PARTNERING BETWEEN PRIMARY AGRICULTURAL CO-OPERATIVES AND FOOD RETAIL COMPANIES IN SOUTH AFRICA

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ABSTRACT

This study aimed to investigate partnering between primary agricultural co-operatives (PACs) and food retail companies (FRCs) in South Africa. The South African government views co-operatives as important vehicles for alleviating poverty, and encouraging equity and greater participation by Blacks, particularly communities from rural areas in South Africa. However, PACs throughout the world are facing major challenges as they respond to a more industrialised agriculture, globalisation, and freer trade, and the failure rate of PACs in South Africa is very high. Although some FRCs have a policy of sourcing local goods and supporting local producers, wherever possible, this, however, is balanced with consumer expectations of value, quality and price. As a result of the latter, FRCs tend to source the majority of the agricultural produce from large-scale commercial producers instead of PACs.

The study adopted the pragmatic world view, combining both positivist and interpretivist paradigms as the way knowledge was created, and adopted a mixed method approach, using the combined quantitative (structured questionnaires) and qualitative (focus group interviews and key informant interviews) approaches. The target population comprised of the 493 PACs and the 139 branches of the three largest food retailers in South Africa, namely, Shoprite-Checkers, Pick n Pay, and the Spar Group, that were located in three provinces in South Africa, namely, KwaZulu-Natal, Limpopo, and the Eastern Cape.

Some of the findings from the empirical study revealed that the primary constraints to partnering faced by PACs were limited access to finance; limited access to sustainable markets, as well as lack of governance, management and technical skills. Moreover, a lack of communication and participation by PAC members as well as weak linkages among the activities of the co-operatives pose challenges for FRCs to partner with PACs. By equipping PACs with essential infrastructure, inputs, and equipment, FRCs can assist PACs in improving the quality and quantity of their produce. In addition, partnerships based on shared vision and goals; mutual trust; long-term commitment; adequate resources - material, financial and human - are likely to be successful.

The study culminated in the development of a conceptual model for facilitating sustainable partnering between PACs and FRCs.

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DEDICATION

"Now to Him who is able to do immeasurably more than all we ask or imagine, according to His power that is at work within us".
(Ephesians 3:20 NIV)

I dedicate this work to my parents, and particularly in memory of my coach, cradle, supporter, and my beloved mother

Thiyephi Bertina Nene (ukaMthethwa)
1928-2013

who believed in my abilities and dreams.

"We are like dwarfs on the shoulders of giants, so that we can see more than they, and things at a greater distance, not by virtue of any sharpness of sight on our part, or any physical distinction, but because we are carried high and raised up by their giant size"
(Bernard of Chartres, 1130 AD)

Nyambose, you will always be remembered.

PLAGIARISM DECLARATION

1. I know and understand that plagiarism is using another person's work and pretending it is one's own, which is ethically wrong.

2. This thesis is my own work and has not been plagiarised.

3. I have appropriately referenced the work of other authors that I have used.

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LIST OF ACRONYMS AND ABBREVIATIONS

AIDS	Acquired Immune Deficiency Syndrome
BBBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
BMR	Bureau of Market Research
BPM	Business Process Management
CAGR	Compound Annual Growth Rate
CIPC	Companies and Intellectual Property Commission
CLARITY	Co-operative Law & Regulation Initiative
CPA	Communal Property Association
CSR	Corporate Social Responsibility
DAFF	Department of Agriculture, Forestry and Fisheries
DBSA	Development Bank of South Africa
DCs	Distribution Centres
DED	Department of Economic Development
DEDEA	Department of Economic Development and Environmental Affairs
DTI	Department of Trade and Industries
EIDD	Enterprise and Industry Development Division
FDI	Foreign Direct Investment
FGI	Focus group interview
FHI	Family Health International
FRC	Food Retail Company
GAIN	Global Alliance for Improved Nutrition
GCI	Global Competitiveness Index
GDP	Gross Domestic Product
GEAR	Growth, Employment, and Redistribution (strategy)
GlobalGAP	Global Good Agricultural Practice
GPA	Gauteng Provincial Administration
HACCP	Hazard Analysis and Critical Control Points
HIV	Human Immuno Virus
ICA	International Co-operatives Alliance
ICEC	International Conference on Engaging Communities
IFC	International Finance Corporation

ILO	International Labour Organization
IMB	International Markets Bureau
IMF	International Monetary Fund
IREC	Institutional Research Ethics Committee
ISO	International Organization for Standardization
JSE	Johannesburg Stock Exchange
JV	Joint Venture
KSFs	Key Success Factors
KII	Key Informant Interview
LDCs	Less Developed Countries
MDGs	Millennium Development Goals
MSE	Micro and small-scale enterprise
NBS	Nimble Business Solutions
NFCS	National Food Control Systems
NGO	Non-governmental Organisation
ODI	Overseas Development Initiative
OECD	Organisation for Economic Co-operation and Development
OGS	Out-Grower Schemes
PAC	Primary Agricultural Co-operative
PWC	Price Waterhouse Coopers
ROE	Return on Equity
SADC	Southern Africa Development Countries
SMME	Small, Medium, and Micro Enterprise
TMCI	Training Mentoring, Coaching, and Incubation
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNIDO	United Nations Industrial Development Organization
USDA	United States Department of Agriculture
VCOSS	Victorian Council of Social Service
WHL	Woolworths Holding Limited

CHAPTER ONE

INTRODUCTION AND OUTLINE OF THE STUDY

1.1 THE BACKGROUND AND CONTEXT OF THE STUDY

Consolidating smallholder farmers into dynamic commercial producing farmer organisations has been a development initiative to enhance these smallholder farmers' negotiating power *vis-à-vis* other players in the agricultural value chain (thebrokeronline.co.uk). The co-operatives present this prospect by unifying and inspiring independent smallholder farmers through working together. The importance of the co-operative sector and its impact around the world continues to be studied and highlighted. However, according to Euricse (2014: 1), the economic and social dimensions were not fully understood and demonstrated. Anyone can become co-operative members, thus enabling the creation of economic chances and broadening the economic sphere, which is one of the objectives of broad-based black economic empowerment in South Africa (South Africa 2003: 2).

Agriculture in South Africa is characterised by a stark bimodal agricultural sector - large and developed farmers (±37 000) and small and resource poor farmers (± 2 million) (DAFF 2016: 2). The South African government regards the endorsement of the co-operatives concept as means of alleviating poverty, and encouraging equity and greater participation by Blacks, particularly communities from rural areas in South Africa's economy (Roelf 2005: 6). Owing to their democratic and independent nature, co-operatives have a potential capacity in poverty reduction and in challenging social marginalisation, and accordingly promoting rural and national development (Wanyama, Develtere and Pollet 2008 cited in Kwapong, Hanisch, and Nkonya, 2012: 55).

In view of the important role played by primary agricultural co-operatives (PACs), as briefly alluded to above, their growth and development should be encouraged. However, the failure rate of PACs in South Africa is high. In consideration of the above, this study investigated the partnering strategies between PACs and the major Food Retail Companies (FRCs) in

South Africa, with a view to developing a partnering model that will enhance the growth and sustainability of primary agricultural co-operatives in the country.

1.2 DEFINITIONS

In terms of this study, the following terms are clarified: partnering; retailing; food retail company; primary co-operative, and primary agricultural co-operative.

1.2.1 Partnering

There is no standard definition of the term 'partnering'. According to Dent (2010: 10), "partnering is the working together of two or more people to accomplish a task, while building a trusting and mutually beneficial relationship". Heinemann and McGrenra (2012: 2) define partnering as a collaborative relationship between institutional actors that combine their complementary strengths and resources, as well as cooperating with each other in a transparent, equitable and synergistic way to achieve a common goal or undertake specific tasks. Fust (2005: 3) defines partnering as a "long-term commitment between two or more organisations, for the purpose of achieving specific business objectives, by maximising the effectiveness of each participant's resources".

For the purposes of this study, the definition of partnering advanced by Fust (2005: 3) was adopted.

1.2.2 Retailing

There is no standard definition of the term 'Retailing'. Singh and Masuku (2014: 84) define retailing as "a distribution channel function, where an organization, purchasing products from supplying firms or manufacturing the products themselves, sells these directly to consumers". According to Stiegert and Kim (2009: 21), food retailing includes supermarkets and "grocery stores (including convenience stores) and specialized food retailers". Retailing consists of the sale of goods/merchandise for personal or household consumption, either from a fixed location, such as a department store or kiosk, or away from

a fixed location and related subordinated services (computers.gourt.com). In commerce, a retailer buys goods or products in large quantities from manufacturers or importers, either directly or through a wholesaler, and then sells individual items or small quantities to the general public or end user customers, usually in a shop, also called store (Fust (2003: 3).

For the purposes of this study, the definition of retailing proposed by Singh and Masuku (2014: 84) was adopted.

1.2.3 The primary agricultural co-operative (PAC)

There is no standard definition of the term 'primary agricultural co-operative'. According to the DAFF (2010: 3), "an agricultural co-operative is a co-operative that produces, processes or markets agricultural products and supplies agricultural inputs and services to its members". Patra and Agasty (2013: 15) define a primary agricultural co-operative as a "voluntary movement of people to carry out a given agricultural activity through a democratically controlled enterprise by pooling together their resources with the purpose of securing certain benefits to the members and promoting certain values such as mutual help, self-reliance, self-management and general good for all". According to South Africa (2005: 11), "an agricultural co-operative is a co-operative that produces, processes or markets agricultural products and supplies agricultural inputs and services to its members".

For the purposes of this study, the definition of a primary agricultural co-operative developed by the DAFF (2010: 3) was adopted.

1.2.4 The food retail company (FRC)

There is no standard definition of the term 'food retail company'. South Africa (2008) defines Food Retail Company as follows: "a juristic person incorporated in terms of the Companies Act No. 61 of 1973, which sells edible goods or merchandise from a fixed location, such as a supermarket or department store, in small or individual lots, for direct consumption by the purchaser". According to Barrientos, Kritzinger, Muller, Rossouw, Termine, Tregurtha and Vink (2005: 24), the food retail sector may include "food manufacturing/processing of fresh agricultural products into more non-perishable products, such as long-life milk and canned fruit and vegetables".

In terms of this study, the definition of Food Retail Company expounded by South Africa (2008) was adopted.

1.3 THE PROBLEM STATEMENT

The apartheid regime actively supported the development of co-operatives in the agricultural sector to develop an economically successful class of white commercial farmers who operated with disregard to the black farmers (Rena 2017: 3). The Land Acts of 1913 and 1936, according to Piesse, Doyer, Thirtle and Vink (2003: 4), was implemented (in conjunction with other regulations) by government in a way that would benefit (white) commercial farmers and not the black population. There are also weak links between the historically white co-operatives and developing black co-operatives (Rena 2017: 10).

In addition to the legislative laws implemented, other measures were also issued to ensure that co-operatives white farmers develop successfully and thrive. For instance, these co-operatives received subsidised loans from the Land Bank (fully known as the Land and Agricultural Bank) that was established in 1912 as well as receiving input supplies and markets for the outputs from the Marketing Act of 1937 and the Cooperatives Societies Acts of 1922 and 1939 (Rena 2017: 3). Cooperatives also face the challenge of deciding the type of business most appropriate for its society. These cooperatives are always faced with the question of deciding the type of business activity that is suited with either public, private or the cooperative sector (Rena 2017: 10).

According to Kumo, Rieländer and Omilola (2015: 2), unemployment and labour relations continue to pose challenges for the country. Unemployment remains high at 24.1% overall, and 64.8% for young people between the ages of 15 and 24 in 2015. As a result of South Africa's high unemployment levels, approximately 16.7 million people live below the poverty line.

Due to their highly democratic and locally autonomous nature, co-operatives have a potentially strong role in reducing poverty and social exclusion, and thus promoting rural and national development (Wanyama, Develtere and Pollet 2008: 16). According to the

Department of Agriculture, Forestry and Fisheries (DAFF) (2010: 13), co-operatives can be instrumental in giving poor women, the youth and other marginalised members of a community a purpose and pride as a result of their financial independence and contribution to the economy of the country. In Denmark, Canada and the United States of America agricultural co-operatives enabled small farmers to reach export markets (International Labour Organization (ILO) (2015: 42).

However, primary agricultural co-operatives (PACs) face major challenges as they respond to a more industrialised agriculture, globalisation and freer trade. According to the EIDD (2008: 19), the co-operatives also face the challenge of educating their members so that they understand and participate in decisions on retaining funds, managing equity, distributing profits and rationalizing business operations. In post-apartheid South Africa, cooperatives appear to be the government's SMME model for driving job creation. Unfortunately, the mortality rates of cooperatives in all sectors is very high with a reported 12% survival rate of cooperatives in general (Muswema, Okem, Von Blottnitz and Oelofse 2018: 3). The failure of cooperatives is attributed to a number of factors, which include the fact that they are started by people who do not have management skills (Tsholoba 2015: 3). According to Aman (2014: 4), the 2012 Turkish action plan notes that the only successful agricultural cooperatives are credit co-operatives, simply because they are large pseudo-corporate enterprises. Aman (2014: 60) further states that co-operatives in Turkey have failed to act collectively as community institutions and political pressure groups. Most successful co-operatives in the world have not evolved in isolation but developed as part of a co-operative movement (Tsholoba 2015: 3).

According to Mkhabela (2010: 3), the primary reasons for the high failure rate among PACs is that PACs in South Africa are mainly producing their crops or animals without determining what prospective buyers really want, and the inferior quality of their produce. Although some FRCs have a policy of sourcing local goods and supporting the local producers, wherever possible, this, however, is balanced with consumer expectations of value, quality and price. As a result of the latter, FRCs tend to source their products from large-scale commercial producers instead of PACs (Reardon 2005: 84). In contrast, agricultural co-operatives in Denmark, Canada, and the United States of America enabled small farmers to reach export markets (International Labour Organization (ILO) (2015: 42).

In consideration of the above, this study investigated partnering between PACs and FRCs, with a view to proposing a model for facilitating sustainable partnering between them, thereby increasing the survival and growth prospects of PACs, and ultimately contributing to a reduction in unemployment and poverty among the rural population in South Africa.

1.4 AIM AND OBJECTIVES OF THE STUDY

1.4.1 The aim of the study

The primary aim of the study is to investigate partnering between primary agricultural co-operatives (PACs) and food retail companies (FRCs) in South Africa, with a view to developing a model for partnering sustainability which would contribute to the growth and development of PACs.

1.4.2 The research objectives

The research objectives are as follows:

- to determine socio-economic benefits of PACs in South Africa;
- to ascertain knowledge, attitudes, and practices among PACs and FRCs with regard to partnering in South Africa;
- to investigate the challenges faced by PACs in South Africa;
- to investigate the challenges faced by FRCs in partnering with PACs;
- to establish the strategies employed by PACs in South Africa to overcome the constraints to sustainable partnering with FRCs;
- to establish the strategies employed by FRCs in South Africa to overcome the constraints to sustainable partnering with PACs;

- to determine the key success factors (KSFs) influencing the sustainability of partnering between PACs and FRCs, and

- to develop an appropriate framework to facilitate sustainable partnering between PACs and FRCs in South Africa.

1.5 THE RESEARCH QUESTIONS

To attain the research objectives outlined above, the study addresses the following research questions:

- what are the socio-economic benefits of PACs in South Africa?

- what are the levels of knowledge, attitudes, and practices among PACs and FRCs with regard to partnering in South Africa?

- what are the challenges faced by PACs in South Africa?

- what are the challenges faced by FRCs in partnering with PACs in South Africa?

- what strategies are employed by PACs in South Africa to overcome the constraints to sustainable partnering with FRCs?

- what strategies are employed by FRCs in South Africa to overcome the constraints to sustainable partnering with PACs?

- what are the key success factors (KSFs) influencing the sustainability of partnering between PACs and FRCs?

- what is an appropriate framework for facilitating sustainable partnering between PACs and FRCs?

1.6 THE SCOPE AND DELIMITATIONS OF THE STUDY

Due to time and cost considerations, this study was conducted among PACs and FRCs in three of the nine provinces in South Africa, namely, KwaZulu-Natal, Limpopo, and the Eastern Cape. In addition, the study was restricted to partnering between PACs and FRCs regarding the supply of fruit and vegetables only.

1.7 THE RESEARCH METHODOLOGY AND DESIGN

A literature study, using secondary sources of information was undertaken with the aim of establishing, assembling and integrating the theoretical basis with regard to partnering between PACs and FRCs. From this study, partnering theories and principles and benchmark practices were used to evaluate the partnering practices between PACs and FRCs in three provinces (KwaZulu-Natal, Limpopo, and the Eastern Cape) in South Africa. Secondary information sources included academic books, and journals pertinent to the study. In addition, other supplementary sources related to the topic, namely, magazines, newspaper reports, and organisations' reports, were also consulted.

The study adopted the pragmatic world view, combining both positivist and interpretivist paradigms as the way the knowledge was created, and adopted a mixed method approach. The target population comprised of the 493 PACs that were located in three provinces, namely, KwaZulu-Natal, Limpopo, and the Eastern Cape. A purposive and criterion sampling strategy was used to draw a sample of 375 of the 493 registered PACs in all three study sites. The target population of FRCs comprised all known and registered branches of the three FRCs, namely, the Shoprite-Checkers Group; the Pick n Pay Group, and the Spar Group that are located within three study sites (three provinces), and totalled N=139. A purposive and criterion sampling strategy was used to draw a sample of 36 branches from the 139 known and registered FRCs located in all three study sites (KwaZulu-Natal, Limpopo, and the Eastern Cape provinces). The sample spread for FRCs was equally divided for all three sites.

Primary data from PACs were also collected using structured questionnaires; focus group interviews, and from key informant interviews, and primary data from FRCs were collected using structured questionnaires and key informant interviews. Quantitative data collected from the surveys were collated, numerically referenced, organized, classified and edited into manageable accessible packages to facilitate the process of data capturing. The Statistical Packages for Social Sciences (SPSS) software, version 21.0 for Windows, was used to analyse data and to conduct the relevant statistical tests. After data were edited and cleansed, they were captured on an Excel spreadsheet for statistical analysis. Descriptive statistical procedures were applied to analyse the preliminary data. Also, there was an imperative to apply statistical inferences about the population from the sample; hence, inferential statistics, which included the use of correlations and chi square test values, were also used.

The study also collected qualitative data using in-depth interviews, and included developing a description of an individual or setting, analysing data for themes or categories. Qualitative data emanating from interviews were analysed by reviewing focus group and key-informant interviews responses, and by categorising these into themes, as well as by scrutinising and comparing data to search for causal relationship, similarities and dissimilarities.

1.8 THE IMPORTANCE OF THE RESEARCH STUDY

To date, limited research has been conducted on partnering between PACs and FRCs and, therefore, this study makes a meaningful contribution towards expanding the body of knowledge regarding partnering between PACs and FRCs, not only in South Africa, but throughout the Sub-Saharan Africa as well. This study will also help to add knowledge about partnering among PACs who are not engaged in any form of partnering, and for PACs and FRCs to perceive partnering in a different context. The implications of the study are important for four main groups: researchers; food retail companies; primary agricultural co-operatives, and practitioners and policy makers, and the reasons thereof are outlined hereunder.

1.8.1 Researchers

Refining extant theory and building new theory allows advancement of current understandings and opens new possibilities for future research. In particular, this study suggests that a more contextualised view on partnering is necessary. The study is important because it identifies and unpacks challenges which hinder partnering between PACs and FRCs. The study clarifies the respective roles of PACs and FRCs in managing and implementing partnering between each other. The study also provides valuable insights into partnering issues; whether partnering can yield synergistic benefits to both PACs and FRCs, as well as into the intrinsic challenges and risks associated with partnering.

1.8.2 The primary agricultural co-operatives

The study provides an appropriate framework to facilitate sustainable partnering between PACs and FRCs in South Africa.

1.8.3 Food retail companies

The study is important to FRCs because more information on partnering will be accessible to them, which should enable them to craft mutually beneficial partnership agreements with PACs, as well as to help them to formulate their corporate social responsibility (CSR) policies to include partnering with PACs.

1.8.4 Practitioners and policy makers

For practitioners and policy makers, the study:

- provides an accessible source of knowledge applicable to FRCs, PACs, and other organisations aiming to develop and sustain their partnering;

- provides useful scientific knowledge that can provide insight and awareness between PACs and FRCs on the importance of having a partnering conceptual framework;

- provides appropriate and applicable information that can be used by local and regional authorities in improving FRCs-PACs partnering, and

- provides practitioners, educators, regulators and policy makers in the food retail sector and primary agricultural co-operative fields with insights into the current and on-going partnering between PACs and FRCs.

1.9 ORIGINALITY AND VALUE

There is no known similar study that has been conducted in South Africa.

1.10 THE STRUCTURE OF THE STUDY

1.10.1 Chapter 1: Introduction and the study outline

The chapter presents a broad outline of the study, *inter alia*, background to the study is presented; some concepts are clarified; the research problem is outlined. The research purpose and objectives are stated. The extent as well as the delimitations of the study are outlined.

1.10.2 Chapter 2: The literature review: Partnering between PACs and FRCs

Chapter 2 examines the concept of partnering; the rationale for partnering, as well as strategic role of partnering in a South African context. This chapter also discusses the basic elements of partnering that influence the ability of PACs and FRCs to partner with each other, and the ways they can enhance and sustain their partnering capacity/relationship. Factors conducive to the facilitation of partnering and factors influencing success in partnering are also discussed. The chapter also analyses the various forms of partnering, as well as the factors facilitating and restricting the adoption of partnering by PACs and FRCs. The chapter concludes by examining partnering between PACs and FRCs in the sub-Sahara African context.

1.10.3 Chapter 3: The literature review on co-operatives

This chapter discusses, *inter alia*, the evolution of PACs in South Africa; the challenges, the challenges faced by PACs in South Africa as well as strategies employed by PACs in South Africa to overcome the constraints to sustainable partnering. The section concludes by analysing the key success factors (KSFs) influencing the growth and sustainability of partnering between PACs and FRCs.

1.10.4 Chapter 4: The literature review on food retail companies

This chapter discusses, *inter alia*, the evolution of FRCs in South Africa; the challenges faced by FRCs in partnering with PACs, as well as strategies employed by FRCs in South Africa to overcome the constraints to sustainable partnering. The section concludes by analysing the key success factors (KSFs) influencing the growth and sustainability of partnering between PACs and FRCs.

1.10.5 Chapter 5: Research methodology and design

In this chapter the data collection methods used; the study design; the target population; the sampling techniques, and the sample size and sample selection is discussed. Finally, an analysis on the research credibility, research validity and reliability is presented.

1.10.6 Chapter 6: Data presentation, analysis and discussion

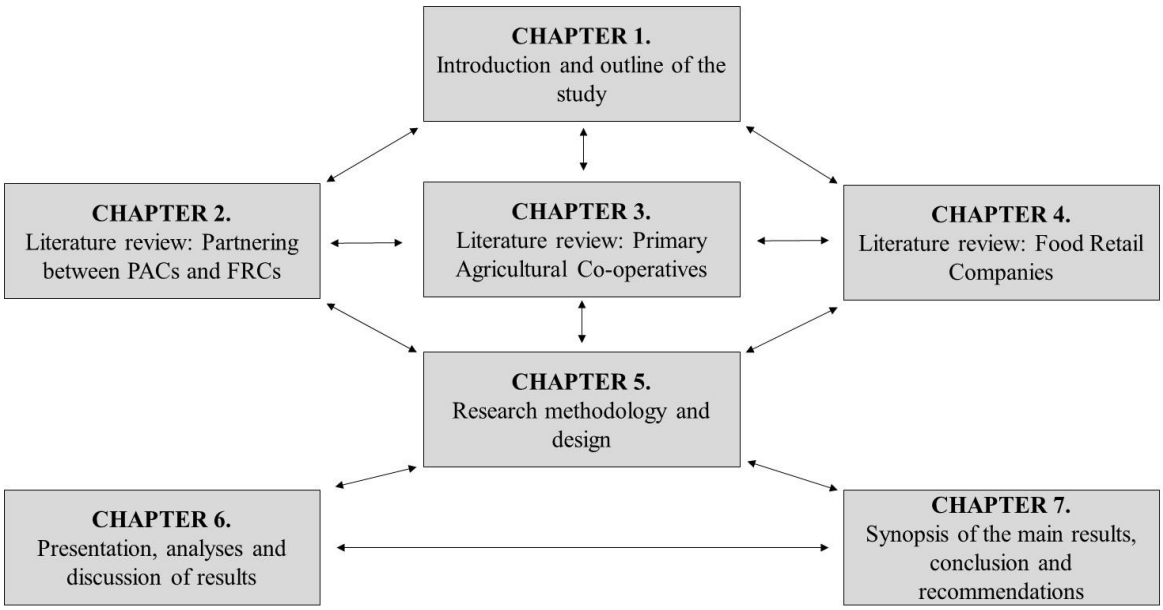
This chapter presents the results of the empirical study in graphical and tabular form. This chapter also analyses the responses and discusses the results by comparing with the results of similar studies conducted elsewhere, and their alignment with the literature reviewed.

