	1ha
How much we can harvest	30	250	2500	5000
What we will earn	R170 000,00	R340 000,00	750 000,00	R1,500,00
Input costs	R50 000,00	R100 000,00	R300 00	R600 000,00
Our profit	R120 000,00	R240 000,00	R450 000	R900 000,00

**Cash record/season statement**

item	Money in	Money out
Capital	R20 000,00	
Savings	R28000,00	
Loan	R50 000,00	
Growing costs	R100 000,00	
Pipes	R15 000,00	
Sales	R 200 000,00	
End of season balances	298 0000,00	115 000,00
Total money in	298 000,00	
Minus total money out		-115000 ,00
End of season cash	R183000,00	

**Market: Selling to our chosen markets.**

## Types

- We want to grow for a high level market like big supermarkets? yes
- We want to grow more cash crops? yes
- We want to supply the local supermarkets, local tuck-shops and local stores? yes
- We want to focus on supplying local individual customers? No, we want to grow and supply the local supermarkets, tuck shops and stores.

## Market research

- We grow more than we need but it is not easy to sell what we have? Yes
- We need to find out what people in this area will buy? Yes
- We need to visit the shops and spazza and ask them what they need. Yes
- We need to find new markets for our produce? Yes
- Who are we competing with around us? Yes, we need to be aware of our competitors.

## Market supply

- We cannot always tell people exactly how much we can supply and when it will be ready? yes
- If we came together as farmers and sold together we could get better prices? Yes
- If we as farmer come together we can get big contracts? Yes
- We need to organise ourselves so that we don't compete with each other? Yes
- What are the others in other provinces costing for the same product? Yes, we need to be known so that we will sell according to South African price market.

## Customer relations

Our customers complain that our prices change all the time? Yes, it is because we don't count the stock in advance.

People outside our area don't know about us ? Yes, it's because we have isolated ourselves.

We don't know how many customers we have? Yes, it's because we don't have a data for our customers.

We lose customers because we don't have regular selling times? Yes, because we did not plan as to what type of produce we must plant and on which time and we don't know when it will be ready for use.

### **Market standard and quality control.**

The standard of most markets are too difficult to meet? Yes, it is because we did not undergo to any courses for quality and quantity control.

We don't really understand what market standard means? Yes, it is because we only use our vernacular/indigenous knowledge. We need training on that.

We don't have a way to check quality? Yes, and this is costing us a lot because we depend on the customer quality Checker.

Do we need assistance on this? Yes, we need assistance so that we will know from the start about our production quality before we even engage the customers.

Which customers pay the most per item?

Local community,

Local shops,

Individuals bulk buyers,

Supermarkets Supermarkets because they buy in bulk,

Niche markets e.g. Organic/fair trade or

Export?

Both individuals bulk buyer and Supermarkets

### **Decision making agreement.**

What are some of the decision we need to take? Affordability. Increasing selling prices or decrease it

Who can make these decisions? Members of the cooperative in the meeting with management

How to capture the decisions? Keeping records of the meetings and income and expenditures for the previous years.

How many members must be present to make a decision? Three third majorities

How to we make urgent decisions? By calling an urgent board meeting.

### **Sales Records.**

How much we sell in a week? 20 bags of potatoes.

How much we sell in a month? 80 + bags.

How much we sell in a season? 960 + bags

How much money we earn in a season? R28800

How much we pay for inputs in a week? R250,00

How much we pay for inputs in a month? R1082,00

How much we pay for inputs in a season? R12990.00

### **Year summary**

How much we sell in a year	R28800.00
How much we earn in a year	R128800.00
How much we pay for inputs in a year	R12990.00
Our year's profit (income –expenses)	
	$R28800.00 - R12990.00 = R15810.00$

### **Setting Goals Agreements**

1. What are your goals? To be one of the commercial farmers in South Africa.
2. How often do you look at your goals? Every three months.
3. How often you look at setting goals? Every month.
4. Who sets your co-op goals-how do you decide? We set our goals in the annual general meeting and it is set by members.
5. How do you measure that they have been achieved? By comparing income and expenditure.
6. What happens if they are not achieved? We seat down, talk about it and strategized.
7. How do you set new goals? By revisiting our last goals, remove the negative issues and add to the positive ones.

### **Skills that we need. Product knowledge**

- We want to know more about farming the crops and stock that we have? Yes
- We want to grow new products and need training? Yes
- We need to find out more dealing with about pests and diseases control? Yes
- Some of our products fail and we don't know why? Conduct research

### **Production planning.**

We can plan for new season but we need to plan for longer? Yes, but it will depend on whether we made profit or not.