1.10.7 Chapter 7: Conclusion and Recommendations

In this chapter, the study objectives are re-stated; the main results of the study are summarised, and conclusions and recommendations are made. In addition, the conceptual framework for effective partnering between PACs and FRCs is presented. This chapter

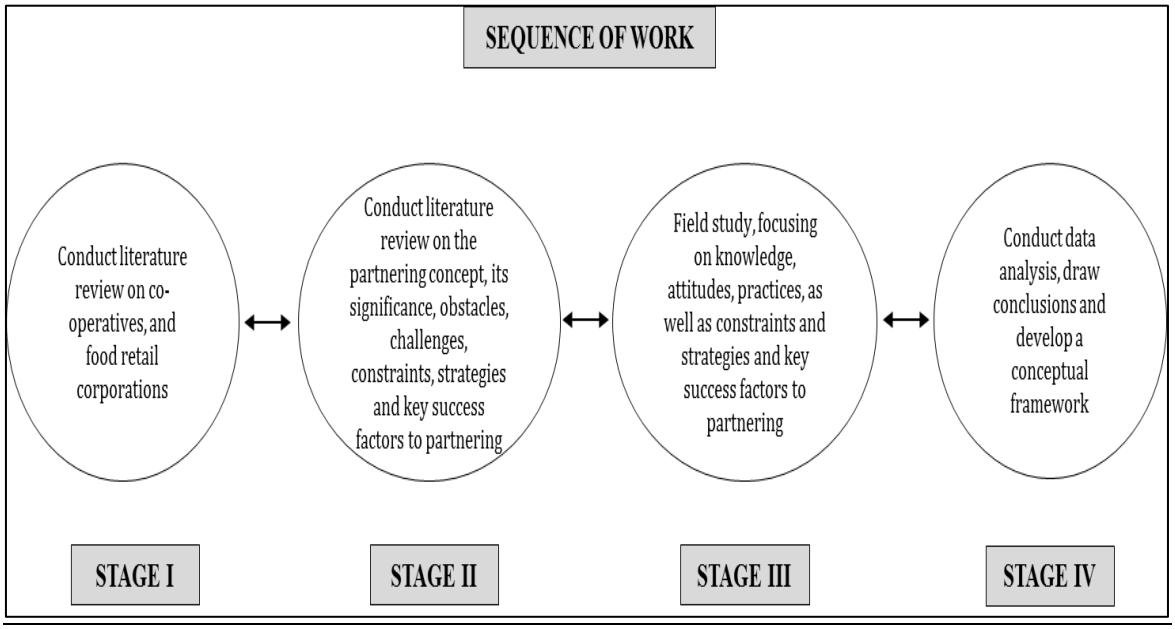
concludes by outlining future areas of research, which are aligned to this study. The flow outline of the study can be summarised as follows:

Figure 1.1: The outline of chapters of the study



This study was structured based on the sequential process as outlined in Figure 1.2

Figure 1.2: The outline of the sequential process of the study



1.11 CONCLUSION

This chapter presented an overview of the study. More specifically, the background to the study as well as the problem statement and the motivation for the study was discussed. In addition to the above, the research gaps, the aim and objectives of the study, as well as the key research questions were outlined. The research methodology and design, as well as the contribution and delimitations of the study were also briefly outlined.

In the next chapter, the literature pertaining to partnering is presented, analysed and discussed.

CHAPTER TWO

PARTNERING BETWEEN PRIMARY AGRICULTURAL CO-OPERATIVES (PACs) AND FOOD RETAIL COMPANIES (FRCs)

2.1 INTRODUCTION

In this chapter, the concept of partnering; the rationale for partnering; the partnering theory, and the evolution of partnering are examined. Thereafter, the partnering life cycle; the various forms of partnering, as well as the strategic role of partnering in South Africa are discussed. Subsequently, the evolution of partnering within the South African context is discussed; the key success factors (KSFs) influencing the sustainability of partnering between primary agricultural co-operatives (PACs) and food retail companies (FRCs) are outlined; the partnering frameworks pertinent to PACs and FRCs are examined, and the ways in which PACs and FRCs can enhance and sustain their partnering capacity/relationship are also discussed. Finally, partnering between PACs and FRCs in the African context is discussed.

In the following section, the partnering concept is explored.

2.2 WHAT IS 'PARTNERING'?

This section explores the concept of partnering - comparing selected partnering definitions and examining partnering characteristics. The term "partnering" is a generic term; hence, there is no universal definition tailored to partnering between PACs and FRCs. In the ensuing discussion several definitions of the term "partnering" shall be presented.

Haley and Shaw (2001: 46) contend that 'partnering' as a concept, tends to mean different things to different people in different situations, at different times. According to Anvuur and Kumaraswamy (2007: 225) partnering is variously defined by its outcomes or the

processes involved in its implementation. The authors contend that partners share the risks, responsibilities, resources and benefits of that collaboration and learn from it through regular monitoring and review. Nyström (2005: 473) states that a single/uniform definition does not exist for "partnering", concluding that this was due primarily to the lack of a guiding theory on partnering as an entity.

The Business Dictionary defines 'partnering' as establishing a long-term win-win relationship, based on mutual trust, teamwork, and on sharing of both risks and rewards, the objective of which is to focus on what each party does best, by sharing financial and other resources, and establishing specific roles for each participant. According to Dent (2010: 10), partnering is the working together of two or more people to accomplish a task while building a trusting and mutually beneficial relationship. Love, Irani, Cheng and Li (2002: 2) state that partnering is synonymous with strategic alliances. Heinemann and McGrenra (2012: 2) define partnerships as collaborative relationships between institutional actors that combine their complementary strengths and resources and work together in a transparent, equitable and mutually beneficial way to achieve a common goal or undertake specific tasks. Partnering, according to Fust (2003: 3), means a long-term commitment between two or more organisations, for the purpose of achieving specific business objectives, by maximising the effectiveness of each participant's resources.

According to Wong and Cheung (2005: 70), partnering is a set of strategic actions that deliver vast improvements in organisational performance. The authors concur that partnering is a formal management process in which all parties to a project voluntarily agree at the outset to adopt a co-operative, team-based approach to project development and problem resolution to eliminate, or at least reduce, conflicts, litigation and claims. Stobart (2010: 9) perceives a 'partnership' as a two-way process where two or more parties give and take core ideas as well as available resources to a central pool in a way that resources are used co-operatively by partnering organisations to implement individual target projects or joint venture projects. The SAP-AG (2007: 9) sees partnering as a competitive weapon that business enterprises can use to improve business performance. Partnering is considered as a relationship type that has to be defined and targeted at the start of a learning process, leading to previously agreed objectives and involving collaboration and sharing of resources, either tangible or intangible (Bygballe, Jahre and Sward 2010: 239).

From the afore-mentioned definitions, the following characteristics of ‘partnering’ can be synthesised:

- it is a process;
- is voluntary;
- is a risk-sharing exercise;
- mean different things to different people in different situations, at different times;
- is collaborative;
- is synergistic;
- is guided by a mutual common goal and common objective(s);
- arises from need;
- involves people, organisations and society as a whole;
- depends on the strategic fit between the partners involved;
- invokes change;
- is not a quick fix solution, but a long-term process that requires investment of time;
- is driven from the inside and requires ownership, and
- strengthens existing capacities to ensure sustainability.

As outlined above, there are several definitions of the term 'partnering', and for the purposes of this study, the definition of "partnering" presented by Fust (2003: 3) was adopted, namely:

> *"Partnering means a long-term commitment between two or more organisations, for the purpose of achieving specific business objectives, by maximising the effectiveness of each participant's resources".*

For parties to engage in some form of business partnership, there are reasons for the two parties to engage into such partnership. The following section explores the rationale for partnering.

2.3 THE RATIONALE FOR PARTNERING

In this section, the rationale for partnering is discussed. The discussion will explore potential benefits for partnering which include, *inter alia*, ease of market entry; shared risks; shared knowledge and expertise, as well as synergy and competitive advantage.

Organisations enter into partnerships for different reasons and lengths of time. Partnering allows business enterprises to establish strategic relationships with their suppliers and trading partners in order to set mutually beneficial goals and share business processes and information. Heinemann and McGrenra (2012: 1) affirm that partnerships are a central tenet to get to grips with complex, rapidly changing issues related to agricultural and rural development; and also, they are a necessity if it is to achieve greater outreach and expanded impact in terms of rural poverty reduction, with limited resources.

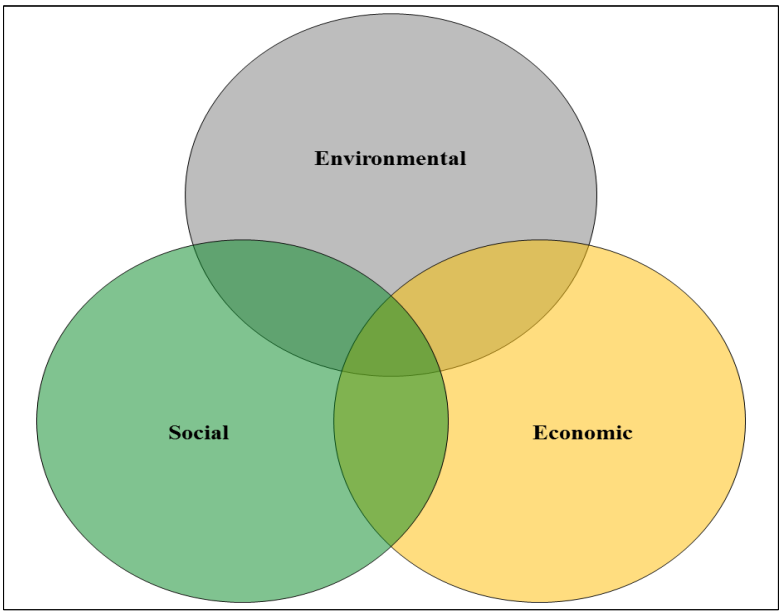
Partnering is also driven by a clear understanding of mutual objectives and co-operative decision-making by a number of firms who are all focused on using feedback to continuously improve their joint performance (Flanagan and Mohan 2013: 3). Appropriate decisions linked to partner selection and alliance governance positively affect the likelihood of success of every alliance (Kale and Singh 2009: 50). According to Stobart (2010: 4), organisations need to develop close, mutual relationships and also to develop greater clarity

in terms of the purpose and nature of individual partnerships, and of their overall approach to partnerships in practice, especially where minimal funding is involved.

According to Nikoloyuk, Burns, and de Man (2010: 60), organisations do not enter into partnerships because of a business interest for the business partners only, but also because of a gain in terms of the goals of the partnering parties, for example, realising social or ecological aims and standards. The authors cite an example of environmentally or socially motivated organizations who represent the ‘‘interests’’ of ecology, workers, affected populations, and so forth. According to Stobart (2010: 4), such partnerships for sustainability imply that organisations can achieve more by working with partners rather than on their own despite any differences in activities or beliefs.

Partnering is based on a firm’s simultaneous pursuit of economic prosperity, environmental quality, and social equity, which Elkington (1999), cited in Bekele, Bosona, Nordmark, Gebresenbet and Ljungberg (2012: 374), calls the “Triple Bottom Line”, which is reflected in Figure 2.1 below.

Figure 2.1: Triple bottom line parameters



Source: Bekele *et al.* (2012: 374)

Partnering results from a need. According to Peyton, Moseley, and Battersby-Lennar (2015: 4), the rise of supermarkets in Southern and Eastern Africa has prompted a shift away from a niche market for the rich toward a factor in lower income household consumption patterns. According to the Sustainable Agriculture Initiative Platform (SAIP) (2015: 12), partnering with farmers is the most important aspect in any sustainable agriculture programme. There is a need to "connect" the value chain, and for all value chain stakeholders to work together in a climate of trust, in order to make the much needed changes in sustainability possible.

Partnering may be explained by several distinct driving forces. There is a general tendency towards diverse forms of cooperation, in particular, in supply chains (from very loose *ad-hoc* coalitions to formalized joint ventures). According to Nikoloyuk *et al.* (2010: 62), a key force to partnering is the globalization of business activity and a tendency to outsource anything that is not core business. While globalization and specialization contribute to lower costs and higher flexibility, they also create risks of a loss of control, resulting in weak quality control and an insecurity of products and supply. Nikoloyuk *et al.* (2010) cite the following as reasons for working with partners:

- greater impact through working with others in similar field/ vision;
- complementarity;
- unite efforts, resources and advocate to influence policies and exchange information;
- promotes ownership and responsibility;
- reduces risk of dependency;
- builds capacity;
- ensure mutual knowledge transfer and learning;
- move towards sustainability (ability to adapt to changing conditions), and

- greater potential to improve reach, scope and accessibility of services.

According to Išoraite (2009: 4), there are four potential benefits that businesses may realise from strategic partnerships: ease of market entry; shared risks; shared knowledge and expertise, as well as synergy and competitive advantage, and these shall be briefly outlined below.

2.3.1 Ease of market entry

According to Išoraite (2009: 4), advances in telecommunications, computer technology and transportation have made entry into foreign markets by national and international firms easier, thereby offering benefits such as economies of scale and scope in marketing and distribution. The author further contends that the cost of entering an international food retail market may be beyond the capabilities of a single firm but, by entering into some form of partnership or strategic alliance with an international firm, it will achieve the benefit of rapid entry while keeping the cost down. As a result, choosing a strategic partnership as the entry mode may, according to Išoraite (2009: 5), overcome the remaining obstacles, which could include entrenched competition and hostile government regulations. Phambuka-Nsimbi, Makgosa, Themba and Iyanda (2015: 19) state that for small local retailers the challenge is to identify mechanisms for coping with intense competition, and one way of doing so is by opting for cooperation or collaboration amongst themselves or by entering into joint ventures with foreign retailers.

2.3.2 Shared risks

Risk sharing is another rationale for undertaking a co-operative arrangement - when a market has just opened up, or when there is much uncertainty and instability in a particular market, sharing risks becomes particularly important. According to Pârvu and Voicu-Olteanu (2009: 189), through partnering, the skills and assets of each partnering party are shared in delivering a service or facility for the use of all parties. In addition to sharing the resources, Pârvu and Voicu-Olteanu (2009) state that each party shares the potential risks and rewards in the delivery of the service and/or facility.

2.3.3 Shared knowledge and expertise

According to Pârvu and Voicu-Olteanu (2009: 198), most firms are competent in some areas and lack expertise in other areas. As such, forming a strategic partnership can allow ready access to knowledge and expertise in an area that a company may lack. The information, knowledge and expertise that a firm gain can be used, not just in the joint venture project, but for other projects and purposes. The expertise and knowledge can range from learning to deal with government regulations, production knowledge, or learning how to acquire resources.

2.3.4 Synergy and competitive advantage

Achieving synergy and a competitive advantage may be another reason why firms enter into a strategic alliance. According to Barney (1991 cited in Chkanikova 2016: 34), a firm is said to have a sustained competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy. Compared to entering a market alone, forming a strategic partnership becomes a way to decrease the risk of market entry, international expansion, research and development, and so forth (Išoraite 2009: 6). Competition becomes more effective when partners leverage off each other's strengths, bringing synergy into the process that would be hard to achieve if attempting to enter a new market or industry alone (Išoraite 2009: 6).

In retail, entering a new market is an expensive and time consuming process. Forming strategic partnerships with an established company with a good reputation can help create a favourable brand image and efficient distribution networks. Even established reputable companies need to introduce new brands to market. According to Išoraite (2009: 6), smaller companies can achieve speed to market quicker than bigger, more established companies.

The above review has demonstrated that there are mutual benefits to partnering. In the following section, the evolution of partnering within the South African context - tracing the evolutionary trends and a background to the partnering concept is discussed.

2.4 THE EVOLUTION OF PARTNERING WITHIN THE SOUTH AFRICAN CONTEXT

There is no known accurate date when partnering started in Southern Africa. Partnering process between parties in South Africa was facilitated, in part, by trade liberalization and private development promoted in the Government's Growth, Employment, and Redistribution strategy. This strategy, according to Peyton e*t al.* (2015: 4), is based on a neoliberal premise that development should aspire to transformation towards a competitive outward-oriented economy; promotes liberalization through tax-incentives; increased trade and investment flows, and relaxation of foreign exchange controls.

According to Gilbert and Jenkins (2014: 1), in the Sub-Saharan history, the interaction between the public and the private sector has too often been approached as a zero-sum game where one's gain is the other's loss. The authors contend that from the 1960s to the early 1980s, many Sub-Saharan African countries adopted more state-led development, frequently regarding markets and private businesses with scepticism and at times even trying to stifle them. The rise of partnerships, according Marais (2010: 1), stems from the 1970s during which period efforts towards public-sector development dominated local economic efforts, and the 1980s when the emphasis was on the private sector as an agent of development.

Since the 1980s, international organisations and developing countries have also become more aware of the developmental role of small enterprises from both economic and social perspective, inclusive of rural and peri-urban sectors where farming and post farming activities prevail (Regnier 2009: 1). Then from the 1990s to the 2000s, according to Gilbert and Jenkins (2014: 1), the pendulum swung to the other extreme. Under reforms inspired and financed by the International Monetary Fund, World Bank, and some donors, the public sector was seen as the impediment to economic efficiency and growth (Gilbert and Jenkins 2014: 1).

According to Ashley and Haysom (2006: 3), there have been calls for a shift from the philanthropic form of assistance to the creation of symbiotic and synergistic relationships, as the philanthropic form of assistance was seen as failing to be an effective tool to alleviate

poverty. The authors posit that there has been a change of mindset from doing good to finding a win-win situation in which big businesses actually generate profit by doing good.

In the next section, a few partnering theories will be discussed.

2.5 THE THEORIES ON PARTNERSHIPS

Effective partnering concepts are normally based on a scientific theory or theories, and the discussion hereunder will focus on two theories of partnering, namely: the transaction cost theory, and the resource-based theory. According to the transaction cost theory, which was formulated by Williamson (1985: 45), as firms strive to balance cost (efficiency) and control (protection) issues, a mix of hierarchies and markets will emerge to manage the transaction. The transaction cost theory, according to Hughes and Beasley (2008: 54), is governed by three components: asset specificity, small numbers of transactors, and imperfect information. Nyström (2005: 5), a proponent of the transaction cost theory, states that partnering is seen as a way to facilitate the reaching of more pareto-efficient allocations, by lowering transactions costs for renegotiations, through trust and reciprocity.

The resource-based theory represents an alternate view of entry mode choice that accentuates resource accumulation as a possible source of enduring competitive advantage for firms (Penrose 1958). This view of the firm rests on two assumptions for analysing competitive advantage: First, firms may be heterogeneous with respect to the resources they control in the sense that they develop or accumulate resources differently over time because of their own unique histories. Second, many resources are imperfectly mobile, such as valuable land or access to unique raw materials, and can lead to sustained differences (heterogeneity) between firms that actually can grow over time (Barney 1991: 779). These resources can include tangible components such as plant, machinery and skilled personnel and intangibles such as reputation, specialized know-how of production processes, marketing expertise, and trade industry contacts (Wernerfelt 1984: 176). The lack of unique, inimitable resources drives a firm's decision to seek external sources of assets that can provide a way for the firm to achieve competitive advantage (Nelson 1991: 64).

In the next section, the development stages of partnering in South Africa are examined.

2.6 THE PARTNERING LIFE CYCLE

According to the Victorian Council of Social Service (VCOSS) (2009: 1), partnering goes through different stages of development and growth, and these are similar to the stages that any team is likely to go through, as people come together to achieve common goals. The following sub-section examines the five stages of partnering, namely, forming, storming, norming, performing, and adjourning.

2.6.1 Stage 1: Forming or 'assessing'

The partnership is a group of individuals coming together. This newly formed partnership is characterised by members who are extremely polite or silent, with minimum initiative or commitment shown. According to Wilcox (2004: 2), this stage is typified by the following characteristics:

- a partnership may recognise that who started the partnership will influence its initial style of operation and this may need to change;

- the spark for starting a partnership may be, for example, funding, but may not be enough in itself to keep the partnership together in the longer term, and

- a partnership may reflect from the outset on whether potential partners need a substantial partnership, or a lighter or shorter-term arrangement.

2.6.2 Stage 2: Storming or 'exploring'

Part of the process of being able to work together may involve working through conflicts and differences, either by raising and resolving them or by agreeing to move on and around them. Some issues may be fundamental to the partnership, for example, resourcing, that must be dealt with. This stage is characterised by:

- strong opinions, vying for position or authority, adjusting to meeting process and resource issues;

- reviewing what is already happening in the field, and who's who in a partnership;

- looking at other partnership projects and programmes for ideas, and

- getting to know one's partners, their styles of working and preferred means of communicating (Wilcox 2004: 4).

2.6.3 Stage 3: Norming or 'initiating'

The partnership will usually develop a set of common understandings and operating procedures that will enable productive activity to commence. According to Wilcox (2004: 4), the initiating stage may include the following activities:

- running a 'visioning' workshop to share understanding of problems, projects and activities to meet one's goals;

- setting up interim arrangements for making decisions, staffing, administration and project management, and

- developing a business plan that includes training and support for partners as well as project development, funding, staffing, constitution or partnership agreement.

2.6.4 Stage 4: Performing or 'committing'

Wilcox (2004: 5) contends that the committing stage is a mature partnership phase, and it is the optimum point in the partnering life cycle. During this stage, according to Wilcox (2004: 5), goals are achieved; there is balance of control and flexibility, and the partnership has refined its core business, and the partnership still has room to grow, and change is embraced. This stage requires robust processes and innovation to keep the partnership alive, which, according to Wilcox (2004: 5), may include the following activities:

- developing and starting projects;

- paying attention to all stakeholders involved with the project planning and implementation, and

- involving others outside the core partnership where, they have a stake in projects and/or partners' overall programme.

2.6.5 Stage 5: Adjourning or disbanding

According to Išoraite (2009: 6), partnership termination involves winding down the partnership, for example, when the partnership's objectives have been met or cannot be met, or when a partner adjusts priorities or has re-allocated resources elsewhere. The author contends that the benefits of partnering during the disbanding stage must have allowed each partner to achieve the following objectives:

- to concentrate on activities that best match their capabilities;

- to learn from partners;

- to develop competences that may be more widely exploited elsewhere, and

- attain the adequacy and suitability of the resources and competencies of an organization for it to survive.

According to Išoraite (2009: 8), partnering arrangements are no longer a strategic option but a necessity in many markets and industries. The author posits that dynamic markets for products and technologies, coupled with the increasing costs of doing business, have resulted in a significant increase in the use of partnerships. While the stages in the partnering life-cycle have been compared with those of group/team development, they may differ in practice, depending on the form and shape the partnering process takes, and also the partnering life-cycle is dependent on the types and nature of potential partnering parties. However, not all partnerships progress according to the life-cycle model discussed above.

The presence of certain factors positively contributes to the success of partnering, and these are discussed below.

2.7 THE KEY SUCCESS FACTORS (KSFs) INFLUENCING THE SUSTAINABILITY OF PARTNERING BETWEEN PACs AND FRCs

According to Oyedele (2013: 3), identification of the key success factors (KSFs) for any project would help the potential partnering parties to obtain its goals in the most cost-effective way, and with the highest quality of service possible.

Gates (2010: 9) describes KSFs as those functions, activities or business practices, defined by the market, and as viewed by the customer, that are key to the vendor-customer relationship. The KSFs are the limited number of areas in which results, if they are satisfactory, will ensure successful competitive performance for the organization (Rockart 2011: 85). Rockart (2011) further defines these factors as areas where things must go right, and as key areas where favourable results are absolutely necessary if management goals are to be reached, and, therefore, should receive constant and careful attention from management. The key success factors that positively contribute to the success of partnering are discussed below:

2.7.1 Economic viability

According to Zatar (2014: 27), there are four main methods used for economic viability evaluation, namely: payback period, net present value, discounted payback period, and internal rate of return methods. However, new probabilistic and statistical methods were developed because of partnering projects' long lead time and long operation period with various uncertainties, which bring risk into capital investment evaluation decisions. Economic viability depends on different factors, such as:

- long term demand for the service offered by the project;
- sufficient profitability of the project to attract lenders, and

- limited competition from other projects (Zatar 2014: 27).

While the economic viability of partnering is essential for the success of partnering arrangements, assessment of a partnership formation needs to take cognisance of the imbalances and inconsistencies that may arise when assessing potential partners from different economic backgrounds and scale. Economic viability of a partnership is based on the understanding and adoption of shared goals and vision between the potential partnering parties (Zatar 2014: 28).

2.7.2 Shared goals and vision

Businesses enter into a range of external partnerships - strategic alliances, joint ventures, co-marketing, out-sourcing and customer/supplier relationships, and as businesses refocus on core business competencies, these partnerships are important. Manley, Shaw and Manley (2007: 3) state that the partnering key success factors include shared goals, open communication, a mutually agreed upon strategy, and a conflict management process that avoids costly and adversarial litigation. According to Basden (2009: 2), a good partnership is not about sponsorship; neither is it about corporate social responsibility (CSR), but it is about having a shared vision, believing in that vision, being committed to it and investing in it.

According to Wilcox (2004: 1), for the partners to achieve something they could not do alone, they may aim to pool skills and other resources. To do this, the author contends that the partners need to have a shared vision of their goals, and a way of working together which realises this ambition. This may involve a long-term formal structure, or a shorter-term agreement. According to Hofer, Knemeyer and Dresner (2009: 144), successful working partnerships are marked by coordinated actions directed at mutual objectives that are consistent across organizations, and are guided by effective planning, organising, directing, coordinating, and control.

According to Hunt (2013: 4), effective engagement is a sustained process that provides stakeholders with the opportunity to actively participate in decision making from the earliest stage of defining the problem to be solved. The process must continue during the development of policies - and the programs and projects designed to implement them - and

the evaluation of outcomes. While acknowledging the unequal power relationships between parties, Holmes (2011: 13) states that participation in decision-making is at its best when it results in the joint determination of outcomes and confers legitimacy upon them.

Partnerships help drive market share, sales, and product adoption while maximizing return on assets and return on investment (SAP-AG 2007: 10). According to Mehrjerdi (2009: 128) to ensure optimum performance, business enterprises must work to reduce costs, accelerate operation, and improve quality both in their own processes and in their partner organizations. The author adds that by gaining cross-company visibility and control, companies can identify and pursue opportunities for supply chain improvements.

Every partnership must strike a balance between establishing enough common ground to hold the partnership together and ensuring enough diversity to allow for complementarity of roles. When working in a partnership, Sterne, Heaney and Britton (2009: 8) contend that it is important to consider how the relationship fits/interacts with the on-going work of each partner organisation, and the capacity that is required of each party to make the relationship work. In addition to defining shared purpose, partners should also be allowed to explore their divergences, discuss to what extent it may be necessary to agree to disagree and explore in what ways differences (even conflicts) between them can contribute to achieving their common goals (Malena 2004: 10).

The strategic fit represents cooperation, congruency, mutual goals, and joint interest. A firm drives linkages or exchanges with other firms to fulfil its strategic needs, partnership requirements, or it concentrates its limited resources on core competencies in order to effectively exploit outside resources (Ryu, So and Koo 2009: 498). The strategic fit is related closely to concepts of complementary balance, mutual benefits, harmony, and dependency.

Bygballe, Jahre and Sward (2010: 240) conclude that partnering requires changing traditional relationships to a shared culture without regard to organizational boundaries. Partnering among PACs and FRCs requires on-going planning, development, and evaluation. Shared goals and vision are regarded as the cement that is required to bind the partnering relationships between PACs and FRCs. Comparing the goals and vision of potential partnering parties can assist in offering synergistic understanding of respective

potential partners, thereby enhancing chances of partnering success. The mutual goals and vision, in turn, are dependent on mutual trust and commitment (Bygballe *et al.* 2010: 240).

2.7.3 Mutual trust

Trust is a necessary condition for effective partnerships (Dhillon 2009: 697). Projects that rely on joint ventures between two or more actors need not only to ensure trust but also each part has to be trustworthy. This suggests that when partnership is born out of, or created through a positive social capital engagement, it is likely to expect positive outcomes. For partnering to be effective, there must be transparency leading to trust, whereby there is honesty and openness without hidden agendas, and there must be perceived mutual benefit for the partners. Searle, Den-Hartog, Weibel, Gillespie, Six, Hatzakis and Skinner (2011: 1070) regard trust as the decision to rely on another party (i.e. person, group or firm) under a condition of relational risk with the expectation of, at least, a neutral, if not a positive, outcome. Trust can also be regarded as a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behaviour of another (Lazar 2000: 72).

According to Radziszewska-Zielina (2010: 510), the partnering relationship should be based on trust, dedication to common goals and understanding each other's individual expectations and values. Trust, according to Zillifro and Morais (2004: 161), is the willingness to rely on an exchange partner in whom one has confidence. Creating trust among organisations is a basic requirement for them to quickly join their efforts in the dynamic formation of a goal-oriented collaborative network, in order to respond to market opportunities, and thus commit themselves to the established collaboration. Trust and commitment, according to Trim and Lee (2008: 225), are pre-requisites for successful partnering. Mutual trust is the confidence of partners that the other will behave in a predictable manner without acting against the partner.

Building open, trust-based relationships is the key to successful partnership development (Trim and Lee 2008: 223). Trust may not be present at the beginning, but needs to be cultivated over time. If it cannot be established or is lost, the partnership is unlikely to be sustainable. Trust between two organisations dynamically evolves over time. Partnering parties need to understand that once a partnership arrangement is entered into, a hybrid

organizational culture will emerge. The partnering parties open their information, knowledge and assets to their partners.

Trust, according to Al-Hassan (2012: 7), is decisive for continuity of a relationship. Msanjila and Afsarmanesh (2011: 523) state that a key challenge for the establishment of partnership among organisations is the selection of trustworthy partners for the purpose of fulfilling opportunities. The authors further state that the inter-organisational trust needs to be rationally analysed and supported with formal reasoning at the early stages of the collaborative network. In this regard, Simpson (2007: 264) concludes that relatively little is known about interpersonal trust development, for the reasons outlined hereunder:

- trust is a complex, multidimensional construct, making it difficult to operationalize, measure, and interpret;

- trust can be construed in different ways, and it might have variant importance at different stages of relationship development;

- trust emerges and changes in situations that are difficult to observe and study, and

- trust and goodwill in a relationship can easily be replaced by doubt and distrust (especially if either party has had negative prior experiences).

2.7.4 Long-term commitment

Commitment, according to Leung and Chan (2007: 114), implies a determination to try for a goal or to keep trying for a goal, irrespective of whether the goal is assigned, anticipative or set by the participant(s). Dude (2012: 21) differentiates amongst three forms of commitment: affective, normative, and continuance commitment. According to the author, affective commitment refers to an individual's desire to be part of the organization; normative commitment refers to an individual's obligation to be part of the organization, and continuance commitment refers to an individual's need to be part of the organization. The author emphasises that these three facets should be considered together and not as types of commitment. Chang, Al Bahar and Zhao (2012: 303) concur with the above sentiment,

and view partnering as a long-term commitment between two or more organizations for the purposes of achieving specific business objectives by maximizing the effectiveness of each participant's resources.

Vanpoucke and Vereecke (2014) affirm that commitment may be described as the willingness of buyers and suppliers to exert effort on behalf of the relationship, which may occur in the form of an organization's time, money, facilities, etc. These types of resources are often referred to as 'asset specific' resources, since they are directed specifically towards the other party. Msanjila and Afsarmanesh (2011: 518) aver that commitment is the extent to which one organisation believes the trust relationship is worth to maintain and promote, and that the two dimensions of commitment are continuance, which refers to a certain line of action, and affective, which is an emotional orientation. The authors further contend that commitment has consistently been identified as an important variable in understanding partnering. The influence of top decision makers is essential in a partnering proposition; hence, support from senior officials of potential partnering parties is crucial.

2.7.5 Top management support

Commitment and support from top management has always been regarded as a pre-requisite for successful partnering projects. According to Mitchell (2007: 19), successful partnership is possible if there is commitment from top management. Support from top management is important as it facilitates the provision of adequate resources to form the partnering team (Mistry and Davis 2009: 219). As senior management formulates the strategy and direction of business activities, their full support and commitment are critical in initiating and leading partnering spirit (Dikmen, Birgonul, Ozorhon and Eren 2008: 1016). Having established economic viability; shared goals and vision; mutual trust; long-term commitment, and top management support, there is a necessity to also assess the availability of, and accessibility to adequate resources.

2.7.6 Adequate resources

The partnering process requires a variety of skills and technology from different participants, therefore complementary resources and expertise is essential to strengthen the competitiveness and partnering capability of the partners (Dikmen, Birgonul, Ozorhon and

Eren 2008: 1015). In a business partnership, two parties leverage their assets (resources, capabilities, expertise, client base etc.) for the mutual benefit of both (Maingi and Okoth 2007: 1).

While the nature of partnerships varies, at the core they have one central theme - to pull together the people and resources needed to achieve what both (or more) parties could not achieve alone (Mistry and Davis 2009: 6). Project participants must have the ability to provide the best resources for the project and be able to work collaboratively and co-operatively (Walker, Hampson and Peters 2002: 84). According to Msanjila and Afsarmanesh (2011: 528), more organisations are ready to share the resources, knowledge and skills they have, which are scarce in the market, as well as their profits, to be involved in more business opportunities and to be able to share their risks and potential losses. The authors contend that organisations realise that acting together can enhance their competitive power and thus improve their chances of acquiring more and better business opportunities. Vaughan-Dick and Mackey (2011: 9) assert that business partnering is not just about the services a partner delivers, but the relationships cultivated with the business and the performance culture a partner promotes.

For partnering to be successful, PACs must be interested in the evolving set of opportunities implicit in the bundle of services and commitments embedded in the contractual relationship (Gonzalez-Vega, Chalmers, Quiros, and Rodriguez-Meza 2006: 13).

2.7.7 Effective communication

Trafford and Proctor (2006: 121) state that organisations function better if communication is open; if relationships are based on mutual understanding and trust; if relationships are co-operative rather than competitive; if people work together in teams, and if decisions are reached in a participative way. The SAIP (2015: 14) cites the purpose of communication between all project partners as to:

- inform all partners about the project's goals and progress;
- ensure that all partners agree with key decisions made throughout the project;

- listen to and acknowledge opinions, suggestions and criticism, and

- maintain interest in the project and ensure its long-term success.

According to the Sustainable Agriculture Initiative Platform (SAIP) (2015: 18), good communication is essential to the project's success as it keeps all partners aligned, accounts for any challenges which may arise, avoids conflict and misunderstanding, boosts motivation and assists in decision-making. Das and Teng (1998 cited in Al-Hassan 2012: 37) identified the following reasons why effective communication between partners is essential for successful partnering:

- open communication among partners is regarded to be an indispensable characteristic of trusting relationships;

- communication facilitates the process in which firms collect evidence about their partners' credibility and trustworthiness, and

- communication enhances building trust, since it provides the basis for continuous interaction to develop common values and norms among partners.

According to Trafford and Proctor (2006: 121), power differences; gender differences; physical surroundings; language, and cultural diversity are the main barriers to effective communication between partnering organisations.

2.7.8 Ability to compete

Co-operatives, according to Karlson (2005: 1), are forced to pursue competitive strategies in response to structural and environmental changes in the marketplace. The agricultural co-operatives must function in a strong competitive environment on behalf of their members, and they must have the ability to oppose the threats of such an environment. For agricultural co-operatives to be able to operate successfully in such a competitive environment, the understanding and active support of members is most important. Kenkel and Park (2011: 1) posit that co-operatives may operate under unique challenges in financial

management, governance, strategy and communication, thereby impacting on their ability to compete with large commercial farmers.

Bäckstrand (2006: 2) states that regardless of origin, size, or trade, it has become increasingly important for all companies to improve their competitiveness, and one way to achieve this is to interact with other companies in their supply chain: this results in a mutual relationship. Anvuur and Kumaraswamy (2007: 226) state that partnering provides a promise of cooperation in an industry setting where commercial pressures traditionally encourage reticence, caution and even adversarial relationships.

Clustering small-holder farmers into groups is a useful way of aggregating output for the market and reducing the costs of supplying inputs and credit, making them more competitive with large farms (Hazell 2012: 6). Suitably organized and managed, such clusters can also provide a useful channel and enforcement mechanism for entering into collective contract arrangements with corporate agribusinesses and financial institutions. According to Bovaird (2004: 207), partnerships can contribute to competitive (or collaborative) advantage in three very different ways:

- by providing economies of scale (and perhaps critical mass) in the provision of certain services or activities;

- by providing economies of scope (or, stated differently, the ability to exploit more fully the complementary capabilities and competences which exist in the partner organization) in the provision of certain services or activities, or

- by providing opportunities for mutual learning between the partners (which may be intended to lead to a long-term dynamic process or interchange or to expedite a transitional process by which one or more partner catches up with the more advanced partners).

2.7.9 Effective conflict resolution techniques

Conflict, according to Mhando (2014: 138), is an inherent part of human society because human existence is itself contradictory. The author contends that if conflicts are not resolved

and a group is denied its ability to achieve its ends, hostility, which is a result of frustration, may develop. Although conflict is usually depicted as totally negative, this is not always the case. Conflict can yield constructive (positive) or destructive (negative) outcomes, based on how it is handled by the parties involved (Mhando 2014: 138).

Naoum (2006: 4) stipulates that one of the defining features of a successful partnering arrangement is the existence of a mechanism for problem resolution. According to Mustaffa and Hashim (2007: 2), effective dispute resolution procedures are essential in partnering. According to Sterne *et al*. (2009: 16), the success or failure of a partnership is not pre-determined simply by the context, the strengths and weaknesses of the participants, or their similarities or differences, the enormity or complexity of the shared task or even the resource constraints, but by how the challenges and opportunities are handled.

Due to the discrepancy in goals and expectations, disputes often arise between the parties. Conflict resolution techniques, such as coercion and confrontation are counterproductive and fail to reach a win-win situation (Sterne *et al.* 2009: 18). Conflicting parties often look for a mutually satisfactory solution, and this can be achieved by joint problem solving in order to seek alternatives for problematic issues. Mhando (2014: 152) concludes that although conflicts cannot be avoided, they can yield undesirable outcomes if they escalate beyond a certain point.

2.7.10 Affordability, value for money and risk transfer

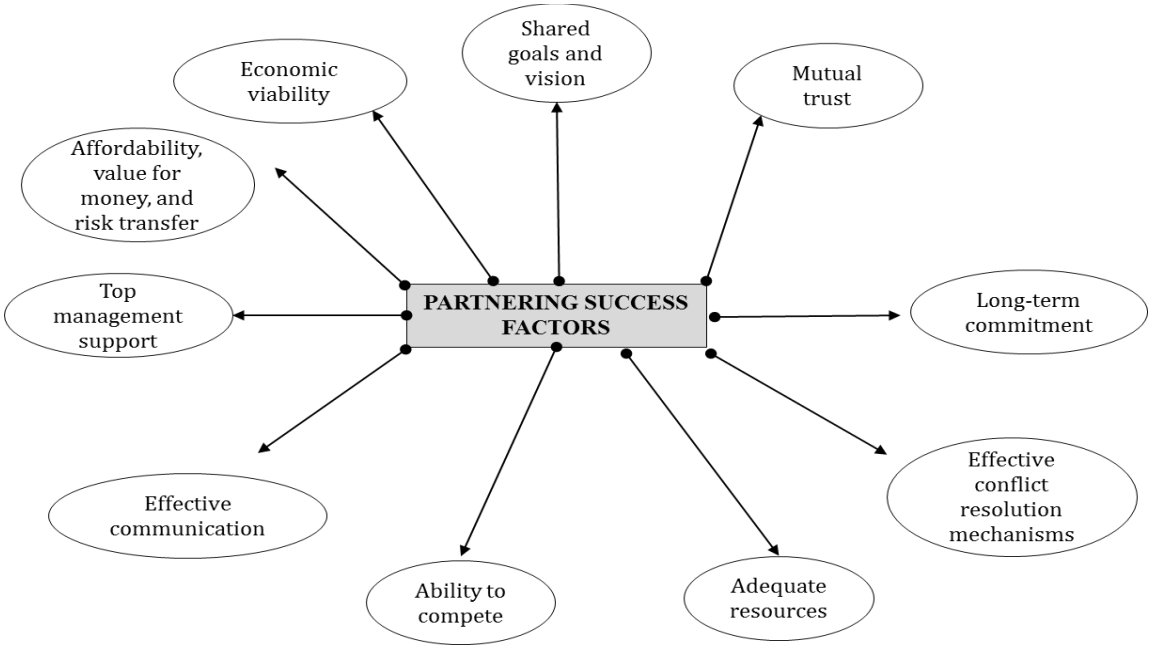
A partnering initiative is said to be affordable if its expenditure can be accommodated within the budget constraints of all partners, and be assumed that such partnering initiative can be sustained in the future (Adekilekun 2014: 43). According to the author, the partnering parties should determine whether the proposed partnering initiative can be conveniently accommodated within the current level of its expenditure and revenue. If the outcome is in the affirmative, then such partnering initiative passes the test of affordability.

Grimsey and Lewis (2007: 135) define “Value for Money” (VFM) as the optimum combination of whole life cost and quality (or fitness for purpose) to meet the requirements of the users. Adekilekun (2014: 43) states that Value for Money (VFM) must be the primary objective of the partnering initiative. A partnering initiative is said to be affordable if it

increases VFM. Any partnering initiative should be able to demonstrate that potential partners will get value in return for the money they are parting with. Adekilekun (2014: 43) mentions six major determinants of value for money, namely: competition; risk transfer; performance measurement; the long term nature of the contract; private sector skills and incentives.

Key success factors and future scenarios are useful augmentations to strategic planning efforts. According to Gates (2010: 35), the KSFs illuminate an organization's present situation and potential future, and contribute to a robust strategic planning framework. Based on the discussion above, the key success factors for partnering are graphically represented in Figure 2.2 below.

Figure 2.2: Factors influencing partnering success



The above review of the factors contributing to the success or failure of partnering are not exhaustive; other explanations are also offered in the literature. The next section examines partnering frameworks pertinent to PACs and FRCs, by discussing various partnering models.

2.8 THE PARTNERING FRAMEWORKS PERTINENT TO PACs AND FRCs

According to Price Waterhouse Coopers (2013: 4), a business model (framework) can be defined as the chosen system of inputs, business activities, outputs and outcomes that aims to create value over the short, medium and long term. Vermeulen and Cotula (2010: 14) state that while some companies (supermarkets, for instance) may be particularly efficient at partnering along the value chain, others may acquire a distinct comparative advantage in using alternative forms of sourcing agricultural goods and related services. Although the resurgence of agricultural investment in Africa has the potential to create jobs and raise rural incomes, achieving these benefits, however, depends upon whether or not commercial buyers and PACs can discover mutually beneficial ways to work together. A study conducted by the TechnoServe in 2011, on enhancing the profitability of out-grower schemes, found that without land tenure or productivity-enhancing inputs, PACs cannot easily transition from subsistence farming to market-oriented production (TechnoServe 2011: 2).

According to Vermeulen and Cotula (2010: 3) there are two approaches to business modelling that can be used to structure agricultural investments in lower- and middle-income countries. There is the preferred partner model approach, which, according to Schultz (2012: 1), is the most popular partnership approach, under which a partnering company pre-selects a limited number of partners to partner with. The preferred partner arrangements often include lower pre-established rates among the qualified providers, so the cost reductions are built-in, and the proposal and contract management process is faster and simpler (Schultz 2012: 1). The second approach, according to Vermeulen and Cotula (2010: 14), is an inclusive business modelling approach which encompasses a wide range of arrangements, such as shared ownership of key assets, formalised joint ventures, profit-sharing arrangements, contract farming or local content schemes, community land leases and management contracts, or local service agreements.

Vermeulen and Cotula (2010: 16) contend that business models are considered to be more inclusive if they involve close working partnerships with local landholders and operators, and if they share value among the partners. Some models involve large-scale farming, but with closer involvement of local landholders. The following sub-sections with analyse partnering models pertinent to PACs and FRCs.

2.8.1 The contract (out-grower) farming

Freguin-Gresh and Anseeuw (2012: 1) define contract (out-grower) farming as a form of vertical integration between agricultural producers and buyers (exporters, agro-processing companies or retailers at the end of the value chain). Freguin-Gresh and Anseeuw (2012) state that this type of contract farming, which is concluded between growers and buyers/processors directly influences production decisions as the buyers/processors specify the obligations of the agricultural producer in terms volume, value, quality, and price; provide specific inputs, and exercise some control at the point of production (i.e., a division of management functions between contractor and contractee).

Out-grower models, according to TechnoServe (2011: 2), offers the means by which both the buyers (FRCs) and the farmers (PACs) can meet their objectives by sharing economic risks and rewards. The out-grower schemes are diverse, not only with regard to the products grown, but also in their structure and management.

Saenger, Qaim, Torero and Viceisza (2012: 3) state that processors and wholesalers, who are looking for new and efficient ways to source high quality raw material, have embraced contract farming as one approach to coordinate supply chain relations. PACs may contract as individual co-operatives or associations. Often, by forming groups and collectives, individual farmers are able to increase their bargaining power. In some cases, the buyer may provide technical assistance to contracted farmers, advance production inputs, and/or arrange for transportation (Pultrone 2012: 277).

According to Oya (2012: 1), contract farming is the most common form of contractual relationship for many high value crops, though it still remains quantitatively small in much of Africa. The introduction of contract farming (CF) and out-grower schemes (OGS), first by the transnational agribusinesses, and later, by parastatal organisations and local companies, has led to the promotion of cash cropping and thereby, commercialisation of agriculture in many less developed countries (LDCs), particularly those in Africa and Latin America (Senanayake 2011: 1).

Since small-holder-based contract farming schemes are not easily implemented, and may take years to set up, a long-term business commitment may be an indispensable pre-

requisite. According to Felgenhauer and Wolter (2009: 3), once initial constraints are overcome, out-grower schemes provide firms with the opportunity to control supply while helping farmers improve production standards. Felgenhauer and Wolter (2009: 3) contend that both the firms (FRCs) and the farmers (PACs) stand to gain under the small-holder production system.

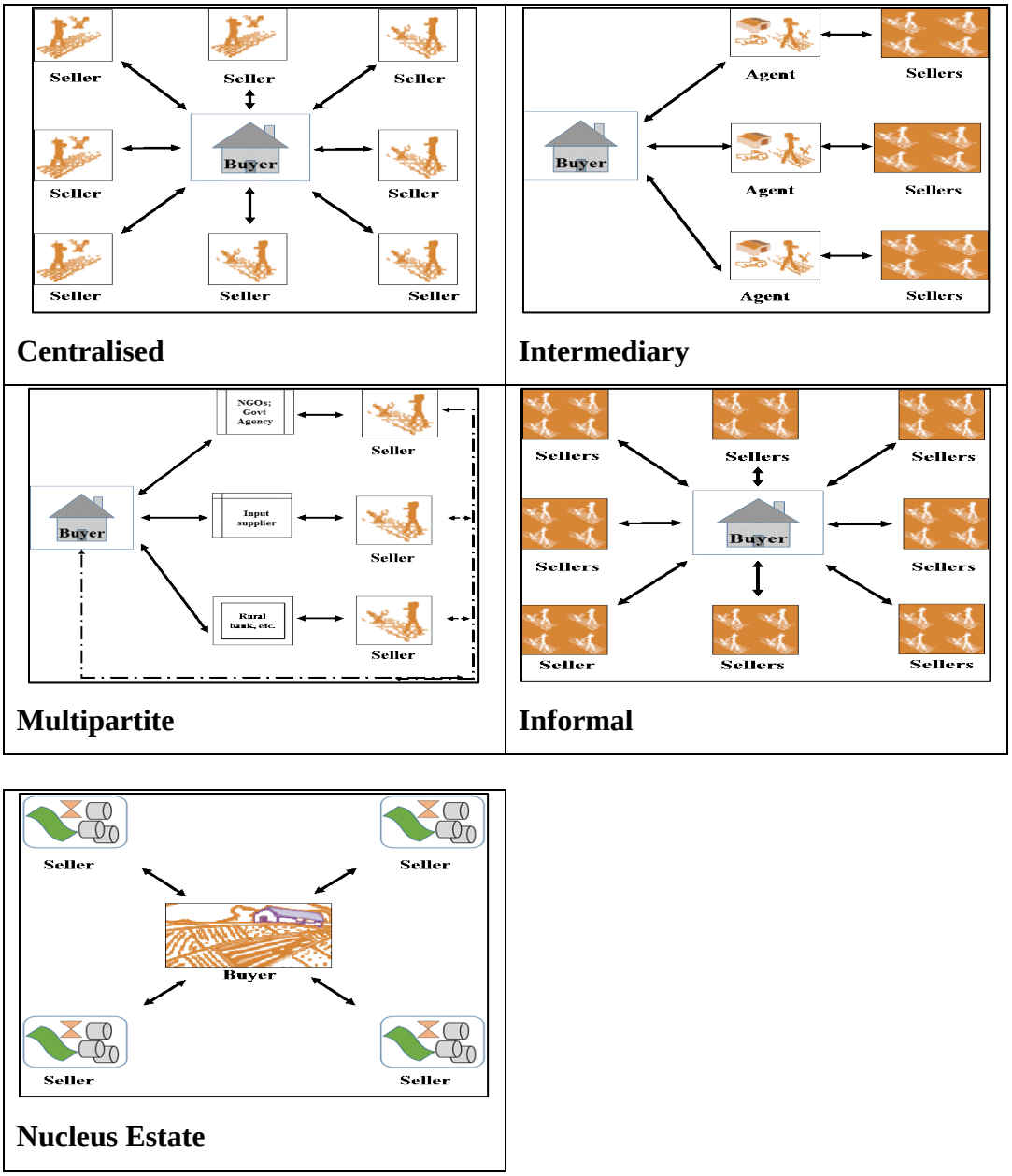
Mitchell (2007: 14) states that the design of the partnering contract needs to be well structured, optimising the respective skills sets and capacity of the partners concerned. Any lack of clarity regarding roles and responsibilities within the contractual arrangement can result in a slowing down of the delivery process, or in the disintegration of the relationships between the partners.

The contractual agreement, according to Erappa (2006: 7), encompasses three areas, namely, market (grower and buyer agree on future sales and purchases), resources (the buyer agrees to supply inputs and technical advice), and management specifications (the grower agrees to follow the recommended practices for the crop cultivation). According to TechnoServe (2011: 2), when evaluating out-grower programmes, the following issues must be given careful consideration: market; local environment; product; farmers; partners; capacity, and the return-on-investment horizon.

2.8.1.1 Forms of out-grower models

Williams and Karen (1985 cited in Holmes 2012: 25) classified contract (out-grower) farming into five categories, namely: centralised; intermediary; multipartite; informal, and nucleus estate. These categories, which are illustrated in Figure 2.3 below, are still in use today, although some have been slightly modified to suit changed circumstances.

Figure 2.3: Forms of out-grower models



Source: Holmes (2012)

- Modified (centralised) model: these are essentially nucleus estates with the difference that contract farms are a mixture of both small scale and larger, more commercial operations (Holmes 2012: 18).

- Contract farming and marketing companies (intermediaries): these enterprises have no investments in a processing plant. They market raw materials obtained through a

system of contract farming, using the small-scale farmers primarily, but in some cases include large-scale commercial farms (Holmes 2012 18).

- Nearby processing (multipartite) and contract farming: this category includes enterprises that obtain l00% of their raw materials through a system of contract farming, using small scale operators primarily, but possibly including larger scale, commercial farms as well. Such enterprises do not have a farm or plantation operated by the processing plant (Holmes 2012: 18).

- Distant processing (informal) and contract farming: this category is made up of enterprises that obtain 100% of their raw material supply through a system of contract farming that uses primarily small scale farmers, but may include larger scale commercial farms as well. Farming takes place some distance away from the processing plant, distinguishing these enterprises from those described in the nearby processing (multipartite) and contract farming (Holmes 2012: 19).

- Nucleus estate: these are enterprises with a core processing plant, plus a farm or plantation operated by the plant to produce part of the raw material requirement, plus a system of obtaining additional raw materials by means of contracting exclusively with small scale farmers (Holmes 2012: 19).

The key features of each of the above-mentioned out-grower models, as well as their strengths and weaknesses, are summarised in Table 2.1 below.

Table 2.1: Summary of the key characteristics; advantages and disadvantages of out-grower models

Centralised Model		
Method of operation	Buyer provides technical assistance, inputs and production services (e.g., tillage, spraying) directly; purchases the crop, and handles many post-harvest activities (like processing, and packaging). Farmers provide land and labour; there is a high degree of firm/farmer coordination; strict product specifications are monitored by the in-house technical staff, and often, there is a direct link to processing.	
Key Characteristics	• High level of firm/farmer coordination; direct buyer contact with farmers and/or farmer co-operatives. • Strict product specifications set by buyer in advance. • Appropriate for large-scale enterprises and complex products (e.g., perennial and high value/low volume, capital intensive crops. • High degree of production supervision by in-house technical staff. • Out-grower production typically linked to downstream value-added processing.	
Advantages		**Disadvantages**
• High level of control over production. • Increased farmer dependency and frequent firm-farmer interaction. • Flexibility to respond strategically to market signals.		• Requires high level of investment. • Reduced flexibility due to high investments in out-growers and associated switching costs.
Intermediary Model		
Method of operation	Semi-formal to formal sub-contracting by buyers to partner intermediaries who manage out-growers and provide services. There is limited direct firm/farmer interaction, and enhanced but limited product specification by buyers.	

Key Characteristics	• Product specifications often set by the buyer in advance. • Appropriate for basic or semi-complex products and small-scale agribusiness. • Farmers may participate individually or through farmer groups. • Contract transaction is often operated through intermediaries (e.g., lead farmers, farmer groups, traders, and buying agents). • Contract arrangements are loose, and are often verbal.

Advantages	**Disadvantages**
• Minimal buyer investment required. • Low-cost switching to new partners.	• Reduced buyer visibility among farmers. • Marginal control over production, in terms of quality, and high uncertainty in supply chain management (i.e., timing, volumes). • No mechanisms for crop insurance.

Multipartite Model	
Method of operation	Buyer sources from farmers or farmer groups, but technical assistance, inputs, credit provision and grower management using third parties. There is often limited direct firm/farmer coordination, and the higher level of product specification necessitates close monitoring/supervision of production.
Key Characteristics	• Often operated through co-operatives and farmer groups. • Appropriate for annual crops (e.g., paddy, vegetables, and cotton) to perennial crops (e.g., fruit, cashew nut, and coffee) and medium-to-large-scale buyers. • Often high value/low volume products targeting specialized markets.