We need to work out our input amounts for each product and what they cost? Yes

We need to know our field sizes and what we will harvest from each field? Yes, so that we can supply different products.

We need to set production targets and stick to them? Yes, so that we can meet our demand and supply.

### **Costing.**

We don't know which crops can give us the most money? Yes, because we did not do market research before starting the business.

We never know what price we will get for our products? Yes, since are depending on the customers to say what quality is our product is on.

We need to work out if it is worth it to process our products? Yes, this is evaluation and it will help us to know which product is on demand.

We need to work out if we can afford to bring in more people? Yes, but after evaluation process.

### **Organising.**

We need to make time to find customers and contracts? Yes

We spent too much time talking .We need to have an agenda at work planning meetings? Yes

We need to meet and plan all the things we need to do if we want to sell on contract? Yes

We need to agree in the tasks that must be done and what each person will do? Yes

We never have a task list so some that means?

**Answer:** Yes, we don't have a business plan and it is killing our business.

Some of our members say wrong things to visitor's .We need to be clear on our message?

**Answer:** Yes, we lack communication skills.

We need to decide who we need to talk to and prepare before we go and talk to them?

**Answer:** Yes, public relation and we need to have public relation Officer.

We need to agree on who will represent us and what they are can and cannot say?

**Answer:** Yes, as above

### **Governance.**

We need to make clear what we expect our management committee to do? Yes

We need to be clear on who can make decisions? Yes

We need to have regular report backs from our committee? Yes

We need to have an agenda for all our meetings and record all decisions? Yes

### **Check-up Action plans.**

#### **The problems:**

(1).Draught

(2).Late comers to work.

(3). Starting time on duty and time to leave work to go home.

(4).Shortage of material

#### **Our solutions.**

1. We all know that there is a global warming, we must have water tank. We need to save the water from the rain and use it. This means that the building that we have must have guarders and water will go straight to the water tank.

2. We need to be discipline ourselves as members of the cooperative because we don't want to keep on following each other instead of working. Everybody must put in his /her mind that, we start same time eight (8 AM) TO (12PM).We start same time and we leave same.

#### **How we will measure our success.**

3. No one is allowed to take the fertilisers here to his /her home. As from now before we leave, the chair we check all of us that we don't carry any business property to our homes.

#### **Joining agreements.**

### **Who can join?**

Anybody who is possession of identity document but that person must pay the joining fee and must be prepared to work extra hours including weekends and holidays.

### **How do you join-what is the process?**

The person must apply to the chairperson.

The chairperson will report it on the meeting that took place every three months.

The applications will be evaluated by the board members and the board members will select those they deem fit to be a member of this cooperative. Those who qualified will be introduced in an annual general meeting.

### **Is there a joining fee?**

There be a joining fee but the joining fee will be deferred now to those who are joining us now. Reason behind this is because the business has already started is running. The joining fee will be R5000, 00.

### **Will you get your joining fee back if you leave?**

No you cannot get your joining fee if you leave. This is in line with the Co-operatives Act.

### **Meetings agreements.**

Name of meeting	When do you meet?	Who must attend?	Minimum number needed		
Annual general meeting	once a year	all the members	Three	third	majority
Secretary					
Management committee	Every month	Management committee	above		50%
Secretary					
Finance committee	Every three months	Management committee	above		50%
secretary					
farming PLANNING	BEGINNING OF THE SEASON	AND END OF THE SEASON	all		
MEMBERS	above 50%	secretary			

work MEETING EVERY MONTH ALL THE WORKERS ABOVE 50%  
secretary

evaluation ONCE A YEAR managements above 50% secretary

Strategic PLANNINGbeginning OF THE YEAR managements above 50% secretary

Board meetingMonthly board members above 50% secretary

### **Planning a meeting.**

- (a).Select one meeting and draw up an agenda
- (b).Decide how long it should take
- ©.Write an agenda for the meeting
- (d).Name of meeting: work meeting
- ( e ).Time allocated: two hours
- (f).Meeting agenda: Damaging of company property.

### **What is Fair trade?**

It's a trading partnership, based on dialogue, transparency, and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers- especially in South Africa. Fair trade organizations (backed by consumers) are engage actively in supporting producers, awareness raising and in campaigning for changes in the rules and practices of conventional trade (EFTA 2001:24).

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