	• High level of collaboration to monitor and supervise the farmer's production process.
Advantages	**Disadvantages**
• Partner cost-sharing	• Reduced buyer visibility among farmers. • Challenges in managing multi-partner platform and keeping interests aligned.

Informal Model	
Method of operation	Speculative, seasonal sourcing on an ad-hoc or semi-formal basis, with minimal firm/farmer coordination. There is little to no inputs or services provided by buyers and little to no product specification by buyers.
Key Characteristics	• Based on spot market transactions. • Limited firm/farmer coordination. • Little to no product specification. • Buyer sources directly from individual farmers.
Advantages	**Disadvantages**
• High level of sourcing flexibility (i.e., low-cost supplier switching). • No advanced capital and input/technical support required.	• Limited control over production (in terms of products, varieties, quality). • Significant risk of supply ruptures. • Strong buyer competition. • Relationship based purely on price signals
Nucleus Estate Model	
Method of operation	The buyer operates a centralized production and processing estate, supplementing throughput using direct contracting with peripherally-located out-growers. Buyers often own or control land used by farmers, who supply the labour. The buyer provides technical assistance/inputs/credit/services and closely monitors and supervises production using in-house technical staff.

Key Characteristics	• High level of direct buyer contact with farmers and/or farmer co-operatives. • Sourcing arrangements based on formalized contracting with farmers • Sponsors own or control land used by farmers. • Often linked to privatization of state-owned farms, commercial concessions, or land resettlement programmes. • Rigorous product specifications set by the buyer in advance. • Out-grower production ensures sufficient throughput for downstream value-added processing.

Advantages	**Disadvantages**
• Simplified technical assistance, extension, and farmer oversight • Security of certain level of production.	• Requires heavy investments in production. • High crop-related risks due to geo-concentration of production. • Limited flexibility in selecting out-growers • Commitment to purchase 100% out-grower output raises pricing challenges.

Source: Holmes (2012)

In comparison with other types of out-grower models, the centralized model requires minimal buyer investment as well as low-cost when switching to new partners, compared to, for example, the nucleus estate model, which requires huge investments in production than the centralized model. However, with regard to the intermediary model, there is limited direct firm/farmer interaction, and enhanced but limited product specification by buyers.

2.8.1.2 Prevalence of contract farming

According to Mathias (2012: 202), out-grower models have historically reflected the technical requirements of the systems and schemes, but increasingly have to consider the social and civil society elements with equal importance. Mathias (2012: 202) states that the success of an out-grower scheme and model is dependent on a number of social and technical factors, the latter being considerably easier to manage and mitigate against. Social factors are based around human nature, which is notoriously unpredictable and difficult to comprehend, and is influenced by multiple elements. According to the ActionAid (2015: 9), for an out-grower scheme to be deemed successful, it must meet the following minimum requirements:

- it must not result in farmers' overspecialisation in certain crops to the detriment of building resilience and contributing to local food security;
- it must promote sustainable farming practices and not promote reliance on chemicals or expensive seeds, or lead to excessive debts;
- it must lead to higher incomes for farmers than they would otherwise earn, compared to alternative models;
- it must include women farmers and promote their rights;
- it must promote the land rights of farmers, and
- it must receive prior and informed consent of those affected in terms of project design and implementation.

2.8.1.3 Prerequisites for the successful planning and implementation of the out-grower schemes

According to Mathias (2012: 202) out-grower models have historically reflected the technical requirements of the systems and schemes, but increasingly have to consider the

social and civil society elements with equal importance. The author further states that the success of an out-grower scheme and model is dependent on a number of social and technical factors, the latter being considerably easier to manage and mitigate against. Social factors are based around human nature, which is notoriously unpredictable and difficult to comprehend, and is influenced by multiple elements.

According to Shumba, Roberntz and Kuona (2011: 3), the success of out-grower schemes depends on their design, management and how the value of the resultant products is shared between out-growers and contracting companies.

2.8.1.4 Criticisms of contract farming

Criticisms of contract farming often focus on the unequal power relationship between a partnering company and farmers, the latter providing a form of cheap labour and the former passing over production risks to small-scale producers. Senanayake (2011: 9) states that contract farming may reduce farmers bargaining power, depending upon the markets structures created by companies in the form of cartels. However, according to Senanayake (2011: 9), the lack of bargaining power by farmers is not insurmountable, as they can get together and establish contract bargaining co-operatives to counteract the buying power of large food retail corporations.

In addition to the above, the following shortcomings of contract farming have also been identified:

- **Inequity**

According to Prowse (2012: 34), FRCs frequently fail to include basic details in contracts, so that farmers are frequently not fully informed about the nature of the agreement they are entering into. Senanayake (2011: 9) has argued that contract farming generally involves some form of monopsony in which a single buyer deals with a multitude of relatively unorganised farmers.

- **Overspecialization and unsustainable export-orientated agricultural practices**

Contract farming, according to ActionAid (2015: 10), is generally associated with the production of commercial crops for export, mono-cropping and forms of production that rely heavily on chemical fertilizers and pesticides, often with adverse repercussions for human health and for the soil. Minot (2007: 1) raises a critical point that contract farming cannot serve as a broad-based strategy for rural development because it only makes economic sense for certain commodities in certain markets. The author further contends that contract farming is usually deemed to be viable for high-value crops bought by large buyers for processing or export, such as tea, tobacco, cotton, and other commodities such as seed, dairy, poultry, rubber and oil palm. It is often deemed non-viable for staple grains, roots and tubers and pulses for local consumption. According to ActionAid (2015: 8) participation in highly specialised supply chains does not often benefit the most vulnerable, because it is capital intensive, and is often at the expense of local needs, such as food security and local markets.

- **Undermining gender equality**

Women have less access to contract farming than men. The World Bank/UNCTAD's review of 24 agricultural investments in developing countries concluded that virtually all out-growers were men, as only 1.5% were women (World Bank/UNCTAD 2014: 24). In a sample of 59 contract farmers for French beans exported from Senegal, only one was a woman (Maertens and Swinnen 2009: 13). Studies in Kenya, Uganda, Malawi and Senegal all found little or no female participation in various contract farming schemes (Schneider and Gugerty 2010: 2). De Schutter (2011: 11) concludes that unless the framework for contract farming respects women's rights and is gender sensitive, it will undermine gender equality.

- **Vulnerability of small-scale farmers to food insecurity**

A comprehensive review of contract farming concludes that there is some evidence to support the argument that cash crop production under contract farming erodes food security and self-sufficiency. Smalley (2013: 53) posits that there appears to be little evidence that

contract farming actually improves food security; contrary to the expectations of those who advocate commercialization of small-holder farmers in developing countries. In this regard, adverse effects on local food availability were reported from schemes in Kenya, Tanzania and India (Smalley 2013: 53).

Dorward, Chirwa and Poulton (2008: 23) assert that input subsidies can make significant contributions to food security, poverty reduction and economic growth. However, their benefits depend upon an effective basic input technology (in terms of its potential to raise yields of marketable produce), good programme design and implementation, and indirect subsidy impacts on staple prices, and the rural economy and wages. According to the authors, these, in turn, require prior and complementary investment in public goods (roads, agricultural research and extension, market development infrastructure), complementary policy and service coordination(regarding, for example, policies to encourage stable prices, social protection, private sector involvement and development, good fiscal management, and a clear national development strategy), political commitment to the implementation and goals of the programme, and the financial and organisational resources for coordinated implementation.

- **Transformation of small-scale farmers into wage-earning agricultural labourers on their own land**

ActionAid (2015: 8) notes that contract farming may not only lead to a loss of control over production, including which crops to produce and how to produce them, but cause farmers to become essentially wage-earning agricultural labourers on their own land, but without the benefits associated with paid labour, such as minimum wages, sick leave and other legislated benefits. According to the Overseas Development Initiative (ODI) (2007: 87), contract farming poses the following threats for small-scale farmers:

- contract farming can contribute to a loss of autonomy and control over farm enterprises;

- substantial production risks are faced if the technology or the company's forecast is inappropriate;

- the firm's exclusive purchase rights can depress producer prices, or lead to late and partial payments. Increased indebtedness is not uncommon, and

- contracts can be verbal, and if written, are not always in the vernacular. This can result in manipulation of conditions.

Despite the criticism levelled against contract farming, it has expanded in recent decades, and is widespread in several developing countries.

2.8.2 The management (leasing/renting) contracts

The management contracts refer to the variety of arrangements under which a farmer or a farm management company work agricultural land belonging to someone else. According to Vermeulen and Cotula (2010: 3), the management contracts may take the form of a lease or tenancy, but carry the connotation of stewardship, of managing the land on behalf of the owner.

Some management and lease contracts emerge as a result of a commitment by a large company to engage in community upliftment, as part of its social responsibility programme Mayson (2003: 23). These programmes contribute to the development of local people, often linked to the company, thereby enhancing staff commitment to the enterprise. At the same time, Mayson (2003: 23) argues that these social responsibility programmes serve as a marketing tool, showcasing the company as one which is concerned about more than just making a profit. Benevolent companies appear to dominate many company-supported schemes that can help to develop the expertise and resources of the participants over time.

2.8.3 The tenant farming and sharecropping

Sharecropping, according to Bellemare and Barrett (2010: 1), is a contract by which a landlord leases out land to a tenant in exchange for a share of the crop. The tenant farming and sharecropping are versions of management contracts in which individual farmers, for example, small-holder farmers, work the land of large-scale agri-businesses or other farmers. In tenant farming the usual arrangement is a fixed rental fee while in sharecropping

the landowner and sharecropper split the crop (or its proceeds) along a pre-agreed percentage (Vermeulen and Cotula 2010: 4). According to Jacobs (2001: 5), the sharecropping schemes are usually between the commercial farmers and the workers. In the case of partnering, the FRC rents the land from the PAC. The FRC then takes a share of the produce yield. It is generally an agreement where instead of paying a predetermined amount of rent, the tenant agrees to give the landlord a share of the output (Mayson 2003: 21).

According to Mayson (2003: 23), there has been much criticism of sharecropping arrangements, and it has been viewed as a form of wage labour in early transitions to capitalist agriculture. The success of each sharecropping arrangement is entirely dependent on the relationship between the two partners and the relative power of the parties.

In sharecropping, the tenant's output is shared with the landlord according to some preassigned proportion, with 50:50 being common (Vermeulen and Cotula 2010: 6). The authors further state that sharecropping contracts come in many forms, such as sharing of input costs and tied credit arrangement. The sharecropping arrangements protect tenants somewhat against output fluctuations and is particularly valuable when the tenant is small and (particularly) risk averse.

2.8.4 The joint venture agreement

Vermeulen and Cotula (2010: 4) describe a joint venture agreement as co-ownership of a business venture by two independent market actors, such as an agri-business and a farmers' organisation. A joint venture (JV) agreement involves sharing of financial risks and benefits and, in most, but not all cases, decision-making authority in proportion to the equity share. Vermeulen and Cotula (2010) recommend that the joint venture should include a programme to train the landowners or their appointees, particularly in management and financial expertise; the level of such skills transfer must be described in the business plan, and participants must be able to enforce the implementation of the terms of contract.

Robertson and Pinstrup-Anderson (2010) argue that what is termed 'inclusive business models' could offer better opportunities for local communities and for sustainable development over the longer terms, although Cotula and Leonard (2010: 2) caution that these arrangements often involve partnerships between players with different negotiating

power, resources, information and skills. Moreover, specific terms and conditions of these agreements could result in better local control of businesses on the one hand, but inappropriately formulated, they could deliver only nominal influence over key decisions and little or no dividends as profits, on the other (Vermeulen and Cotula 2010: 6). There is, therefore, a need for a better understanding of the specific details of such inclusive business model arrangements.

2.8.5 The strategic partnerships

Davis and Lahiff (2010: 9) propose another form of partnership, which they refer to as a strategic partnership. This term is widely used in the context of South Africa's land reform to signify a multifaceted joint venture between a community that owns land and a private-sector operator with relevant financial resources and commercial expertise. This approach, according to the authors, requires the creation of a jointly-owned company (a separate one for each partnership) that will operate all agricultural activities along commercial lines, but does not take ownership of the land.

Under a separate lease agreement, the operating company (i.e., the specially-formed joint venture) undertakes to pay annual rent to the landlord or the communal property association (CPA) for the use of the land, expressed as a percentage of the purchase price. A third contractual agreement, the Management Agreement, makes provision for payment of a management fee to the strategic partner for the day-to-day management of the joint venture (Davis and Lahiff 2010: 10).

These various agreements are for a fixed period of either ten or fifteen years, and at the end of this period, the partners have the option to either renew the agreement or to terminate it, in which event control of the operation should revert to the landlord or the CPA. Such a take-over would, however, require the landlord or the CPA to first repay any investments or outstanding loans made to the company by the strategic partner (Vermeulen and Cotula 2010: 8).

Strategic partnerships with commercial operators have been widely promoted as a means of maintaining productivity and facilitating access to high-value markets for South African communities regaining their land under the restitution programme. This approach is

intended to maximise benefits to community members while preserving valuable assets and growing the rural economy (Davis and Lahiff 2010: 19).

Proponents of joint venture agreements argue that they contribute to transformation of the countryside by providing poor Black people with a pragmatic option for engaging in agriculture, particularly commercial agriculture. However, critics argue that joint venture agreements are a new form of exploitation, a mechanism through which white commercial farmers and corporations are able to spread the risk of engaging in an increasingly complex and capital-intensive sector, while gaining market and political credibility in the process (Mayson 2003: 3).

The above review examined five common partnering models, namely, contract farming; management contracts; tenant farming and sharecropping; joint ventures, and strategic partnerships. There are some pertinent cultural points and social dynamics which may need to be considered, for partnering between PACs and FRCs in the African context to be successful. There may be cultural clashes due to different methods of working; different accountabilities, and divergent goals and objectives. On the basis of the discussion above, it would appear that the contract (out-grower) farming model is the most popularly-used model.

In this section, partnering frameworks pertinent to PACs and FRCs were examined - discussing various partnering models, like the management (leasing/renting) contracts; tenant farming and sharecropping; the joint venture agreements, and the strategic partnerships.

In the next section, partnering between PACs and FRCs in the African context is examined.

2.9 PARTNERING BETWEEN PACs AND FRCs IN THE AFRICAN CONTEXT

According to Ravallion and Chen (2007: 24), throughout the world, particularly in South Asia and the sub-Saharan Africa, many of the poorest people are farmers, living in rural areas, and they constitute approximately 75% of those subsisting on less than US$1 a day. Agriculture is a major source of income and employment in South Asia and the sub-Saharan

Africa, accounting, in 2011, for approximately 34% of the Gross Domestic Product (GDP), and 64% of the labour force in Sub-Saharan Africa (Jack 2011: 2).

Sub-Saharan Africa is a diverse place in terms of its climate, geography and socio-economic status, but overall it is an agrarian place. According to Hazell (2012: 2), in 2011 agriculture accounted for 70% of full-time employment in Africa, 33% of GDP, and 40% of total export earnings. The author adds that Africa is a continent of enormous agricultural potential, one that should easily be able to double or triple its agricultural output and establish itself as a major agricultural exporter rather than the net importer it has become.

The increase in world food and energy prices have made agricultural growth an imperative for food security, and African governments and donors have signed up to a new food security agenda (Hazell 2012: 2). At the same time, higher agricultural commodity and energy prices, in combination with Africa's abundant resources, have turned African agriculture into a 'business' opportunity for food, raw materials and biofuels. The rate of agricultural growth has increased slightly in recent years, though seemingly driven more by a commodity price boom than any acceleration in the underlying fundamentals. According to Hazell (2012: 3), private investors, sovereign wealth funds and others are interested in investing, and many African governments are willing to enter into private-public partnership agreements.

There are several partnering examples in Southern Africa. According to Shoprite Holdings 2014: 35), Freshmark, the Shoprite Group's fruit and vegetable procuring arm, is particularly active in supporting and assisting emerging farmers and PACs in the countries in which it does business to produce to the required quality standards. The Group prefers suppliers who operate in an environmentally sensitive manner and empowers communities and local economies by supporting small producers in their midst (The Shoprite Holdings Group 2014: 35).

According to UNCTAD (2009: 41) FRCs can give assistance to PACs by providing shelf space for certain products meeting their criteria. Chikazunga and Paradza (2013: 8) state that small scale farmers and PACs need institutional support in terms of access to extension, credit and markets to increase their competitiveness. The authors cite the example of the SPAR Group which has informal partnering arrangements with small-scale farmers. The

partnering arrangement is coordinated by the local store manager who keeps a data base of local suppliers for selected products, especially leafy vegetables. The participating farmers usually reside close to the store - in most cases within a 15km radius. The store manager treats them on a first come first served basis, with no contractual obligations (handshake transactions). The Spar Holdings' procurement from the local farmers is usually treated as a social responsibility to support local communities.

In this section partnering between PACs and FRCs in the African context was examined. The literature shows that there is diverse support of small-scale farmers across the spectrum of commodities. The literature has also revealed that there is a willingness from some of the supermarket groups to support PACs, as well as a willingness to enter into some form of partnering with them.

2.10 CONCLUSION

Partnering has been recognised as an appropriate structured management approach to facilitate the involvement of PACs in supply chain collaboration in developing countries. Partnering has become an alternative way of doing business by encouraging the parties to work together towards shared objectives and to achieve a win-win outcome. Partnerships permit potential partnering parties to share financial, human resources as well as managerial and technical skills. These resources also help potential partnering parties to take advantage of business opportunities and enter new markets by increasing their competitive and comparative advantages.

The literature also highlighted the fact that partnering parties must have compatible technical and managerial resources as well as complimentary project experiences to partner effectively, as these attributes generate commitment, cooperation, and trust between the partners, which, in turn, enhances the decision-making process. Fundamentally, the partnering process must involve the formation of strong inter-organizational relationships that are effectively managed through some critical skills, including cooperation among partners; clear definition of roles and responsibilities; mutual decision-making; dispute resolution; effective coordination and communication, and trust among partners. Based on

the literature reviewed, it is evident that the partnering process is a journey, and not a destination.

In the next chapter, the literature pertaining to co-operatives, more especially primary agricultural cooperatives, is analysed and discussed.

CHAPTER THREE

PRIMARY AGRICULTURAL CO-OPERATIVES (PACs)

3.1 INTRODUCTION

This chapter is divided into two sections: section one reviews the literature pertaining to primary agricultural co-operatives (PACs), and section two reviews the relevant literature pertaining to food retail companies (FRCs). Definitions of key terms and concepts are advanced; the evolution of the co-operatives concept, and the rationale for co-operatives, are explored, and a comprehensive review of the literature on the chosen theoretical framework of agricultural cooperativism is undertaken. Thereafter, the socio-economic importance of PACs and the knowledge, attitudes, and practices among PACs and FRCs with regard to partnering are examined. The constraints to partnering faced by co-operatives in developing countries; the challenges that are faced by FRCs in partnering with PACs, as well as the strategies employed by PACs in South Africa to overcome these challenges are examined. Finally, the key success factors (KSFs) influencing the growth and sustainability of primary agricultural co-operatives are discussed.

In the following section, definitions of a co-operative will be explored.

3.2 DEFINITION OF A CO-OPERATIVE

Cobia (1989: 50) defines a primary agricultural co-operative as an entity in which farmers pool their resources to provide agricultural services, and where production resources (land, machinery) are pooled and members farm jointly.

MacPherson (1994: 3) defines co-operatives as groups of persons who have united voluntarily to meet common economic and social needs through a jointly-owned and democratically-controlled enterprise based on federations and alliances, self-help, mutual responsibility, equity, honesty, and transparency. The author further suggests that the description of co-operatives should be followed by a statement of seven principles that co-

operatives are expected to use as guidelines for their activities: voluntary and open membership; democratic structure; equitable economic structure; autonomy; co-operation among co-operatives; co-operative education, and community responsibilities. According to Thomas and Hangula (2011: 695), a co-operative is an organisation characterised by member ownership, control and benefit. For the purposes of this study, and in the South African context, the following definition of a primary agricultural co-operative is adopted:

> A primary agricultural co-operative (PAC) is: *"a juristic person incorporated in terms of the Co-operatives Act, No. 14 of 2005, formed with the purpose of producing, processing, transforming, packaging, distributing, and marketing agricultural products and agricultural inputs, (both crop and livestock)".*

The following section examines the evolution of co-operatives; providing a background to their origin; the motivation for their establishment, as well as the development phases of co-operatives in South Africa.

3.3 THE EVOLUTION OF CO-OPERATIVES

Working together and cooperating among people have existed since history has been on record. According to Nimble Business Solutions (NBS) (2005: 1), agricultural co-operation has been practiced since the Babylonian civilization. People all over the world have found different ways to co-operate in the production and distribution of goods and services, across different types of economic systems. Parnell (2001: 3) states that throughout human history some activities have always been undertaken by groups rather than individuals, simply because this was a better and more economical way of doing things.

Internationally, co-operatives have been used as important vehicles for local and national economies in Western, Eastern and African countries. Co-operatives became the means by which low and middle income people continued to accumulate economic advantages. In Western countries, co-operatives have helped raise people out of poverty as early as the nineteenth century. In Denmark, Canada, and the United States of America agricultural co-

operatives enabled small farmers to reach exports market (the ILO 2015: 3). In Africa, some strong co-operatives movements have been built in Tanzania, Zambia, Kenya, and others (the International Labour Organization (ILO) (2015: 3).

Mazzarol (2009 cited in Okem and Stanton 2016: 15) traces the history of organised co-operatives to various attempts at the formation of co-operative societies when the Shore Porters Society was established in Aberdeen in 1498, and the Fenwick Weavers Society in 1761 in Fenwick, Scotland. According to Kunhu (2013: 10), the Shore Porters Society is considered one of the first co-operatives in the world. Some co-operatives were initially successful, but most co-operatives founded in the early 19th century had failed by 1840.

Kunhu (2013: 10) contends that the concept of co-operatives was formalized during the nineteenth century in Europe, against the backdrop of the Industrial Revolution and significant social change. In the decades that followed, several co-operatives or co-operative societies were formed, and by 1830, there were several hundred co-operatives (Kunhu 2013: 10). However, Lockhurst Lane Industrial Co-operative Society, founded in 1832 (and now Heart of England Co-operative Society) and Galashiels and Hawick Co-operative Societies (which, in 1839 or earlier, merged with The Co-operative Group) still trade today (Kunhu 2013: 10).

The modern co-operative movement, according to Fairbairn (1999: 1), was founded by the twenty-eight impoverished weavers who started a shop in Rochdale, England, in 1844. The shop became the first successful co-operative, and that defined the principles for subsequent co-operatives to follow throughout the world. This co-operative became a purchasing co-operative (Competition Commission 2006: 4), and was named the Society of Equitable Pioneers (Cotterill 1999: 174).

Fairbairn (1999: 2) believes that the challenges of 1844 in some ways resemble the contemporary less-developed communities in developing countries. The solutions in Rochdale look something like the modern idea of socially sustainable development: in the most general terms, Rochdale stood for development in the long-term interests of people and communities - development controlled by the people it affects (Fairbairn 1999: 2). According to Dogarawa (2010: 3), in 1895 the International Cooperative Alliance (ICA), a non-governmental organization, was established as an umbrella organisation to promote

friendly and economic relations between cooperative organizations of all types, nationally and internationally. The major objective of the ICA is to promote and strengthen autonomous cooperative organizations throughout the world.

The study of kibbutzes, according to Abramitzky (2006: 2), is relevant because it contributes to the understanding of organizations such as partnerships, co-operatives, and labour managed firms, which are often based on revenue-sharing and are, thus, subject to similar problems. There are similarities between a kibbutz and a co-operative. According to Abramitzky (2006: 2), kibbutzes were founded on three main principles. First, there would be full equality in the distribution of income across members regardless of their ability. Second, members would have no private property and all their property would belong to the kibbutz. Third, kibbutzes would be voluntary communities, so that each member could leave the kibbutz and move to an Israeli city (Abramitzky 2006: 2).

Altman (2016: 6) states that the kibbutz Movement of Israel is the largest cooperative grouping in the world, and by the end of the twentieth century there were 270 of these collective settlements (kibbutzes) with a population of 120 000. These settlements, according to Altman (2016: 6), are community owned and run and represent a mélange of worker, consumer, producer, and financial cooperatives. Abramitzky (2006: 2) states that the concept of a kibbutz has persisted successfully for most of the 20th century and formed one of the largest communal movements in history.

The first kibbutz (Degania), according to Abramitzky (2006: 2), was established in 1910, but the majority of kibbutzes were established in the 1930s and 1940s just before the creation of the State of Israel. The author makes a comparison between the kibbutz and the moshav, a different agriculture co-operative in Israel, by stating that the moshav is defined as "an agricultural co-operative, which is a village in itself and its main aim are to organize and to settle its members as independent individual farmers, working by themselves and holding private means of production and property and maintaining cooperation in supply, marketing, and mutual aid, and fulfilling the function of a municipal authority".

Like the Kibbutz movement, the Moshav is based on agriculture and buys its inputs and markets its products collectively (Abramitzky 2006: 37). Moreover, an important ingredient of the Moshav is mutual assistance among members, which provides valuable insurance

against volatile income. Unlike the Kibbutz movement, however, each individual works his own land and earns his own profits, and the family, rather than the collective, is the basic unit.

In Africa, the informal producer organizations have been present even before the colonial period and the co-operatives have played an important role in agriculture. The African countries depend on agriculture as the mainstay of their economies (Emongor and Kirsten 2009: 61). Over the years, the co-operative enterprises have successfully operated locally-owned people-centred businesses while also serving as catalysts for social organization and cohesion (Lamrabat 2009: 1).

South Africa, like other African countries, has a long history of co-operative initiatives. The evolution of South African agricultural co-operatives, according to the Competition Commission (2006: 13), has to be viewed in the context of the evolution of South Africa's agricultural sector, the regulation, and eventual deregulation of agricultural marketing in South Africa, and the broader policy environment that shaped it.

According to Van Niekerk (1988: 19), the first co-operative movement established in South Africa was most probably the Pietermaritzburg Consumers' Co-operative, which was registered in 1892 in terms of the Companies Act, of 1889. Several more co-operatives, particularly agricultural co-operatives, were registered under the Companies Act until 1908 when the first Co-operative Act was passed. This was followed by the Co-operative Societies Act of 1922 (Act No. 28 of 1922), which focused mainly on agricultural activities.

Following recommendations made by the Commission of Inquiry into Co-operatives and Agricultural Credit in 1934, the Co-operative Societies Act of 1939 (Act No. 29 of 1939), which still focused on agricultural activities, was passed by the South African Parliament. This Act, in turn, was repealed by the Co-operatives Act, (Act No. 91 of 1981), which also made provision for trading co-operatives. Subsequently, the 1981 Act was amended on at least eight occasions (South Africa 2005: 9).

The Development Bank of South Africa (DBSA) (2007: 17) broadly defined five development phases of co-operatives in South Africa's history. The first existed in organised white agriculture where co-operatives were used to develop and build the white

farming community. According to the Department of Agriculture, Forestry and Fisheries (DAFF) (2012: 6), after the promulgation of the Land Act in 1912, there was rapid development of white commercial farmer co-operatives. From the 1940s, these co-operatives benefited substantially from state support in a form of subsidies under the Marketing Act. The 1970-80s saw the development of the Black-owned co-operatives in the homelands, as part of the apartheid policy of separate development. However, unlike the white-owned co-operatives, little or no support was provided to the Black-owned co-operatives; hence, many of them failed (DAFF 2012: 6).

The second phase, according to the DBSA (2007: 17), started in the 1980s when trade unions attempted to develop co-operatives as a vehicle to address retrenched and redundant workers' economic needs. The fourth phase was in the informal sector where several associations, most of which were not formally registered, operated as co-operatives, and the fifth phase is the current phase, where the government and donors support the co-operatives concept as a vehicle for enterprise development (DBSA 2007: 17).

Economically, the *apartheid* regime was anchored in a strong culture of cooperation towards addressing the socio-economic challenges of the white population (Ortmann and King 2007: 40). Regardless of the circumstances of the experiences over the years, the co-operatives have proved to be a successful vehicle for empowering people. Ortmann and King (2007: 40) state that the South African government has since been promoting the formation of co-operatives to enhance the development of small-scale farmers and other communities in South Africa. In South Africa, the South African National Apex Co-operative (SANACO) was founded to promote the interests of the co-operative movement on a national level (Derr 2013: 7).

In view of the history and development of co-operatives in South Africa and the political changes that have occurred, the Co-operatives Act, No. 14 of 2005 recognizes:

- the co-operative values of self-help, self-reliance, self-responsibility, democracy, equality and social responsibility;

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

- that the South African economy will benefit from increasing the number and variety of viable and sustainable economic enterprises, and

- that government is committed to providing a supportive legal environment to enable co-operatives to develop and flourish.

From the above analysis, it can be deduced that the history of the co-operative movement spans two centuries, and that the objectives for the establishment of co-operatives remain more or less unchanged, despite the passage of time, and the location of the co-operatives.

In the following section, the rationale for co-operative formation is examined.

3.4 THE RATIONALE FOR CO-OPERATIVES

In this section, the motivation for the formation of co-operatives is critically discussed.

Co-operation is a natural part of being human, and, according to Bibby and Shaw (2005: 8), co-operatives play a major role in both economic and community life - though sometimes the role and importance of co-operatives is hidden from sight. Dogarawa (2010: 1) states that co-operatives are formed to meet peoples' mutual needs. They are based on the powerful idea that together; a group of people can achieve goals that none of them could achieve alone. According to Holweg, Disney, Holmström and Småros (2005: 4), individual farmers cannot consistently and reliably control the prices that they receive for their agricultural products or the prices they pay for the inputs required to produce these goods. In order to enhance their economic market power, farmers, therefore, often form co-operatives. Holweg *et al.* (2005: 5) state that creating a seamless, synchronized supply chain also leads to increased responsiveness and lower inventory costs.

According to Chambo (2009: 3), most developing countries depend on agricultural production for their livelihoods, and in Africa, 84% of the population depends on agriculture as a source of food, income and employment. Therefore, the formation of agricultural co-operatives in Africa is not accidental. The author further contends that the agricultural marketing co-operatives have been the most popular traditional mode of co-operative development that has linked developing countries with the rest of the world, through export commodity trading.

The early models of the farmer co-operative as a form of vertical integration portrayed a diffuse decision-making process within the organization: the co-operative made no decisions; only the individual member firms did. In contrast, most models of the co-operative as a firm, developed in the 1960s and the early 1970s, saw decision making in the co-operative as being completely centralized, presumably in the hands of the manager (Staatz 1983: 79).

Co-operatives help to create and sustain jobs. Fairbairn (2005: 3) states that co-operatives are a model of what results when the modern idea of a democratic voluntary association is fused with the modern idea of a business, and that it is the desire to operate a business that makes an association into a co-operative. Co-operatives have been promoted in many developing countries as a mechanism for driving agricultural growth and rural development (Nganwa, Lyne and Ferrer 2010: 39). According to the NBS (2005: 1), co-operatives were formed to take advantage of economies of scale and to act against exploitation by middlemen and traders and share the benefits equitably among the members. Traditionally, co-operatives originate from an economic need which arises from the hardship or suffering of people - hence the adage ‘co-operatives are born out of necessity’.

According to the DTI (2004: 4), a viable, dynamic, autonomous, self-reliant and self-sustaining co-operative movement can play a major role in the economic, social and cultural development of South Africa, through effective and efficient services extended by co-operative enterprises to their members. Co-operatives can contribute to the creation of jobs, income generation, resources mobilization, and broad-based economic empowerment, thereby enhancing sustainable human development in South Africa (DTI 2004: 4).

Co-operatives have been an important part of the agricultural sector for farmers. The promotion of co-operatives is seen by the South African government as means of alleviating poverty, and promoting equity and greater participation by Blacks, especially residents of rural areas, in the country's economy (Roelf 2005: 6). This is one of the reasons that the South African government has committed itself to support co-operatives, and has adopted the co-operatives concept as one of the policy instruments to encourage economic development in the rural areas and among disadvantaged groups. This is evidenced by a statement made by the former President of the Republic of South Africa, Mr Thabo Mbeki, on 25th June 1999:

> *"The Government will place more emphasis on the development of a co-operative movement to combine the financial, labour and other resources among the masses of the people, rebuild our communities and engage the people in their own development through sustainable economic activity"* (DTI (2004: 2).

Nilsson (2010: 11) states that when small-scale producers aim to trade their products, they are aware that the best way to do this is to have a degree of control over the bargaining, marketing, and even processing of the products. For farmers, the solution has often been to form a co-operative, to overcome problems with buyers' cartels, marketing to consumers, and future uncertainties.

According to Karlson (2005: 1), agricultural co-operatives are a unique form of private business organizations all over the world. According to Rafat, Soboh, Oude-Lansink, Giesen and van Dijk (2009: 447) farmers form co-operatives in order to have a countervailing power, gain access to industrially produced goods and services, realise economies of scale, manage their risk, and improve their own income. Bibby and Shaw (2005: 22) state that co-operatives play a significant role in agriculture around the world, in both developed as well as in developing countries, and that over 50% of global agricultural output is marketed through co-operatives. Rebelo, Caldas and Matulich (2010: 145) state that independent of the organizational model that agricultural co-operatives adopt, they are

successful if they provide their members a net economic benefit higher than they can achieve individually or outside of the co-operative.

Cooperation takes time, and is constantly challenged; it necessitates an act of mutual learning on the part of the actors and constantly striving for innovations and alternative forms of control (Draperi 2013: 8). Royer (2014: 4-5) cites the following reasons why a co-operative might seek to maximize the quantity of the farm input it produces:

- maximization of member returns, which consist of the total profits of the individual members, including the net earnings of the co-operative, which are distributed to members as patronage refunds;

- maximization of the output to achieve economies of scale, reduce excess capacity, or increase its market share, and

- minimization of the net price paid by members.

According to Ruete (2014: 2), a significant and compelling evidence exists demonstrating that cooperation leads to a more democratized economy and society at a local, national and transnational level alongside a wide range of other benefits. Well-functioning rural co-operatives and farmers' organizations are key to empowering small agricultural producers (FAO 2013 cited in Ruete 2014: 2). Their benefits include:

- better organization: farmers retain the governance of the co-operative, and co-operatives reach a large number of beneficiaries and create networks of mutual support and solidarity for their members (Alianza Cooperativa Internacional (ACI) 2013);

- farmers are able to collectively negotiate better contract terms and prices (FAO 2012);

- better access to a wide range of resources and services (FAO 2012);

- increased efficiency of small-holder farmers and the efficient use of available resources by inspiring innovation, diversification and specialization in their members' businesses (ILO 2001; United States Department of Agriculture, USDA 1990);

- better access to markets (USDA 1990);

- better access to financing (Rabobank 2012);

- creation of productive employment (ILO 2011);

- social integration, particularly for women, youth, elderly and people with disabilities (FAO 2012; University of Wisconsin Centre for Co-operatives (UWCC) 1995), and

- co-operatives can also improve relations between farmers and government, as the government can better understand the particular needs of groups in certain geographical areas or businesses, and, therefore, channel their policies to address those needs.

From the discussion above, it can be deduced that individual farmers who aspire to be members of a co-operative can gain a much greater economic benefit by being members of a co-operative, provided that the co-operative is efficiently and effectively managed.

In the next section, the theory of agricultural cooperativism will be critically examined.

3.5 THE THEORY OF AGRICULTURAL COOPERATIVISM

In this section the theory of agricultural cooperativism is discussed, and the various co-operative models as well as the principles of the co-operative enterprise are critically examined.

Co-operative ideology, according to Egziena, Ghebermichael and Haile (2014: 154), may be regarded as a theory that explains the co-operative phenomenon, which offers logical scientific explanations of the relationships between the different variables in the co-

operative form of business. This theory, according to Egziena *et al.* (2014: 154), includes the concepts of co-operative values and principles; and co-operative practices that state how different means can be used to get a co-operative organization working efficiently.

Nilsson and Björklund (2003: 39) distinguish between different co-operative models by dividing the co-operatives into two main categories, based on whether they comprise of collectivistic or individualistic characteristics. The authors further contend that the co-operatives with collectivistic characteristics are categorised as traditional co-operatives, while those with individualistic attributes are classified as entrepreneurial co-operatives. Nilsson and Björklund (2003: 39) further divide the traditional category into regulative and service-at-cost co-operatives, and the entrepreneurial category as internal and external entrepreneurial co-operatives.

Thomas and Hangula (2011: 696) state that the co-operative enterprise is conventionally perceived to be a non-profit entity guided by the principle of service at cost for the benefit of members. Using the dynamic model, and contrary to conventional thinking, Royer and Smith (2007: 36) argue that co-operatives can successfully distribute surplus earnings to producers as patronage refunds, while using prices as instruments for achieving and maintaining optimal output levels. Royer and Smith (2007: 36) conclude that the existence of patronage refunds limits the ability of co-operatives to restrict producer output to optimal levels and, as a result thereof, co-operatives are unable to pursue objectives or exercise market power in the same manner as other firms.

The International Co-operatives Alliance (ICA) (2011: 4) regards the values of self-help, self-responsibility, democracy, equality, equity and solidarity as principles co-operatives are based on. Nilsson (2010: 18) also identifies three fundamental principles for the co-operative enterprise, namely, the user-owner principle; the user-control principle, and the user-benefits principle; and these three principles are briefly explained below. The user-owner principle implies that the people who own and finance the co-operative are those that use the co-operative (Nilsson 2010: 18). The user-owner principle means that the members own their democratically-controlled business. While maintaining independence, owners can receive volume discounts and customized supplies and services.

Further, the user-control principle points to the democratic operations of a co-operative. The people who control the co-operative are those which use the co-operative. Almost universally, co-operatives run on a one-member one-vote system that disregards the amount of equity each member invests or the quantity of his or her patronage (Milholland and Brady 2005: 173). According to Bijman (2002: 6) a person having the right of control to an asset also has the right to the residual return from the asset. Residual return is the net income generated by the asset, after all contractual and legal obligations have been paid.

The user-benefits principle infers that the co-operative's sole purpose is to provide and distribute benefits to its users on the basis of their use. The user-benefits principle, according to Milholland and Brady (2005: 17), means that members of a co-operative have increased access to markets, services, supplies, and bargaining power because of their consolidated group size. According to Thomas *et al.* (2011: 695) the afore-mentioned principles embody the reasons why agricultural co-operatives can be a significant factor in promoting and supporting a local food system and making rural communities in developing countries economically healthy and vibrant.

According to the United States Department of Agriculture (USDA) (2002: 2), benefits available to co-operative members include both the right to receive services and to share in the earnings. Sometimes, non-members indirectly receive co-operative benefits, like getting a better price for their product because a co-operative operates in their area and line of business. Internally, co-operatives must ensure that the benefits accrue to patrons on the basis of use and not to outsiders on the basis of investment or some other standard that undermines the value of the organization to its user-owners (USDA 2002: 2).

It is observed from the above analysis that most developing countries depend on agricultural production for their livelihoods. Agricultural co-operatives play an important role as a unique form of private business; and they are guided by three principles, namely, the user-owner principle; the user-control principle; and the user-benefits principle. As social entities, co-operatives play a critical role in food security and rural economic development, and this is discussed later.

The next section explores the socio-economic importance of PACs in ensuring social integration and rural economic development.

3.6 THE SOCIO-ECONOMIC IMPORTANCE OF PACs IN ENSURING SOCIAL INTEGRATION AND RURAL ECONOMIC DEVELOPMENT

This section examines the socio-economic importance of PACs, with regard to social integration and cohesion; income and employment provision, as well as to poverty reduction, in ensuring food security and rural development in South Africa.

Co-operative organizations have undergone changes over the years ranging from traditional, informal to modern and formal institutions (Harris and Stefanson 2005, cited in Adefila and Madaki 2014: 80). Omotosho (2007), cited in Adefila and Madaki (2014: 80) states that co-operatives may also plough back resources in terms of dividend on share capital and distributed proportionally to members as patronage bonus. More recently, the co-operative option came into focus as a viable way to effectively mobilize farmers to form groups and pool resources so as to become more effective in agricultural production (Agenyour 2014, cited in Adefila and Madaki 2014: 81). Co-operatives, according to the United Nations (2005: 11), are the preferred mechanism for mediating people's access to resources that they need to participate in activities through which a living is earned. Khumalo (2014: 67) asserts that co-operatives are critical for less-tangible benefits as much as they are for tangible ones. Co-operatives bring balance between community versus self-interest, which can lead to improved business performance and increased member benefit by providing distinctive services to the customer/member (Khumalo 2014: 67).

3.6.1 Contribution to social integration and cohesion

According to Adefila and Madaki (2014: 80), small-holder farmers remain the bedrock of agricultural production, especially in the developing countries. According to the authors, co-operative movements among farmers are viewed to be instrumental to agricultural transformation and boosting productivity in the sector. Hence, Adefila and Madaki (2014: 82) affirm that co-operatives are the best institutional intervention for attaining food security in any country. The collapse of the traditional mode of co-operatives was attributed to the incapacitation of members to bear risk; expectation of high returns on investment, and poor management.

According to Sumelius, Tenaw, Bäckman, Bee, Chambo, Machimu, and Kumburu (2013: 1) co-operatives are a way by which people in developing countries can do business, as co-operatives focus on members rather than on capital. The authors assert that co-operatives bind people together through a common purpose and create wealth, but must be competitive and sustainable. According to the International Fund for Agricultural Development (IFAD) (2012: 1), co-operatives play a crucial role in reducing poverty, improving food security and generating employment opportunities. The IFAD states that agricultural co-operatives play an important role in supporting small agricultural producers and marginalized groups such as young people and women: they empower their members economically and socially, and create sustainable rural employment through business models that are resilient to economic and environmental shocks.

Levin (2006: 5) avers the following important role that co-operatives play in global economic and social development:

- co-operatives are specifically seen as significant tools for the creation of decent jobs and for the mobilization of resources for income generation;
- co-operatives promote the fullest participation of all people;
- co-operatives facilitate a more equitable distribution of the benefits of globalization;
- co-operatives contribute to sustainable human development, and
- co-operatives have an important role to play in combating social exclusion.

According to the United Nations (2005: 11), co-operatives also contribute to increasing social integration and community cohesion when they specifically address the needs of the weakest and underprivileged people in society and marginalized groups. (United Nations 2005: 11).

Not only do the co-operatives promote the economic and social well-being of individuals who may not otherwise be able to form businesses on their own, but the co-operatives also

contribute to increasing social integration and community cohesion (United Nations 2005: 11). Co-operatives also act as agents of community economic development by creating room for the direct involvement of communities and their leaders in the fight against poverty. In a study assessing the participation of stakeholders in local economic development in Alice, a town in the Eastern Cape province of South Africa, Khumalo (2014: 66) noted that most initiatives supported by the local government's Local Economic Development Unit were agricultural co-operatives that were mainly women-owned. Furthermore, the co-operatives constitute a model for a people-centred and sustainable form of societal organisation, based on equity and justice (Shrotriya and Prakash 2007: 6).

3.6.2 Contribution to income generation and employment

Co-operatives play an important role in the agricultural economy and in the development of areas experiencing economic challenges. According to the European Commission (2004: 16), co-operatives contribute to maintaining jobs in the area, while providing local services within a context of economic development. The United Nations (2005: 4) affirms that co-operatives help to create, improve and protect the income and employment opportunities of their members by pooling their limited individual resources to create business enterprises that enable them to participate in production, profit-sharing, cost-saving or risk-sharing activities. Gibson (2005: 6) asserts that co-operatives help in circulating money locally through the locally produced goods and services, which is positive for local development.

According to Shrotriya and Prakash (2007: 6), co-operatives contribute markedly to the common good in market economies, principally by improving the efficiency and quality of the economy. Lamrabat (2009: 1) argues that co-operatives are economic associations that provide an opportunity for poor people to raise their incomes; they empower people to own their own solutions because they are democracies, with each member having one vote, and they increase security because they pool risks at the level of the enterprise by offering micro-insurance. Wanyama *et al.* (2008: 5) state that co-operatives create employment opportunities in the following ways:

- firstly, co-operatives offer direct employment to people who work in primary and secondary co-operatives as well as in governmental co-operative support institutions;

- secondly, co-operatives offer employment to members, whose participation in the economic activities substantially offers opportunities to decent income, and

- thirdly, co-operatives also indirectly create employment through the spill-over effects of their activities on non-members whose income-generating activities are only viable through the transactions they have with, as well as opportunities created by the co-operative ventures.

The co-operatives, by their very nature, are producer-oriented firms (Bijman and Hendrikse 2003: 34). The agricultural co-operatives, which are typically organized as supply and/or marketing co-operatives, contribute to the development of rural areas (United Nations General Assembly 2009: 4).

3.6.3 Contribution to poverty reduction

Food security means avoiding hunger for all (Chambo 2009: 5). The United Nations recognizes the contribution that co-operatives can make in achieving the Millennium Development Goals (MDGs) of full and productive employment, eradicating poverty, enhancing social integration and promoting the advancement of women. Women find that membership in co-operative enterprises enables them to achieve economic empowerment, engage in entrepreneurial activities and stimulate employment generation (United Nations 2005: 11).

Wanyama *et al.* (2008: 14) assert that co-operatives are increasingly becoming the preferred mechanism for mediating people's access to resources that they need to participate in activities through which a living is earned. According to Ortmann and King (2007: 62), as suppliers of farming requisites, marketers of agricultural commodities, and service providers such as grain storage and transport - the co-operatives have played an important role in the development of agriculture in industrialised countries.

According to the United Nations (2005: 4) co-operatives contribute directly to the eradication of poverty through the economic and social progress of their members and employees, and indirectly, through stimulating the economies and enhancing the social

fabric of the communities in which they operate. The importance of co-operatives is linked to their purpose and the values and principles they espouse to their members and their communities (United Nations 2005: 4). These links involve self-help; self-responsibility; democracy; equality; equity, and solidarity (International Co-operative Alliance 2015: 6).

According to Derr (2013: 10), co-operatives can help alleviate poverty and promote empowerment, but are not suitable to cushion cuts in public spending and certainly cannot replace public service delivery. Thus, a comprehensive approach is needed to tackle these problems head on with the co-operative strategy forming part of the overall plan (Satgar and Williams 2012: 197). Ruete (2014: 5) contends that agricultural co-operatives greatly contribute to poverty reduction by offering an inclusive and democratic avenue for economic growth.

Co-operatives are key economic players for improving food security. Ruete (2014: 5) infers that the challenge is to build self-reliant organizations that operate efficiently within a market economy and contribute to improving incomes, creating employment opportunities and integrating small producers. Co-operatives empower people to improve their quality of life and enhance their economic opportunities through self-help and reduce poverty (Nefale 2016: 29).

Okem and Stanton (2016: 15) contend that although government support can facilitate the growth of co-operatives, government support should be limited to the creation of an enabling environment that will facilitate their growth. In doing this, Okem and Stanton (2016: 23) conclude that co-operatives are positioned to contribute to poverty alleviation, employment creation, economic development, and people's empowerment. It is pertinent to quote the former United Nations Secretary-General, Kofi Annan on co-operatives:

> *"The United Nations recognizes the contribution co-operatives can make to achieving the Millennium goals of full and productive employment, eradicating poverty, enhancing social integration and promoting the advancement of women. For the co-operative movement to fulfil this potential. Governments need to develop and sustain a supportive environment that*

allows autonomous co-operatives to grow. The values of co-operation - equity, solidarity, self-help and mutual responsibility - are cornerstones of our shared endeavour to build a fairer world" (DTI 2004: 2).

For the co-operative movement to contribute to social integration and rural economic development, it is affirmed that governments need to create a supportive environment that allows co-operatives to grow and prosper.

In the next section, the knowledge, attitudes, and practices among PACs and FRCs with regard to partnering is examined.

3.7 THE KNOWLEDGE, ATTITUDES, AND PRACTICES AMONG PACs AND FRCs WITH REGARD TO PARTNERING

This section examines the knowledge, attitudes, and practices among PACs and FRCs with regard to partnering.

3.7.1 Knowledge with regard to partnering

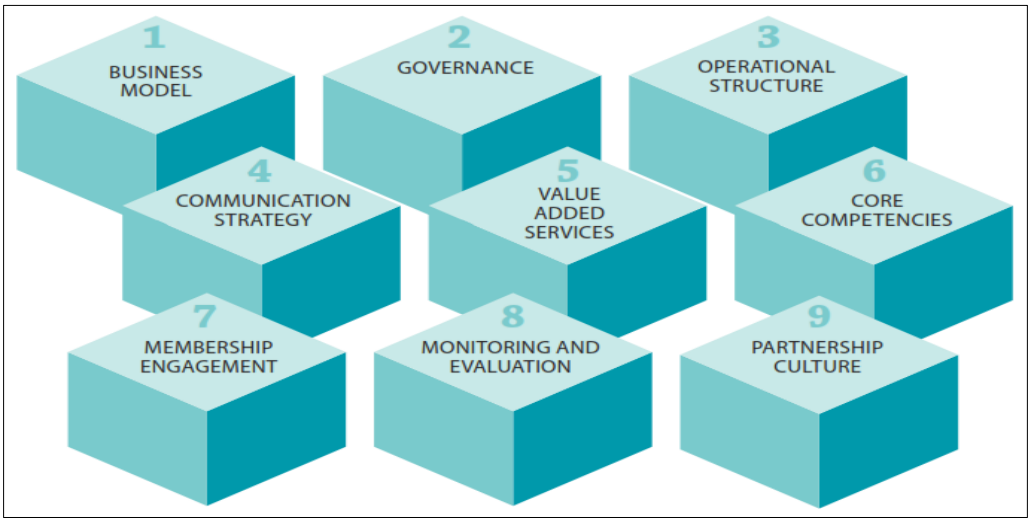
According to Dent (2006: 2), in a partnership, authority and title are meaningless in the delegation of tasks, decision-making, and conflict-resolution. The only factors that might make one partner's perspective take precedence over another's are greater knowledge or more experience. Swan and Khalfan, (2007) argue that shared mutual objectives are impacted by a mixture of personal and organisational objectives, and include short-term and long-term/strategic common objectives. According to Dent (2006: 2), although a partnership may appear to be between faceless corporations, it is people who form and manage partnerships. They must have the skills - a high Partnering Quotient (PQ) - to create a successful business relationship. These skills, according to Dent (2006: 3), include:

- openly self-disclosing information and giving feedback;

- creating trust through actions and words;
- creatively resolving conflicts and solving problems;
- welcoming change, and
- valuing interdependence.

Reid, Hayes and Stibbe (2014: 8) have identified nine critical 'building blocks' for a high-performing partnership, and these are reflected in Figure 3.1 below.

Figure 3.1: Nine building blocks for high-performing partnerships



Source: Reid, Hayes and Stibbe (2014: 8)

Reid *et al.* (2014: 9) provide a narrative on each of the nine building blocks in the above Figure as follows:

Sustainable business model: every platform needs a strategy to achieve its purpose. Central to this strategy is the issue of how the platform is going to access and generate sufficient funding both to support its core operation and to enable it to broker and support innovative new partnerships.

Governance: the actions of those managing the platform, allocating resources or selecting partnerships to support, must be accountable to all stakeholders within a clear system of

rules. An absence of good governance systems will undermine trust between participants and may increase the (already high) transaction costs involved in a multi-stakeholder platform.

Operational management structure: building an effective platform institution requires the design of an appropriate and effective management structure to implement the platform's tasks and produce its stated outputs.

Communication strategy: effective communication is not only about internal information sharing and trust-building: it must also involve promotion of the platform's vision and purpose to the wider audience of interested parties and potential partners.

Value-added services: platforms must offer well-defined and relevant services that provide significant value to members, partners and clients. Typically, a platform will offer services including innovation spaces for engaging stakeholders and identifying partnerships; partnership facilitation and brokering, and training to build partnering capacity.

Core competencies: creating and catalysing new development partnerships, and providing services to them, all require a high level of competence in both the theory and practice of cross-sector partnering. Hiring experienced professional partnership brokers and putting in place training and development programmes to develop the necessary knowledge and skill are essential to establishing a viable structure, team, and procedures for a new platform.

Membership engagement and management: the identification of platform champions can be an effective element in developing and retaining engagement from members and other external stakeholders. Critical to the longer term success of any platform is the ability of its members to move from engagement driven by initial goodwill to long-term collaboration based on trust, an understanding of a shared movement towards a vision, and an appreciation of received value.

Monitoring and evaluation: monitoring and evaluation of a platform for partnership should aim to focus on three main areas: the platform itself; the specific partnerships it brokers or supports; and the overall contribution to business and development goals.

Partnership culture: a complex, multi-stakeholder platform requires a strong overall vision around which diverse sectors can mobilise, acknowledging that they will have different reasons for participation but can still develop common objectives, towards which they can work collectively. Delivery of the vision has to be supported by strong partnership values of respect, mutual benefit, equity and transparency. Values are not only a key element of the overall vision but a critical contributor to building a demonstrably collaborative culture.

Grundey and Daugelaite (2009: 120) state that business partnership and its creation is difficult, and time-and-knowledge consuming process, because partnership may acquire different forms depending on:

- origin and number of partners;
- whether it has been established by natural or legal entities;
- raised goals and tasks, and
- social-economic "culture" of the region.

3.7.2 Attitudes to partnering

Every partner has something of value to bring to the partnership, and that something is essential to the quality of the outcome (Dent 2010: 2). According to Zou (2012: 39), for the success of partnering, mutual objectives among project parties must converge to one set of fundamental common components and key success factors, as suggested by many researchers and industry practitioners. At the more abstract level, Zou (2012: 39) states that common objectives among project parties are still very important for any successful project.

According to Khapayi and Celliers (2016: 38), a business, in general, requires someone who is open-minded and has an understanding mind; possesses record-keeping and banking skills, has labour management skills, and the ability to choose a profitable enterprise and production method for that enterprise. The authors further add that agricultural production methods in particular are dynamic, and require someone who is current with developments and changes. All these requirements, according to the authors, are achievable through

education. When people are uneducated they may be cheated, and once people are cheated they refuse to adopt further innovation or change, even if it is beneficial to them.

3.7.3 Practices with regard to partnering

Synergy and creativity result when people build upon one another's information and ideas (Dent 2010: 2). In corporate settings, individuals often operate according to the adage that "knowledge is power", and they increase their power by hoarding information, parcelling out bits and pieces as needed. In a partnership, however, partners are not focused on power, and all partners are perceived as equal, and therefore, willingly share information. This not only enhances the functioning of the partnership, but also increases the quality of the outcome. Benevolence, attitude, competence, and personal motives of the employees of both the partners is a critical factor for the effective development of the partnership (Grundey and Daugelaite 2009: 128).

However, co-operatives have to contend with several constraints and challenges, which are more pronounced in developing countries than developed countries, and these are discussed in the next section.

3.8 THE CHALLENGES FACED BY PACs IN DEVELOPING COUNTRIES

There are several constraints and challenges that PACs face, not just in South Africa, but also in the African continent as a whole. In this section, the challenges faced by PACs in developing countries, *inter alia*, production constraints; the governance and control problem; the lack of technical and management skills; the horizon problem; limited access to finance; the changing competitive environment; changing weather patterns; the value-adding problem, and limited access to market information and markets, will be discussed.

3.8.1 The production constraints

Khapayi and Celliers (2016: 37) state that the majority of co-operatives in Sub-Saharan Africa continue to farm at productivity levels far below their potential. They lack the necessary funds to buy high quality seed and fertilizer, to invest in infrastructure (e.g.

irrigation, technology, roads, water, electricity) and are often unable to take advantage of market opportunities. In addition, the authors contend that rising quality and safety standards, as well as the need for higher coordination in modern food supply chains, carry the risk of increasing the exclusion of cooperatives.

According to Mzuyanda (2014: 36), PAC members, mostly in the rural areas of South Africa, often lack formal education; hence, they are generally unable to make rational decisions, which results in poor quality and inadequate quantities produced. The author states that many small-scale farmers lack inputs such as fertilizers, seeds and adequate transport, and this, combined with the small size of their farms, restricts their production capacity. According to Khapayi and Celliers (2016: 38), poor infrastructure such as roads, communication lines and farming facilities also act as constraints to production, and restricts cooperatives from matching their production capacities to those of commercial farmers.

3.8.2 The governance and control problem

The co-operatives often lack the range of governance skills that are usually present among board members of comparable businesses. According to O'Connor (2007: 6), the problem is compounded by the fact that directors are elected on a one-member-one-vote basis, which sometimes results in the election of directors with political skills rather than business skills. According to Adefila and Madaki (2014: 80), leadership is paramount to the success of any organization and this explains the failure of many co-operatives since they lack proper coordination, administrative skills and managerial acumen.

Another governance problem is that of agency-principal relationships. Neto, Barroso and Rezende (2009: 3) describe the agency problem as situation where one part - the principal - is responsible to hire a second part - the agent - which must act accordingly to the principal's interests. In such situation, Neto *et al.* (2009: 3) predict that the agent will always try to maximize his/her own interest, even though it diverts from the principal's interest. In co-operatives, the managers are the agents, and they do not always act in the best interests of co-operative members.

3.8.3 The lack of technical and management skills

According to Louw *et al.* (2008: 3), apart from acquiring infrastructure and equipment (such as irrigation, greenhouses, trucks, and cooling sheds), PACs need to acquire technical and management skills, that will enable them to meet the high standards and quality requirements demanded by the major food retailers.

D'Haese and Bostyn (2001: 3) state that co-operatives have to become efficient and competitive if they want to safeguard their place in the market. This implies that agricultural co-operatives have to develop strategies applicable to their mode of operation. According to the Enterprise and Industry Development Division (EIDD) (2008: 20), many co-operatives are initiated by unemployed people, often with low skills levels and no prior business experience, in economically marginal areas; circumstances which pose the least chance of success.

A lack of the above-mentioned skills also contributes to tensions within the co-operatives. This arises partly as a result of the social goals that many co-operatives hope to achieve, in response to the pressures of unemployment, and the large numbers of people that want to be part of anything that offers hope. According to the EIDD (2008: 19) co-operatives also face the challenge of educating members so they understand and participate in decisions on retaining funds, managing equity, distributing profits and rationalizing business operations.

3.8.4 The horizon problem

The conventional co-operatives suffer from the horizon problem, described by Crooks (2004: 1) as a consequence of the general illiquidity of co-operative stock, which is due to the fundamental characteristic that shareholders in co-operatives accrue ownership benefits almost exclusively through their current patronage and not equity. The horizon problem arises due to the structure of the rights to residual claims, which are distributed to members as current payments. The benefits a member receives from an investment are, therefore, limited to the time period (horizon) over which the member expects to patronize the co-operative (Ortmann and King 2007: 58). According to Thomas *et al.* (2011: 698), the horizon problem arises when a member's residual claim on the net income generated by an asset is shorter than the productive life of that asset. In this respect, Karlson (2005: 16)

contends that the horizon problem exists when economic actors in a co-operative, such as members, board members and management have differing planning horizons.

Rafat, Soboh, Oude-Lansink, Giesen and van Dijk (2009: 1) state that the co-operatives differ widely in constitution, aspirations and business organization. This results in limitations in benefits a member receives from an investment governed by the time period or horizon during which the member expects to patronise the co-operative. If there is no trade for ownership rights, members' focus is on current price levels for the commodities sold. The member will value present payments in favour of long-term profitability, which might destroy the possibility of the co-operative generating future benefits from the current assets. Poverty and other factors may prompt co-operative members to claim their share early, before the co-operative realises notable profitability. This may stifle the growth of the affected co-operative.

3.8.5 Limited access to finance

Access to finance, broadly defined by Rojas-Suarez (2010: 5) as the share of households and firms that are able to use financial services if they choose to do so, can have substantial effects on the partnering ability of PACs. According to the author, financial access allows enterprises to move away from short-term decision making towards an inter-temporal allocation of resources. The author further contends that access to finance encourages savings and removes the straitjacket of self-finance, thus improving incentives for productive investments and for the enlargement and deepening of markets for goods and services.

Agricultural co-operatives, according to Chambo (2009: 11), find it difficult to compete with commercial farmers, due to limited access to finance. Rebelo, Caldas, and Matulich (2010: 156) remark that financial issues that are linked to acquiring and redeeming member equity capital can be a constraint on the growth and sustainability of agricultural cooperatives.

3.8.6 The changing competitive environment

According to the Mid-America Co-operative Council (2013: 1) producers and their co-operatives are selling into markets increasingly dominated by fewer, larger buyers. A variety of ownership and contractual arrangements intensifies concentration and creates a dramatic disparity in market power. Even the largest agricultural co-operatives have much smaller sales and asset bases than many of their competitors and customers. The author contends that co-operatives must conform to buyers' procurement systems by adopting specific information technology that both requires and facilitates better up-front planning by suppliers in inventory, transactions and billing.

3.8.7 Changing weather patterns

The occurrence of changing weather patterns, like drought and floods, during production of fruit and vegetable crops is becoming more frequent, due to climate change. El-Ramady *et al*. (2015: 130) warn that water stress during the production phase of some fruit and vegetables may affect their physiology and morphology in such a manner as to influence susceptibility to weight loss in storage.

3.8.8 The value-adding problem

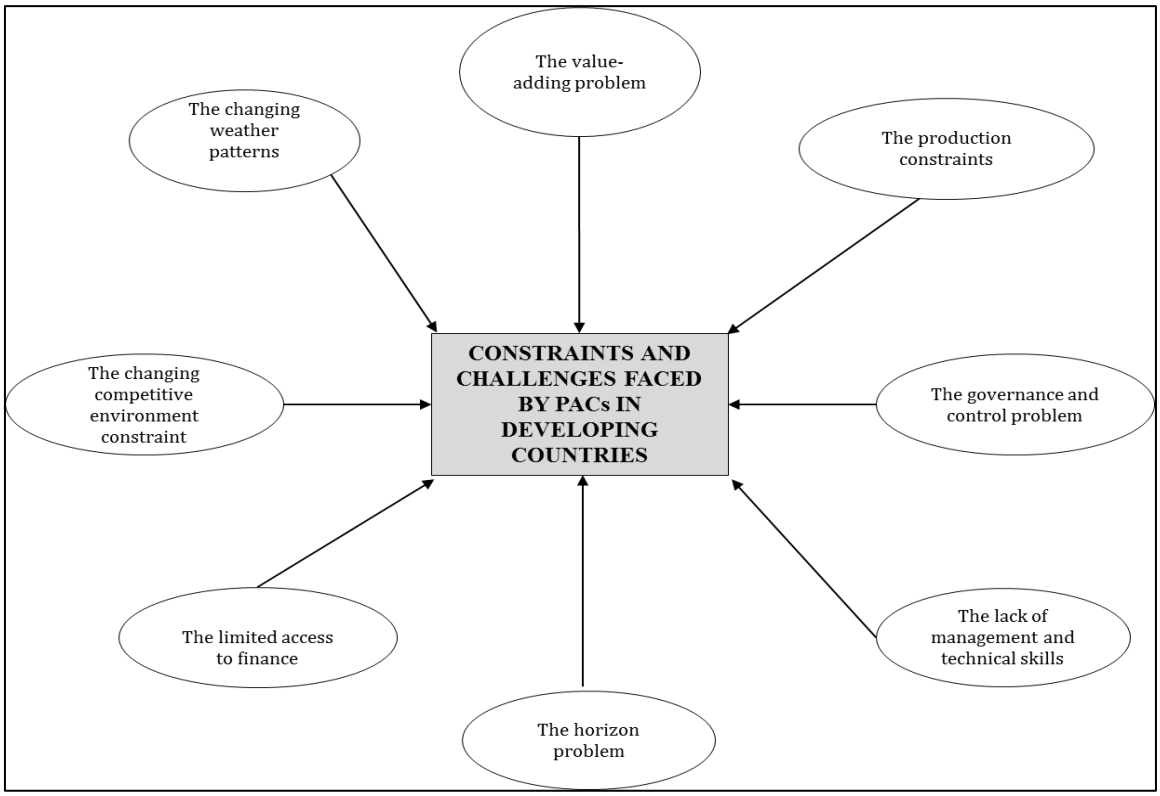
Adding value is the process of changing or transforming a product from its original state to a more valuable state (Coltrain, Barton and Boland 2002: 4). Many raw commodities have intrinsic value in their original state. For example, field maize grown, harvested, and stored on a farm and then fed to livestock on that farm has value. In fact, value is usually added by feeding it to an animal, which transforms the maize into animal protein or meat. The value of a changed product is added value, such as processing wheat into flour (Coltrain, Barton and Boland 2002: 4).

While some PACs are attempting to create lean product development processes in order to deliver better products faster and cheaper, most of PACs do not have the capacity to add value to produce they deliver (Browning, Deyst, Eppinger and Whitney 2002: 443). The co-operative will only be successful if it provides marketable products and services at

competitive prices. The co-operatives have to constantly identify new ways that they can add value to their services and build client loyalty (Bates 2010: 43).

The challenges facing co-operatives differ to a great extent across the Southern African region, and while market access remains a main challenge in many countries, it is only a small part of the problem. The constraints faced by PACs in developing countries can be illustrated as follows:

Figure 3.2: Constraints faced by PACs in developing countries



Okem and Stanton (2016: 15) state that despite the challenges faced by co-operatives, they could be instrumental in addressing multiple challenges, including poverty, unemployment and hopelessness experienced by many people across Africa. In the next section, the strategies employed by PACs in South Africa to overcome the constraints to sustainable partnering with FRCs are discussed.

3.9 STRATEGIES THAT CAN BE EMPLOYED BY PACs IN SOUTH AFRICA TO OVERCOME THE CONSTRAINTS TO SUSTAINABLE PARTNERING WITH FRCs

In this section the strategies that PACs can employ to overcome the constraints to sustainable partnering with FRCs which, *inter alia*, include building skills and entrepreneurship; facilitating access to finance, improving access to inputs supply and technology, are explored.

3.9.1 Building skills and entrepreneurship

The success or production ability of PACs is dependent on developing a society in which there are skilled producers and processors, and informed consumers. According to the Metro Vancouver (2011: 25) building capacity to produce food requires actions to ensure it is possible for PACs, to enter the farming practice. Prospects for success, according to the Metro Vancouver (2011: 29), can be improved with initiatives that reduce the cost of entry and provide entrant farmers with the technical knowledge and business skills required for operating a successful farm.

Schank and Fulton (2003: 1) state that many agricultural producers are responding to the changing environment by cooperating with other producers to develop value-added businesses, thus, one common organizational form that producers are using is the New Generation Co-operative (NGC). The NGC is a co-operative in that it meets the user-owned, user-controlled and user-benefit criteria. However, there is a subtle change in emphasis which moves the NGC more towards the investor owned firms (IOF) model. The emphasis on the member as the user remains; however, there is a significant increase in the emphasis on the member as an investor. The member in the NGC begins to take on many of the characteristics of the shareholder in an IOF. The characteristics that distinguish NGCs from traditional co-operatives include: value-added processing of members' commodities, a significant equity contribution by farmer members, obligation of product delivery based on equity contribution, and the ability to trade equity shares and delivery rights (Schank and Fulton 2003: 2).

3.9.2 Facilitating access to finance

Adjasi (2015: 7) stresses that one of the ways to understand sound business ideas from a lender's perspective is to know and understand the context and model financial products to suit it. In this manner, the author believes that the three problems of creditworthiness, risk, and information asymmetry are dealt with. This intervention, according to Adjasi (2015: 7), has helped to remove excessive market segmentation using agents, huge transaction costs, poor market accessibility, poor and low reliability of prices, and credit constraint problems faced by farmers.

Although agricultural cooperatives in Africa may be small and seemingly risky with paltry returns, in most cases these risks can be minimised and the returns have more social, developmental and long-term sides to them (Adjasi 2015: 7). The author further states that risks can be minimised through interventions such as lease financing, warehouse financing, *e*-financing, weather insurance, and commodity markets. According to Adjasi (2015: 7), returns are also not just financial but social too - one need not finance a single farmer only (in most cases farmers work in groups or associations, whether formal or informal); it is the collective effort of multiple farmers using a social pact that yields bigger returns.

Mezzanine finance can also be an option in facilitating access to finance. Mezzanine finance, according to Cusmano (2015: 66), is generally intended as a technique that combines two or more of the above investment instruments (tranches) within a facility that is sold as a single entity to investors. The exact mix of instruments in a specific facility can be tailored to suit the needs of the firm and the investors. Yield can be enhanced by increasing the proportion of higher risk assets in the facility or by delaying payments until later stages of the operation (Cusmano 2015: 66).

To conclude, Switala (2009: 9) advises that there must be synergy between the objective of the funding source and the attributes of the financial instrument; for example, an institution requiring high returns in exchange for risk will invest in equity, and an institution requiring certainty of repayment at low risk will invest in debt.

3.9.3 Improving access to inputs supply and technology

According to MOGC (2012: 15), partnerships should focus on long-term sustainability, prioritizing the development of agricultural approaches that respond to specific agro-ecological conditions and that build local self-reliance, rather than unnecessarily expanding industrial production strategies or creating dependence on external inputs, techniques or technologies.

In the next section, the key success factors (KSFs) influencing the growth and sustainability of co-operatives are discussed.

3.10 THE KEY SUCCESS FACTORS (KSFs) INFLUENCING THE GROWTH AND SUSTAINABILITY OF CO-OPERATIVES

The Business Dictionary defines "key success factors" as a combination of important factors required to accomplish one or more desirable business goals. The following key success factors (KSFs) influencing the growth and sustainability of co-operatives are discussed hereunder: trust and commitment; governance and leadership; ability to compete, and a business enabling environment.

3.10.1 Trust and commitment

Zillifro and Morais (2004: 161) define trust as the willingness to rely on an exchange partner in whom one has confidence, underpinned by competence and benevolence. Competence is defined as the provider's ability to perform the service as agreed, and benevolence is the belief that the provider will act in the customers' best interests, putting their needs before its own. Mutual trust is the confidence of partners that the other will behave in a predictable manner without acting against the partner. A relationships-based view of co-operatives highlights the importance of issues of trust and of agency: how much and in what ways members trust the co-operative, and to what extent it is efficient in acting as an agent of their interests? (Fairbairn 2003: 6).

Fairbairn (2003: 5) states that the key to a co-operative is the relationships that it cultivates and embodies. The most important of these may be the relationships between the co-operative and its members; however, relationships among the members, and among or between employees and other stakeholder groups, is also important. According to Kale and Singh (2009: 50) severe coordination problems can result from the lack of sufficient knowledge about how one's actions are interdependent with the other's, what decision rules a partner is likely to use, how to allocate resources, or how information should be handled.

Chen and Paulraj (2004: 141) state that trust is one's belief that one's supply chain partner will act in a consistent manner and do what he/she promises. The authors add that trust is the sense of performance in accordance with intentions and expectations that hold in check one's fear of self-serving behaviour on the part of the other members of the supply chain. According to Kale and Singh (2009: 50) trust between partners is critical to partnership success, not only because it facilitates partnership governance, but also because it helps partners work more co-operatively.

Kale and Singh (2009: 50) describes trust as comprising two parts, namely, a structural component, which refers to a type of expectation that one's partner will not act opportunistically due to a mutual hostage situation, and a behavioural component, which refers to the degree of confidence a firm has in its partner's reliability and integrity. The former type of trust, according to Kale and Singh (2009: 50), is akin to deterrence-based trust, which arises from the use of governance mechanisms such as shared equity or contractual agreements, and the latter to knowledge-based trust, which gradually emerges as two partners interact and develop norms of reciprocity and fairness.

Commitment refers to the willingness of buyers and suppliers to exert effort on behalf of the relationship, which may occur in the form of an organization's time, money, facilities, etc. (Vanpoucke and Vereecke 2014). According to Leung and Chan (2007: 114), commitment implies a determination to try for a goal or to keep trying for a goal irrespective of whether the goal is assigned, anticipative or set by the participant(s) or not. Indeed, trust and commitment have relevance to PACs in that, if participating members of a PAC do not trust each other and show commitment towards the PAC, the PAC will perform sub-optimally.

3.10.2 Governance and leadership

Scholl and Sherwood (2014: 18) define co-operative governance as the act of steering co-operatively owned enterprises toward economic, social, and cultural success. It consists of answering key questions, defining roles and responsibilities, and establishing processes for setting expectations and ensuring accountability.

Garza (2005: 2) states that the governance structure is an important factor in evaluating a partnership, its work and corresponding outcomes. Governance in co-operatives, according to Saxena (2012: 6), is different as compared to private enterprises, as the co-operative leaders are required to understand and have knowledge about the co-operative philosophy, their own responsibility and role in the management in order to ensure retention of control by the members. Governance calls for participation by members in organizational structures and business operations, as is through participation that members express themselves, make their needs known and express their feelings and plans.

According to Ernst and Young (2012: 2), co-operatives are facing pressure to demonstrate that they are equipped to thrive in a rapidly evolving global economy. The quality of leadership is one of the most important factors in determining the survival and success of PACs. Kenkel and Park (2011: 4) state that the fact that agricultural co-operatives are led by producer-members is both a key strength and a key challenge for co-operatives. According to the Co-operative Law & Regulation Initiative (CLARITY) (2006: 1), government control of co-operatives does more harm than good, and all co-operatives, regardless of their level of development or country of origin, should share the same right to democratically and autonomously govern their business.

According to Scholl and Sherwood (2014: 19) the four pillars of co-operative governance are:

- teaming: successfully working together to achieve common purpose;

- accountable empowerment: successfully empowering people while at the same time holding them accountable for the power granted;

- strategic leadership: successfully articulating the co-operative's direction/ purpose and setting up the organization for movement in this direction, and

- democracy: successfully practicing, protecting, promoting, and perpetuating sound, collective and democratic decision-making processes.

Saxena (2012: 9) lists the following factors for effective co-operative governance:

- protection of co-operative identity;

- leadership must be conversant with the business;

- independence of the board;

- proper monitoring and supervision, and

- elected board of directors must invest enough time in board affairs.

Scholl and Sherwood (2014: 19) conclude that within a co-operative, no matter what their role, the expectation is that everyone is responsible for working together effectively, to be accountable and able to empower others, to be focused on purpose, and to participate in ensuring a healthy democracy.

3.10.3 Ability to compete

Esterhuizen, van Rooyen and Doyer (2001: 6) perceive competitiveness as an indicator of the ability to supply goods and services, and in the form and at the time sought after by buyers, at prices that are as good as or better than those of other suppliers, while earning at least the opportunity cost of returns on resources employed. Co-operatives are, according to Karlson (2005: 1), forced to pursue competitive strategies in response to structural and environmental changes in the marketplace. Agricultural co-operatives must function in a strong competitive environment on behalf of their members and they must equip themselves properly to oppose the threats of such an environment. Van Niekerk (1988: 68) states that

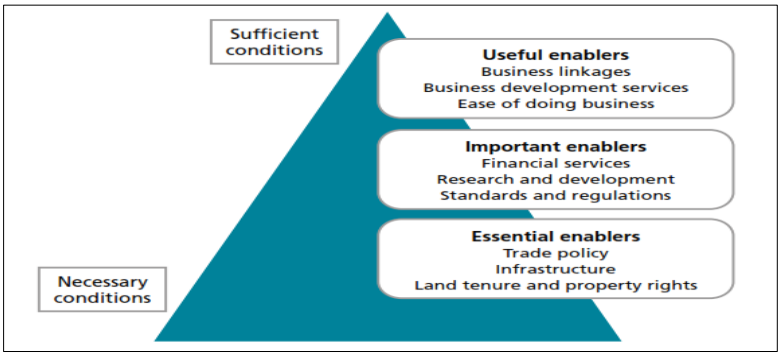
for agricultural co-operatives to be able to operate successfully in such a competitive environment, the understanding and active support of members is most important. Hence, the growth and sustainability of a PAC hinges on its ability to compete on several dimensions (like price and quality) against large, professionally managed commercial farming operations (Van Niekerk 1988: 68).

3.10.4 Business enabling environment

According to Christy, Mabaya, Wilson, Mutambatsere and Mhlanga (2009: 8), enabling business environments are defined as sets of policies, institutions, support services and other conditions that collectively improve or create a general business setting where enterprises and business activities can start, develop and thrive. The environment shapes the costs and risks of doing business; hence, the competitiveness of an enterprise and its value creation abilities (Christy *et al.* 2009: 8).

According to Boateng (2011: 31), inadequate physical infrastructure is acknowledged as a factor hampering business growth, especially market access, and it sometimes leads to business failures. The author adds that the development of roads, telecommunications and rural information networks open up rural economies, and motivate service providers to provide their services access rural areas. The United Nations Industrial Development Organization (UNIDO) (2008: 4) states that the doing business agenda is embedded in a neo-classical framework which assumes that markets work reasonably well if property rights and competition are guaranteed. Christy *et al.* (2009: 10) present the following hierarchy of enabling needs for agro-industrial competitiveness:

Figure 3.3: Hierarchy of enabling needs for agro-industry competitiveness



Source: Christy *et al.* (2009)

At the base of the pyramid (Figure 3.3), according to Konig, da Silva and Mhlanga (2013: 10), the State (government) must provide "essential enablers" that make possible the functioning of markets and enterprises. The so-called "essential enablers" are second-order activities that the State can and often does provide, such as finance, transportation and information. Konig *et al.* (2013) define "useful enablers" as sufficient but not necessary conditions, including grades and standards, linking small farmers to formal markets, and business development services.

3.10.5 Ability to manage post-harvest handling of agricultural produce

Producers may lose produce value because of poor post-harvest management. The Rockefeller Foundation (2015: 1) states that food waste and loss is a large and increasingly urgent problem and is particularly acute in developing countries where food loss reduces income by at least 15% for 470 million small-holder farmers and downstream value chain actors. El-Ramady, Domokos-Szabolcsy, Abdalla, Taha and Fári (2015: 75) describe post-harvest management as a set of post-production practices that includes: cleaning, washing, selection, grading, disinfection, drying, packing and storage. Food losses take place at production, post-harvest and processing stages in the food supply chain (The Rockefeller Foundation 2015: 2).

According to the Rockefeller Foundation (2015: 3), the agricultural value chain comprises production, harvest, handling and storage, processing, distribution and, finally, consumption. Food loss occurs all along this chain but is most acute between harvest and distribution in developing countries, which accounts for 50% of the loss. The post-production practices, according to El-Ramady *et al*. (2015: 68), eliminate undesirable elements and improve product appearance, as well as ensuring that the product complies with established quality standards for fresh and processed products. Post-harvest practices include the management and control of variables such as temperature and relative humidity, the selection and use of packaging, and the application of such supplementary treatments as fungicides.

According to El-Ramady *et al.* (2015: 75), once a crop is removed from the ground, or separated from its parent plant, it begins to deteriorate. Hence, post-harvest treatment

largely determines final quality, whether a crop is sold for fresh consumption, or used as an ingredient in a processed food product. The most important goals of post-harvest handling are keeping the product cool, to avoid moisture loss and slow down chemical changes, and avoiding physical damage such as bruising (El-Ramady *et al*. 2015: 75). Sanitation is also an important factor, to reduce the possibility of pathogens that could be carried by fresh produce.

El-Ramady *et al*. (2015: 69) state that maturity at harvest is the most important factor that determines post-harvest life and final quality such as appearance, texture, flavour, and the nutritional value of fruit and vegetables. For example, fruit harvested too early may lack flavour and may not ripen properly, while produce harvested too late may be fibrous or have very limited market life. Therefore, the harvesting of fruit and vegetables at the proper stage of maturity is of paramount importance for attaining the desirable quality. El-Ramady *et al*. (2015: 73) conclude that the level of maturity actually helps in selection of storage methods, estimation of shelf life, selection of processing operations for value addition, and so forth.

According to the Rockefeller Foundation (2015: 3), the major barriers to reducing food loss include the following:

- limited knowledge of the issue and of prevention and reduction techniques;
- broken distribution channels for loss-reducing technology;
- limited technical know-how of small-holder farmers;
- limited access to credit and financing, and
- challenges in efficiently and cost-effectively linking adequate small-holder supply to buyer demand.

To remedy the situation, the Rockefeller Foundation (2015: 4) has identified an innovative integrated approach that brings together four components in ways that will reduce food loss, namely:

- linking small-holder farmers to market demand of both large anchor buyers and local alternative markets;

- aggregating farmers to train them in postharvest management, promote their adoption of technologies, and aggregate their crops to meet buyer quantity and quality requirements;

- using innovative finance mechanisms to promote agricultural investments and facilitate distribution and acquisition of technologies, particularly among small-holder farmers, and

- promoting the adoption of appropriate loss-reducing technologies to improve crop handling, storage, and processing (the Rockefeller Foundation 2015: 4).

The next section provides the concluding remarks on co-operatives, highlighting most of the essential information about the origin, functioning, and constraints experienced by PACs.

3.11 CONCLUSION

The literature reviewed in Section 1 has confirmed that the strength of PACs lies in group mobilization for meeting diverse agricultural needs; accessing production inputs; pooling resources; sharing information; agro-processing; marketing of produce, and above all, willingness of co-operative members to participate in activities and matters of their co-operative. It is evident that, despite some operational constraints and challenges, co-operatives contribute to food security and rural economic development. It is also apparent that key success factors are critical in facilitating the ability of PACs to enter into partnerships.

Regardless of its purpose or membership, establishing a co-operative call for considerable time, energy, commitment, and technical resources. Recognition of a mutual need is necessary to the formation and successful operation of a co-operative. Potential members

must dedicate much time and energy to developing their new business. A co-operative call for member commitment to finance and use the business and select erudite directors who hire a competent manager. A strategic business plan is important to harmonize all of the elements for the co-operative's success.

In the next Chapter, the relevant literature pertaining to the food retail companies (FRCs) is critically reviewed.

CHAPTER FOUR

THE FOOD RETAIL COMPANIES (FRCs)

4.1 INTRODUCTION

This section commences with a definition of 'food retail companies'. Thereafter, the evolution of food retail corporations (FRCs) in South Africa is discussed. This is followed by exploring the structure of the South Africa's food retailing landscape. The phases in the development of the food retailing industry is also discussed. Thereafter, the four largest FRCs in South Africa are profiled; the challenges confronting food retailers in partnering with PACs in developing countries, with particular reference to South Africa, are examined, and the factors influencing the adoption of the food retail concept, in general, are discussed. The discussion concludes with strategies employed by FRCs in South Africa to overcome challenges to sustainable partnering with PACs.

4.2 DEFINITION OF FOOD RETAIL COMPANIES

According to Stiegert and Kim (2009: 21), food retailers include supermarkets and grocery stores, including convenience stores and specialized food retailers. Specialized food retailers include retailers that sell fresh meat, fish and poultry, fruit and vegetables, confectionery, liquor, non-alcoholic drinks, small goods, baked goods (provided they are not manufactured on the same premises), and any other specialized food items. The authors further clarify that food vending machines and retailers selling food for immediate consumption or takeaway consumption (such as restaurants, cafes, bars, etc.) are excluded from the definition.

Steeneken and Ackley (2012: 2) define a supermarket as a business enterprise that provides a service. According to Steeneken and Ackley (2012: 2) a supermarket does not produce a physical product of its own in the usual sense, but instead, it adds value by acquiring existing products from remotely-located suppliers, assembling them in regional warehouses,

distributing them to local stores, and finally selling the supplier's products to local customers. A supermarket, also called a grocery store, is a self-service store offering a wide variety of food and household merchandise, organized into departments (The Business Dictionary).

A supermarket business, according to the Competition and Consumer Council (2015: 5), means a business under which a person sells to consumers' bread, breakfast cereal, butter, eggs, flour, fresh fruit and vegetables, fresh milk, meat, rice, sugar and other packaged food, or most of those groceries.

The defining characteristic of supermarkets and grocery stores, as a class, is that they sell groceries as well as non-specialized food lines. For the purposes of this study, the following definition of a food retail company was adopted:

> *"a juristic person incorporated in terms of the Companies Act No. 61 of 1973, which sells edible goods or merchandise from a fixed location, such as a supermarket or department store, in small or individual lots, for direct consumption by the purchaser"* (South Africa 2008).

For the purposes of this study, the terms "food retail company" and "supermarket" are used interchangeably. The following section discusses the evolution of the food retail corporations (FRCs), within the South African context.

4.3 THE EVOLUTION OF FOOD RETAIL CORPORATIONS IN SOUTH AFRICA

According to Chikazunga and Paradza (2012: 3), the South African food retail system has restructured significantly since the end of World War II. The process has been characterised by consolidation, trans-nationalization and the emergence and disappearance of supply chain actors (Louw, Jordaan, Ndanga and Kirsten 2008). Reardon and Weatherspoon (2003) contend that South Africa has the most rapidly transforming food sector on the

continent, having swung into the restructuring process during the 1960s and 1970s, restructuring at the same time with some European and Asian countries.

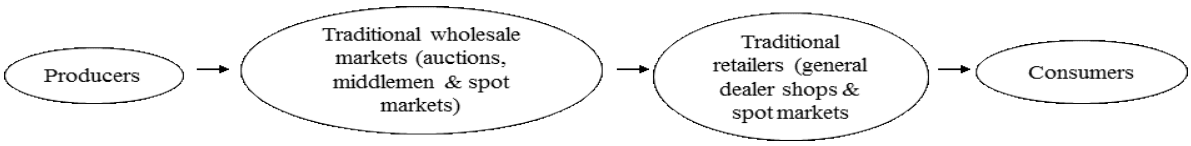
The food retail sector in South Africa has evolved from the traditional form with simple systems into a more organised and sophisticated form. The sector has been characterised by its presence both in rural and urban areas, capturing all segments of the food retail market. The entry of supermarkets in the food retail sector - headed by the Shoprite-Checkers Group, the Pick n Pay Group, the SPAR Group, and Woolworths Holdings - strongly influenced the South African retail scene, not only because of their own economic activities but also because they operated as role models for other retailers in the food retail sector.

Makoka (2009: 123) identifies three stages in which the development of supermarkets in developing countries have evolved: in the first stage, the supermarkets were developed in the main urban areas within the country. In the second stage, which coincided with the demise of apartheid (in 1994) in South Africa, the South African supermarket groups expanded into the SADC regions. In the third stage, the supermarket groups established branches in the poorer areas, which in the case of South Africa, were in the townships.

According to Strydom (1989: 19) the supermarkets in South Africa started in 1951 when OK Bazaars introduced the concept of supermarkets by opening a food department store as its flagship store in Eloff Street, Johannesburg. From 1951 onwards, OK Bazaars continued to grow, and by 1986 there were 205 stores, with a turnover of R 2 billion. Since then, a number of food retailers have entered the retail industry. Strydom (1989: 19) states that other supermarket groups started a few years later, with Checkers commencing in 1956, Spar in 1960, Pick n Pay in 1967, and Shoprite in 1979.

According to Emongor (2008: 30), during the 1960s and 1970s, food marketing in developing countries was carried out through traditional distribution channels, mainly through spot markets and other informal markets, as depicted in Figure 4.1 below.

Figure 4.1: Food-marketing channels in developing countries in the 1960s and 1970s



Source: Emongor (2008:30)

During the 1960s and the 1970s, the marketing of agricultural produce approached the perfectly competitive model, with forces of supply and demand determining the price (Emongor 2008: 30).

According to Schiltz (2015: 20), from 1970 to 1994, at least half of food sales went through wholesale and cash and carry outlets, mainly as the result of the lack of formal retail outlets on the outskirts of urban areas and in rural areas. During the same period (1970 to 1994), food marketing in South Africa changed dramatically. During this period:

- agri-food markets restructured (Ndanga, Louw and Chikazunga 2008: 2);
- there was an increased consolidation and concentration of the industry;
- leading South African retailers, such as Shoprite-Checkers, Pick n Pay and SPAR, began to expand at an exponential rate throughout the region;
- the retail market was dominated by a few major supermarket chains such as Shoprite-Checkers, Pick n Pay, Spar and Woolworths, all owned by large South African holding companies (Mulle and Ruppanner 2010: 18);
- the supermarkets became part of the agri-food system in South Africa (Makoka 2009: 124), and
- the supermarkets could not trade outside South Africa because of political and economic boycotts that were precipitated by apartheid.

After 1994, the marketing of agricultural products has been characterised by South African retail structure becoming highly concentrated (Mather 2005: 2), with several stratified retail clusters merging into one outlet incorporating a clothing department, a food department and a homeware department (Berning 2014: 42). Because of this, most food value chains became buyer-driven, which has important implications for food processors and primary producers. With the growth of disposable income outside of cities, supermarket chains began investing in these areas. These developments, in turn, affected what was consumed. Consumer exposure to a greater variety of foods and an equivalent reduction in the time available to prepare meals meant that there was a marked increase in the sale of convenience foods (Mather 2005: 2).

Up until the 1990s, the marketing of agricultural products in South Africa was extensively regulated by the state through the Marketing Act of 1937 (consolidated in the Marketing Act of 1968) (OECD 2014: 343). Institutions mandated to implement the legislation included the Land and Agricultural Bank as well as Control Boards for every individual agricultural product (Kirsten and van Zyl, 1996, cited in OECD 2014: 343). The OECD (2014: 343) states that fixed price schemes and the agricultural co-operatives were generally appointed as agents of the relevant boards. The co-operatives, according to the OECD (2014: 343), functioned as regional monopolies. Under these schemes, farmers were paid a fixed price on delivery of their produce to the co-operative, regardless of where the delivery was made. This resulted in substantial cross-subsidisation from farmers in close proximity to the market of farmers situated further away from the market (Vink and Kirsten 2000, cited in OECD 2014: 343). The system was also meant to ensure the stability of agricultural prices as well as the reduction of marketing margins between producers and consumers.

South Africa became a sophisticated and promising market, offering a combination of well-developed First World economic infrastructure with a vibrant emerging market economy - characterised by abundant natural resources, a well-developed banking system, good infrastructure with major capital injections to upgrade this further, a reasonable tax structure, a fairly stable political climate, a stock exchange ranked among the top 20 in the world and, is perceived as the gateway to other African markets (Schiltz 2015: 3). The improved and modern infrastructure in South Africa allowed for more rigorous economic activity, with the food retail sector benefitting through efficient distribution of goods to urban centres,

townships and rural areas, and resulting in shopping centre development shifting from being concentrated in inner-cities to suburbs and townships (GPA 2012: 4).

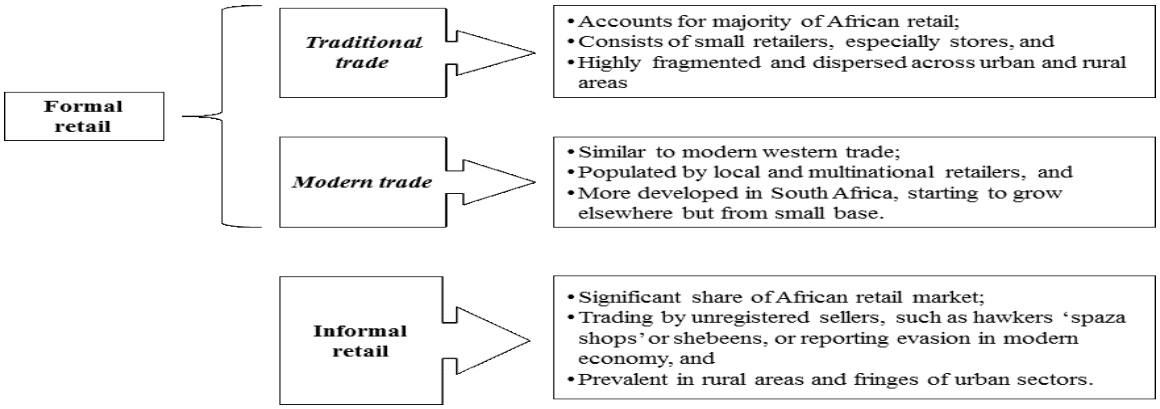
According to Weatherspoon and Reardon (2003: 335), while the growth and expansion of supermarkets in South Africa has been steady, an automatic assumption of their presence in promoting partnering capacity and capability oversimplifies the relationship between partnering capacity and institutional arrangements in the food retail sector. Furthermore, the dichotomization and diversification of informal and formal economies in both literature and policy masks the complex environments in which the food retail sector operates. The authors concur that most supermarkets have expanded their market share through buying other supermarkets; franchising, and forming partnerships with other supermarket chains both in South Africa and in other African countries (for example, Shoprite acquired Checkers in 1993 and OK Bazaars in 1997).

In this section the evolution of food retail corporations in South Africa was examined, discussing different developmental phases of supermarkets. In the next section, the structure of the South Africa's food retail environment is examined.

4.4 THE STRUCTURE OF THE SOUTH AFRICAN FOOD RETAIL SECTOR

The food retail industry in South Africa comprises what can, broadly speaking, be classified as the so-called "formal" and "informal" trade (Ilgner 2016: 6). The so-called "formal trade" comprises large-scale supermarket chains such as Shoprite Checkers, Pick n Pay, Spar, and Woolworths. The informal sector constitutes hawkers, street vendors and spaza shops (small shops in densely populated townships) (van Hille and Louw 2012: 19). This sector is mainly served through the formal wholesale sector. Ilgner (2016: 6) estimates that the total size of the retail grocery industry in South Africa was approximately R492 billion in 2014. A significant 22.5% of total consumer expenditure on food and groceries is made at informal or independent retailers, and it is these retailers, in turn, that supply 81% of households in South Africa (van Hille and Louw 2012: 19). According to Meacham, Tymms, Moolman and de Montgolfier (2012: 15), the food retail sector is sub-divided into retail trade segments, as illustrated in Figure 4.2 below.

Figure 4.2: The South African retail trade segments

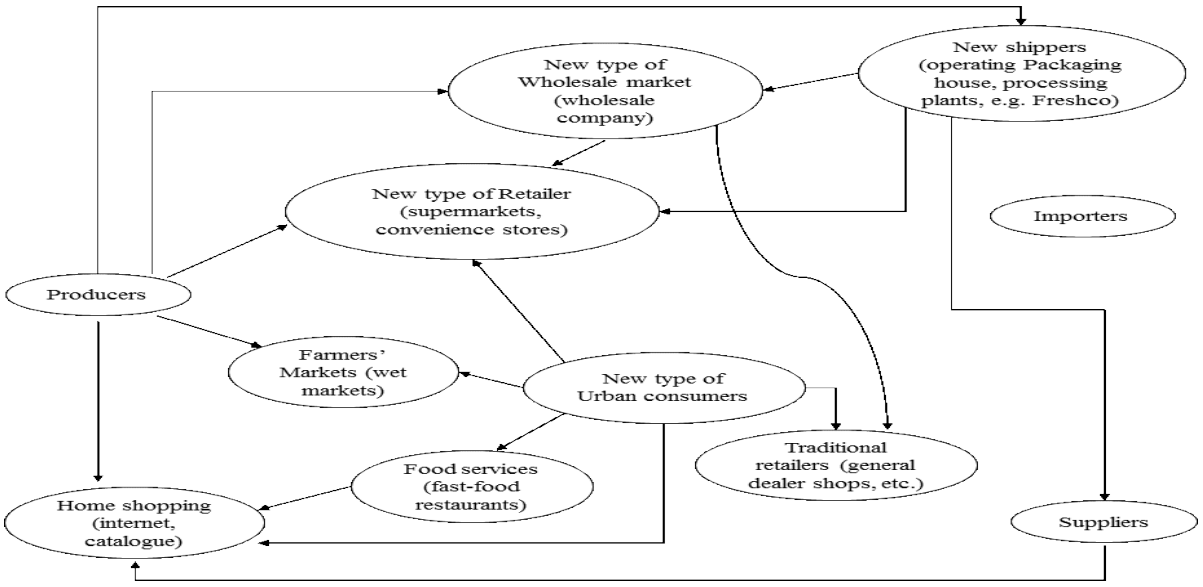


SOURCE: Meacham, Tymms, Moolman and de Montgolfier (2012)

A study conducted by GAIN in 2011 found that the South African food market is almost equally divided into an informal food-retailing sector and a retail system based on the supermarket format that is supplied by both local and imported goods. In the 2014 Global Powers of Retailing report, the country's top four retailers, in terms of annual revenue generated, were ranked in the global top 250 retailers. Shoprite was ranked 94th (92nd in 2012); Pick n Pay was ranked 137th (133rd in 2012); Spar was ranked 172th (179th in 2012), and Woolworths was ranked 234th (222nd in 2012).

According to Barrientos, Kritzinger, Muller, Rossouw, Termine, Tregurtha and Vink (2005: 24), the food retail sector may include food manufacturing/processing of fresh agricultural products into more non-perishable products, such as long-life milk and canned fruit and vegetables. Barrientos *et al.* (2005) state that supermarkets may have distribution centres where value-adding processes such as sorting, grading, washing, cutting, cooling, packaging, branding, storage, freezing and transportation are carried out in order to improve and preserve food, which may be consumed later than when it was produced, or it can be transported to consumption centres far from where it was produced. A typical food retail chain in developed countries since the mid-19902 is outlined in Figure 4.3 below.

Figure 4.3: The food retail chain in developing countries since the mid-1990s



Source: Emongor (2008)

According to Vermeulen and Bienabe (2007: 12), the structure of the South African food retail sector and the procurement practices of local supermarkets have created barriers to entry for smaller producers. The authors add that even niché markets, such as organics, which are presumed to offer opportunities for small-holder farmers, are being taken over by big producers. Van der Heijden and Vink (2013: 12) state that the structure of the South African commercial farming sector facilitates and encourages the use of large preferred producers, and in contrast with many developing countries, the local commercial farming sector is characterised by large farm units.

According to the MPG (2015: 28), retail is a highly dynamic sector involving property design, technology, logistics, and popular culture. The context of retail is challenging due to many retailers facing market saturation and increased commoditisation, and many wrestling with new multi-channel strategies to drive sales in a period of low economic growth. Furthermore, retailers are under increased pressure to consider the environmental and social impacts of their operations.

The Department of Economic Development (2015: 78) states that since the 1990s, one of the more prominent features of the South African economy has been the evolution of the townships, peri-urban and rural areas into centres of business activity. The main driver of

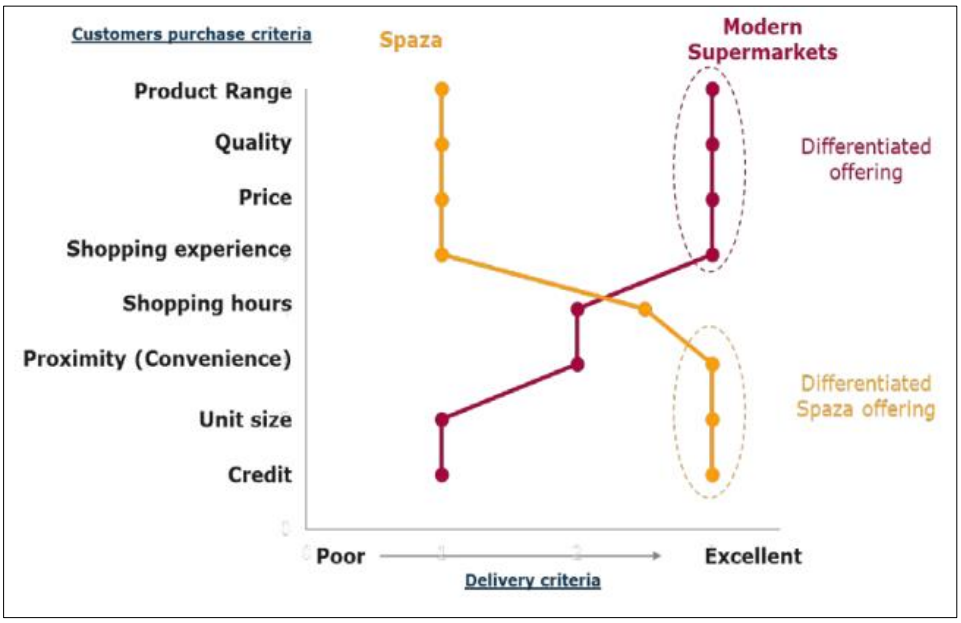
such a development is the drive by retailers to tap into the growing low to middle-income households. The increasing movement of large retailer chains into previously untapped low to middle-income segments has resulted in an increase in the number of shopping malls developed in these areas.

There have been some negative aspects, though, regarding the drive to build more malls in the townships, peri-urban and rural areas. According to the Department of Economic Development (2015: 78), the movement of national supermarket chains into the townships, peri-urban and rural areas, mainly through the construction of shopping centres, has affected small, informal and independent retailers in a number of ways. Studies carried out have confirmed that the number of informal businesses decreased immediately after the national supermarket chains moved into townships. For example, in a study by the Bureau of Market Research, in Soshanguve (north of Pretoria, South Africa), a significant proportion of informal businesses interviewed confirmed a decrease in their business activities during the six-month period since the opening of a shopping centre in the Soshanguve area. The study found that 75% of informal businesses located less than one kilometre from the centre (or about 15 minutes walking time) reported a decline in their profits, while only 36.8% of those located between 4 and 5 kilometres, (approximately 1 hour's walk) from the centre experienced a drop in their profitability (Ligthelm 2008: 9).

The grocery retailing formats, according to Ilgner (2016: 7), are differentiated from each other in terms of price levels, product range, customer service levels, in-store environments and overall equipment levels, value-added services (for example, financial services), and opening hours. For example, a full-line Pick n Pay supermarket will offer a significantly greater product range than a petrol food forecourt mart, superette, or spaza shop, as well as lower prices, higher levels of customer service, and a greater range of value-added services (Ilgner 2016: 7).

On the other hand, a petrol food forecourt mart or superette is likely to offer longer opening hours than a full-line supermarket. Figure 4.4 below compares the products and services offered by spazas and modern supermarkets on a range of dimensions.

Figure 4.4: Factors differentiating supermarkets from informal spazas



Source: Ilgner (2016: 8)

This section has highlighted the strategy of supermarket chains in South Africa of extending their offering across different formats to target customers from all income groups. In the following section, profiles of the four largest food retailers in South Africa are presented.

4.5 THE PROFILES OF THE FOUR LARGEST FOOD RETAIL GROUPS IN SOUTH AFRICA

The South African food retail sector is highly concentrated, with five main players controlled by four large retail groups, and accounting for over 60 percent of the total market share (International Trade Centre (ITC) (2010: 24). The big four retail groups, in terms of market share, are the Shoprite-Checkers Group, the Pick n Pay Group, the SPAR Group and Woolworths Holdings Limited (van Hille and Louw 2012: 19). These retailers are able to operate as grocery anchor tenants in shopping centres and malls of various sizes, and they shall be briefly profiled below.

4.5.1 The Shoprite Holdings Group (Shoprite and Checkers)

Shoprite Holdings Ltd, a South African supermarket chain, is also one of Africa's largest food retailers. The Group is one of the biggest employers in South Africa, employing more than 142 784 people (Shoprite Holdings Ltd 2015: 24). The Shoprite group of companies started operations with the acquisition of eight Cape-based supermarkets in 1979 (Business Times 2002). The Shoprite Group caters primarily for the middle and low-income segments of the population, and acts as the price leader.

The Shoprite Holdings Group operates a total of 1 457 stores in South Africa out of 1 751 corporate stores in 17 countries, employing 132 942 people (Shoprite Holdings Ltd 2015: 7). The Group's primary business is food retailing, with outlets stretching from Cape Town to Accra and on some Indian Ocean islands (Shoprite Holdings Ltd 2015: 4). The supermarket chain has grown phenomenally, mainly through the acquisition and buyout of smaller retail supermarkets. The original Checkers was one of four big acquisitions by Shoprite. It acquired Grand Bazaars in 1990, followed by Checkers in 1993, Sentra in 1995 and an ailing OK Bazaars in 1997, from the South African Breweries (Business Times 2002). Shoprite is listed on the Johannesburg Stock Exchange, Zambian Stock Exchange and Namibian Stock Exchange (the BMF 2009: 12).

4.5.2 The Pick n Pay Holdings Group (Pick and Pay and Boxer)

The Pick n Pay Group was established in 1967 and registered on the JSE in 1968 (Pick n Pay Stores Limited 2012). Through franchising, the Pick n Pay Group has grown and spread in South Africa and other countries of Africa. According to the 2015 Pick n Pay Annual Report, the Pick n Pay Group employs approximately 71 700 employees - 48 700 employees at owned-stores and operations as well as 23 000 employees at franchise stores (Pick n Pay 2015: 10). In South Africa, the group operates 1 189 retail stores - 699 owned and 490 franchised - made up of hypermarkets, supermarkets and family stores (Pick n Pay 2015: 10). During the 2014/15 financial year, the Group declared an annual turnover of R66.9 billion, and sourced over R40 billions of products from local suppliers. The Pick n Pay stores range from large hypermarkets, where customers can buy everything under one roof, through to small convenience stores, where customers can shop quickly for their immediate needs.

4.5.3 The Spar Holdings Group (Kwikspar, and Superspar)

The Spar Holdings Group in South Africa, which started in the 1960s in South Africa, is independently owned by retailers who have signed a trade agreement with Spar South Africa. SPAR operates under a license agreement with SPAR International in Amsterdam. One of the SPAR Group's key differentiators is its system of voluntary trading. The concept of voluntary trading is almost a century old and is based on cooperation between the independent wholesaler (SPAR) and its retailers, to the mutual benefit of both parties. The SPAR Group, therefore, is neither a franchise business nor a chain store. It is essentially a wholesaler and distributor of goods and services to its independently owned SPAR retail stores (The Spar Group 2015: 2). The Spar Group operates seven distribution centres, supplying 1 935 retail stores, and employing 3 297 people (The Spar Group 2015: 4). During the 2014/15 financial year, the Group declared an annual turnover of R73.3 billion, and sourced over R40 billion worth of products from local suppliers.

Stores that are under the SPAR Group include, Build It, Pharmacy at Spar, Tops, Kwikspar and Superspar. All stores are independently owned, and many of the purchasing decisions are made at the individual store level. The SPAR Group targets high-income consumers and locates its stores in more up-market neighbourhoods. Most of the group's procurement is coordinated at distribution centre level, while certain products are sourced centrally, such as SPAR branded products. This enables local sourcing in support of local enterprises. (The Spar Group 2015: 33).

4.5.4 Woolworths Holdings Ltd.

Woolworths Holdings Limited is a South African-based retail group that was founded in 1931, and operates both locally and internationally through two subsidiaries, namely, the Woolworths Holdings Limited and Country Road Limited. The Woolworths Holding Limited listed on the Johannesburg Stock Exchange (JSE) in 1997. The Group employs more than 31 196 employees across 15 countries and trades in 372 store locations in South Africa and 134 store locations outside South Africa (Woolworths Holding Limited (WHL) 2015: 5).

Woolworths Holdings Limited started retailing food in the mid-1990s in South Africa and in some SADC countries, such as Botswana and Namibia. An organic food range consisting of meat and dairy products was launched in 1999 and has since been expanded to fruit and vegetables and continues to expand. Foods are the largest growing product range in the own label portfolio.

According to the ITC (2010: 30) Woolworths is a leader in providing fresh, quality foods to discerning customers. The Group sells through numerous store formats including food halls in its department stores, stand-alone food stores and smaller food outlets in convenience stores in the forecourts of petrol stations. Around 90% of the fresh fruit and vegetables sold through Woolworths stores is sourced locally.

The three-year rankings, in terms of turnover, of the four largest food retailers in the Top 50 companies in South Africa is shown in Table 4.1 below.

Table 4.1: The three-year rankings (2012 – 2014) of the four FRCs in the Top 50 companies in South Africa

Ranked by turnover	Company	Turnover Rm	Total assets Rm	Market cap Rm	Equity funds Rm	Net profit Rm	Financial year -end
14	Shoprite Holdings	102 204.0	38 837.0	94 105.6	15 797.0	3 904.0	Jun 14
13		92 747.3	31 850.0	90 836.3	13 805.3	3 818.7	Jun 13
11		82 730.6	29 516.0	104 301.9	11 111.4	3 077.4	Jun 12
24	Pick n Pay Holdings	63 117.0	12 905.0	11 335.8	1 002.0	565.0	Feb 14
23		59 271.3	11 899.0	11 847.3	905.5	396.6	Feb 13
18		58 984.2	10 905.0	9 759.4	867.8	218.8	Feb 12
30	SPAR Group	54 483.0	14 356.0	32 691.3	2 387.0	1 351.0	Sep 14
31		47 387.3	9 370.0	21 050.2	2 624.3	1 195.2	Sep 13
27		43 166.0	9 493.0	19 641.4	2 356.7	1 078.8	Sep 12
34	Woolworths Holdings	39 707.0	18 524.0	87 530.7	4 894.0	3 284.0	Jun 14
37		35 227.0	9 025.0	62 152.3	4 012.0	2 722.0	Jun 13
39		28 604.0	8 182.0	59 417.4	3 265.0	1 973.0	Jun 12

Source: Financial Mail (2015)

Despite the fact that South Africa is a developing country, the country had four supermarket groups that ranked 14th (Shoprite Holdings), 24th (Pick n Pay Holdings), 30th (The SPAR Group), and 34th (The Woolworths Holdings) in 2014, in terms of annual turnover. The approximate market share; turnover in 2015; number of employees, and number of stores pertaining to each of the FRCs, is reflected in Table 4.2 below.

Table 4.2: Market share (%) and retail sales of the top retail groups

No.	Group	Market share	Sales in 2015 in R billion (net)	No. of Employees	No. of Stores (RSA)
1.	Shoprite Holdings (Shoprite; Checkers)	32.1%	R113.6 billion	132 942	1 751
2.	Pick n Pay Holdings (Pick and Pay; Boxer, and Score)	17%	R66.9 billion	71 700	1 189
3.	Spar Holdings (Kwikspar, and Superspar)	12%	R73.3 billion	3 297	1 935
4.	Woolworths Holdings Ltd.	0.1%	R12.4 billion	31 196	372
	Total	**61.2%**	**266.2 billion**	**239 135**	**5 247**

Sources: Supermarkets Annual Report (2015) and Planet Retail (2015)

In this section the profiles of the four largest FRCs in South Africa was discussed, and in the next section, the phases in the development of the food retailing industry is outlined.

4.6 PHASES IN THE DEVELOPMENT OF THE FOOD RETAILING INDUSTRY

The development of the international food retail industry, according to van Schalkwyk *et al.* (2012: 149), arose from the expansion by the supermarket industry into regions such as Western Europe and the United States of America, and ultimately spreading to other countries. The geographic expansion can be explained in four phases, as follows:

- the first supermarket entrants and introduction initiatives in the developing world took place in the larger and richer Latin American countries;

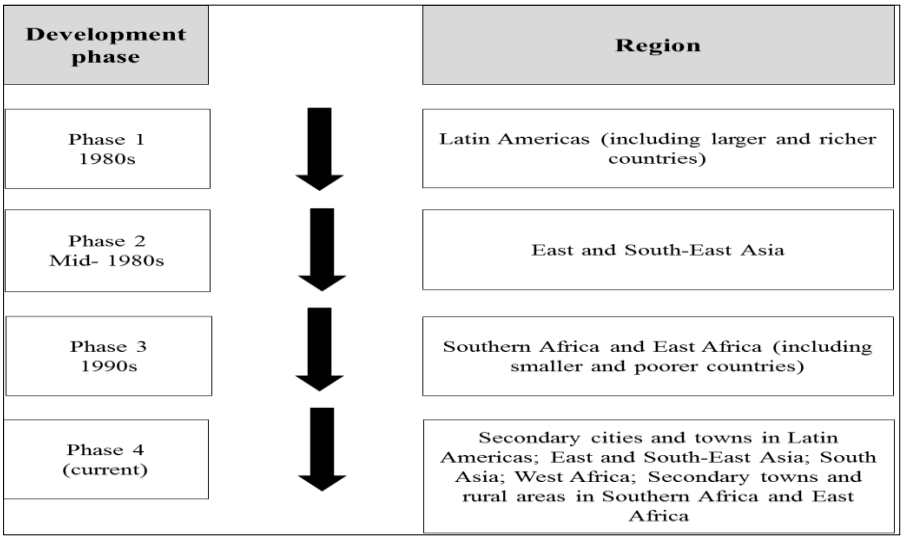
- the second phase, according to van Schalkwyk *et al.* (2012: 150), happened in East and South-East Asia, where urbanisation and incomes have had a significant impact on supermarket penetration, particularly in China (Trail 2006: 169);

- the third phase, occurred in Southern and East Africa, as well as the smaller and poorer Latin American countries, and

- the final phase is still in progress, as development in the food retailing environment is taking place in secondary cities and towns in Latin America and the South-East and East Asian countries.

Also included in the final phase is the newly targeted South Asian and West African countries, as well as the secondary towns and rural areas in Southern and East Africa. The phases in the development of the international food retail industry, as illustrated by van Schalkwyk *et al* (2012), are graphically illustrated in Figure 4.5 below.

Figure 4.5: Phases of the diffusion model of the supermarket industry in different regions of the world



Source: van Schalkwyk *et al.* (2012)

South African FRCs, according to Benavides, De Eskinazis, and Swan (2012: 1), compare favourably with their global counterparts. According to a Deloitte and Touché research

study on global retailing (Deloitte and Touché 2015: 23), 54% of the top 250 global retailers are involved in the food sector, which includes supermarkets, hypermarkets, cash and carry wholesalers, warehouse clubs, hard discount stores, convenience stores, or some combination of these (the International Markets Bureau 2010: 5). Compared to other developing countries in Southern Africa, the number of FRCs in South Africa is increasing, mainly in townships and rural areas. A comparison of South Africa's four major FRCs in relation to the best 250 global retail companies in terms of net retail revenue, as derived from the list compiled by Deloitte (2015: 5), is reflected in Table 4.3. below.

Table 4.3: Comparison of South Africa's FRCs with global FRCs, in terms of net revenue

Ranking in terms of net retail revenue	Name of Company	Country of Origin	2013 net retail revenue (US$m)
1	Walmart Stores, Inc.	USA	476 294
3	Carrefour S.A.	France	98 688
5	Tesco plc.	UK	98 631
16	Edeka Zentrale AG & Co. KG	Germany	59 704
17	Aeon Co. Ltd	Japan	57 986
107	The Shoprite Holdings Ltd	South Africa	9 869
148	The Pick n Pay Stores Ltd	South Africa	6 351
174	The SPAR Group Ltd	South Africa	5 175
239	Woolworths Holdings Ltd	South Africa	3 834
250	Overwaitea Food Group	Canada	3 700

Source: Deloitte (2015)

According to Barrientos and Visser (2012: 15), South African supermarkets' product and process standards are comparable to those in European supermarkets, and the application of South African labour regulations means that compliance requirements are effectively the same. Between 2008 and 2014, the grocery market in North America expanded by a compound annual growth rate (CAGR) of 8%, while the hypermarket channel accounted for

52% of additional sales, growing at a CAGR of 14% (Euromonitor 2014: 26). North American consumers have demonstrated a preference for convenience and "shopping on the go" during this period, which underlines why hypermarkets' share of total store-based grocery retailing sales rose from 26% in 2008 to 28% in 2014 (Euromonitor 2014: 26).

The retail industry is highly globalised, with large retailers operating in almost every country. The top 250 retailers are based in all regions (though dominated by European and North American firms). While the industry has seen the largest growth in the least developed economies, Luce (2013: 15) states that the bulk of goods are still sold in Europe and North America. According to the International Labour Organization (2015: 7), 60% of goods are sold in these two regions, although they account for only one-fifth of the global population.

According to the Fung Group (2016: 3), consumers are increasingly looking for products and services that provide them with reliable and trustworthy information, reflecting a mission to do well, and are produced using socially conscious and ethical practices. This trend, according to the Fung Group (2016), is primarily driven by millennials, who are likely to choose brands that reflect their values and personalities. Demand for sustainable products will grow in importance as millennials mature in the marketplace and increase their spending power.

The Fung Group (2016: 4) predicts that brands and retailers will experiment with unconventional food and beverage offerings in future. More retailers will use in-store technology such as virtual reality (VR) to make the shopping experience more fun and entertaining. More retailers will also adopt sustainability initiatives in order to create a brand that satisfies the younger generation's demand for socially conscious products and practices. Locally sourced products and handmade and crafted goods are the categories that stand to benefit most from the sustainability trend, and they will likely to perform well.

Luce (2013: 6) states that changes in global retailing have developed alongside an increase in uncertain work, overall. This is due, in part, to corporate practices and restructuring, deregulation of labour standards, attacks on unions, and a large increase in the global labour force. The problem of precarious work is widespread, impacting most parts of the world.

While there are national differences and even some exceptions within countries, the general pattern has been de-skilling and casualization.

Luce (2013: 7) contends that in retail, precarious work takes many forms, including underemployment and involuntary part-time work, low wages, and flexibility practices such as "on call" work and automated scheduling. Precarious work, according to Luce (2013), has also grown as a result of increased outsourcing, contracting and franchising. This practice allows large multinational firms to shift work onto subcontractors and suppliers, and thereby blur lines of legal responsibility.

Despite the growing presence of food retail companies in both developed and developing countries, they have to contend with a myriad of constraints and challenges, with many of them being specific to the country or region in which they operate. In the next section, the challenges faced by FRCs in partnering with PACs in developing countries are critically examined.

4.7 THE CHALLENGES FACED BY FRCs IN SOUTH AFRICA

This section examines the major challenges that FRCs encounter in South Africa. The challenges that are examined focus on: economic challenges; unemployment, poverty, and illiteracy; maintaining food safety standards; increasing levels of crime; changes in brands and branding; changing behaviour of consumers; stronger competition among FRCs; inadequate infrastructural development and support, and unclear and changing government regulations.

4.7.1 Economic challenges

The businesses (including food retail corporations) face challenges posed by the economic climate in a country as the economic factors have a direct impact on the consumption patterns of consumers and significantly affects all businesses in all sectors. According to Fatoki and Garwe (2010: 3), the weakness of the local currency (Rand) may increase the cost of imported goods and services, thereby decreasing demand for these goods and services. The authors further contend that inflation may also have a knock-on effect across

the whole economy; which, in turn, may have the greatest impact on lower income customers, who purchase fewer goods and services from retailers. Phambuka-Nsimbi *et al.* (2015: 8) assert that inflation also lowers consumer purchasing power and consumer demand as it increases the price charged to consumers. According to Phambuka-Nsimbi *et al.* (2015: 8), the increase in costs erodes business profits and retailers that cannot keep operational costs under control may easily go out of business.

South Africa's dual economic system can also pose a challenge to FRCs. South Africa is characterised by a 'first economy' and a 'second economy', and Philip (2010: 2) describes the second economy (or the marginalised economy) as being typified by underdevelopment; contributing little to GDP; containing a large percentage of the South African population; incorporating the poorest of the country's rural and urban poor; structurally disconnected from both the first and the global economy, and incapable of self-generated growth and development.

4.7.2 High unemployment, poverty, and illiteracy

According to Kumo, Rieländer and Omilola (2015: 2), unemployment and labour relations continue to pose challenges for the country. Unemployment remains high at 24.1% overall, and 64.8% for young people between the ages of 15 and 24. As a result of South Africa's high unemployment levels, approximately 16.7 million people live below the poverty line. According to Nichols, Mitchell and Lindner (2013: 2) long-term unemployment can also influence the retailers indirectly by prompting retailers to retrench workers or down-scale operations, which, in turn, reduces their turnover and profits.

While a worker is unemployed, that worker's family income falls due to the lack of earnings, and that loss of income (which becomes larger as unemployment is longer) can affect the worker and the worker's household. The loss of income, according to Nichols *et al*. (2013: 3), can reduce the quantity and quality of goods and services the worker's family can purchase. Browning and Crossley (2001, cited in Nichols *et al.* 2013: 4) found that families with an unemployed worker consume 16% less after six months of unemployment, but 24% less if the sole worker in the family became unemployed, relative to those who do not lose employment.

Philip (2010: 2) states that in poor communities, markets are relatively narrow, with less money available to spend, and consumers buy a relatively limited range of goods and services. The poorer the household, the greater the percentage of the household budget that will be spent on food, with 70.8 percent spent on food by the poorest.

With an education system ranked 77th out of 138 countries in the Global Competitiveness Index (Schwab 2016: 324), South African youth entering the work force often lack basic competencies and skills; hence, FRCs have to devote a significant portion of their budget on training and development of employees.

4.7.3 Lack of developed local sources of supply

Cho and Kang (2001, cited in Phambuka-Nsimbi *et al.* 2015: 8) noted that the success of retailers in the modern retail marketplace characterized by sophisticated, demanding and more quality conscious consumers depends on suppliers' ability to constantly provide quality products at reduced costs. Supermarkets are aware that customers will switch to other competitors due to the unavailability of quality products (Dolan and Humphrey 2000, cited in Phambuka-Nsimbi *et al.* 2015: 8), and thus they prefer large farmers who have the potential to meet the quality and quantity requirements (Hingley, Lindgreen and Chen 2009; Stokke 2009, cited in Phambuka-Nsimbi *et al.* 2015: 8). Hence, many small farmers are excluded from the supermarkets supply chains in developing countries because of their perceived lack of capacity to produce the quality and quantity of fruits and vegetables required.

4.7.4 Increased levels of crime

According to Bressler (2009: 2) economic cycles indicate that during more difficult economic times, criminal activity increases, and that fraud in particular, increases during recessionary times. Due to the high incidents of crime, retail companies are incurring huge costs to safeguard not only their goods, but customers as well (Cant and Wiid 2013: 709).

According to the Small Business Project (SBP) (2008: 7) there is broad agreement that the high levels of crime, and violent crime in particular, significantly constrain businesses in South Africa. The retail companies are susceptible to a wide variety of crimes, and need to

be on their alert to prevent the impact of criminal activity from impacting profitability to the point that the viability of their business comes into question. According to the SBP (2008: 8), crimes against retail companies may range from shoplifting and vandalism to piracy and counterfeiting. In some instances, crimes committed against retail companies are committed by outsiders while in many other situations employees at all levels commit crimes against their employers. In some cases, retail companies become unwitting accomplices of money-laundering crimes.

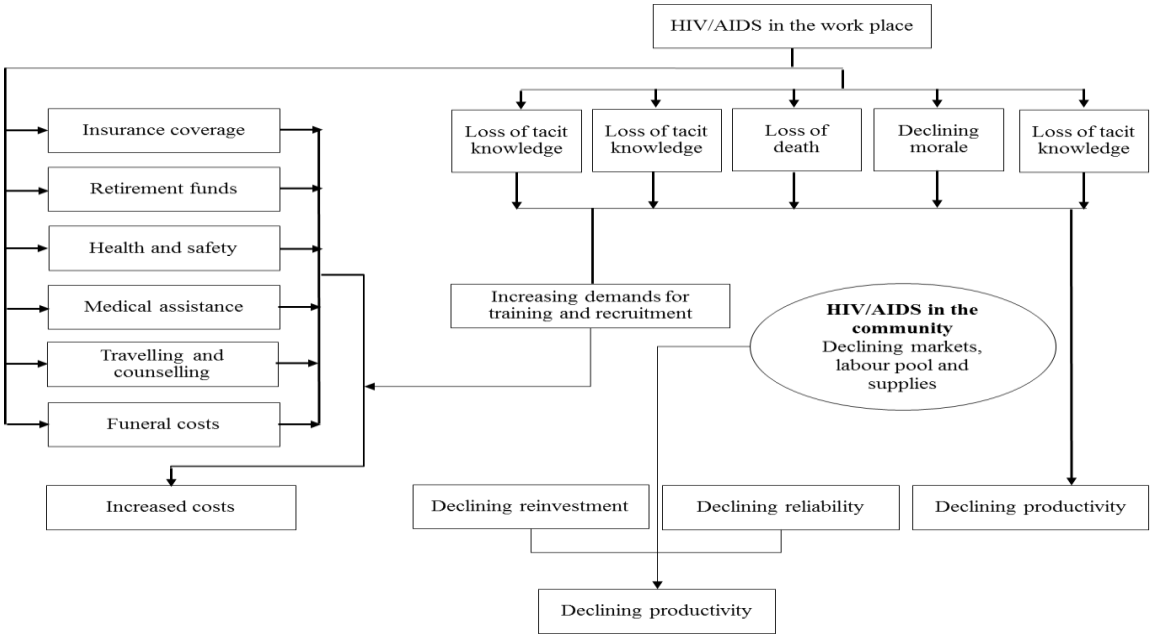
4.7.5 HIV/AIDS constraints

The prevalence of HIV in South Africa, one of the highest in the world, contributes to the population's low life expectancy, which is similar to that of nations much poorer in terms of *per capita* income (Schwab 2016: 312). According to Cant and Wiid (2015: 3), the retail sector is one of the largest employers, with a worldwide workforce of approximately 536 million in 2013. Although the proportions vary substantially across regions and countries, one of the salient characteristics of the retail workforce is that it includes young people - particularly young women - who are not adequately covered by the AIDS response. Firms and companies are facing substantial cost increases resulting from HIV/AIDS that threaten their viability.

The primary challenge for retailers, according to the International Labour Organization (ILO) (2015: 8), is the impact that HIV and Aids have on the workforce. According to the United Nations (2004: 56), HIV/AIDS negatively impacts on productivity and profitability as a result of absenteeism and deaths; costs to companies, for example, medical costs, HIV screening, HIV prevention, funeral attendance and lost productivity, as well as substantial decline in morale among workers. As employees witness the deaths of their co-workers, they may adopt a fatalistic attitude towards work and life in general, which may have a detrimental impact on the production of firms.

The socio-economic impact of the HIV/AIDS epidemic on firms can be summarised using the following conceptual framework initially developed by the UNAIDS, Global Business Council on HIV/AIDS and the Prince of Wales Business Leaders Forum (2000: 14), which is illustrated in Figure 4.6 below.

Figure 4.6: The socio-economic impact of the HIV/AIDS epidemic on firms



Source: Udeh, Smith and Shava (2014)

According to the Prince of Wales Business Leaders Forum (2000: 15), rising production costs for business not only have the effect of directly impacting on current profit margins but also on future profits by reducing the investment capacity for increasing productivity, expansion, research and development, and workforce training and support. Declining levels of productivity, due to employees being HIV positive, lead to declining profits when production costs are not declining at an equal or higher rate. Additionally, with declining and fluctuating productivity, the ability to meet the demands from consumers (reliability) decreases. This has impacts on the present and future reputation of the company and thus on future profitability. The principal areas in which HIV/AIDS impacts on productivity are increased absenteeism and increased organisational disruption (Prince of Wales Business Leaders Forum 2000: 15).

4.7.6 Food safety and health risks

The food system poses a range of critical challenges that impact our consumers' safety and health. Some of these challenges, according to the Center for Agriculture and Food Systems (2017: 62), are the result of fragmented regulatory structure and others are not, but all are

hampered by government's inability to coordinate and to identify core food system goals as well as the responses that can allow stakeholders to meet those goals. In addition to prices and the above mentioned transaction costs, hygienic conditions and food safety affect consumer behaviour (Oltmans 2013: 25). According to Füredi-Kovács (2009: 2), consumers' increasing sensitivity to risks means a threat and an opportunity at the same time for the players of the food industry, as the perception of risks has an effect on the behaviour of food consumers. Füredi-Kovács (2009: 2) affirms that consumers' increasing sensitivity to risks is an important issue to be clarified how and in what direction businesses can influence the risk perception of consumers and their behaviour to reduce risks by using various marketing activities. Examples of food safety and health risks, according to Füredi-Kovács (2009: 10), are infections related to food, modern chemical and food industry technologies and environmental pollution resulting from industrial production.

According to Popkin, Adair and Wen Ng (2012: 16), FRCs have played a significant role in increasing food safety standards across the world, and are increasingly the vehicle for providing a diverse diet to consumers in developing countries, but there are possible negative impacts on the food retail environment and distribution system.

4.7.7 Buying behaviour of consumers

According to Oltmans (2013: 12), consumers continue to frequent traditional markets to purchase fresh fruit and vegetable (FFVs), as well as fish and meat products. Although poverty and unemployment are common in most countries in Sub-Sahara Africa, urban consumers demand quality, latest fashion, modern shopping experience and are brand conscious (McKinsey Report 2012, cited in Phambuka-Nsimbi *et al.* 2015: 8). These consumer trends, according to Phambuka-Nsimbi *et al.* (2015: 8), have created a more complex and competitive environment, which present a huge challenge for both indigenous and foreign retailers.

In South Africa, most of FFVs are sold through traditional markets (Weatherspoon and Reardon 2003: 341). It was anticipated that the supermarket share of the FFV market would grow quickly; however, it has remained low and is growing slowly (Tschirley 2010: 15). Oltmans (2013: 14) asserts that competition from traditional markets tends to be more challenging as consumers often hold on to daily shopping habits for fresh foods. FRCs may

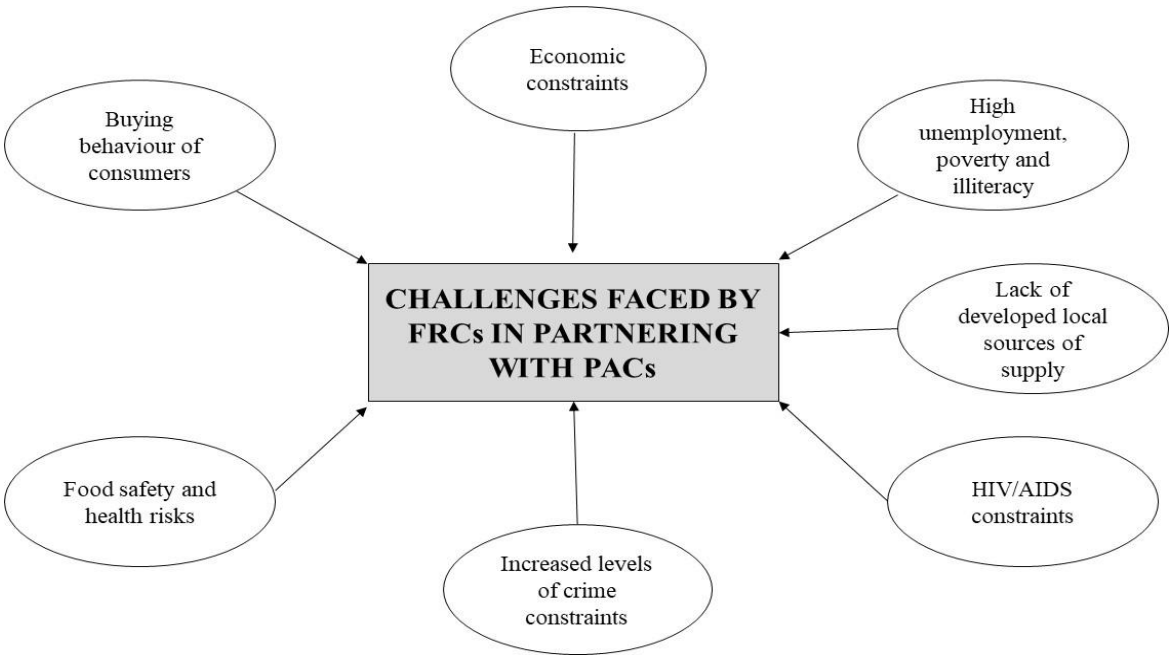
incur higher labour, rental, and overhead costs and greater losses from waste and shrinkage (Gorton, Sauer, and Supatpongkul 2011). Nonetheless, supermarket managers realise the importance of the FFV market and continue to develop marketing methods to attract consumers and generate profits (Oltmans 2013: 15).

According to Oakley, Foley and Hillage (2013: 3), retail markets in many developing countries are expanding rapidly but some remain closed to inward investment. Retail operates everywhere in South Africa. It is the link between producer and consumer, influencing supply and demand, and is a valuable route to market for manufacturers. Retail sales are a mainstay of the wider economy and of consumer confidence. The retail sector plays a vital role in communities as a provider of employment, of the goods and services people want and need, and as a force for social cohesion (Institute for Business, Innovation and Skills 2013: 33). The retail sector is not dependent on government for financial support but is affected by a wide range of government policy and regulation, which impacts more on retail than, arguably, any other industry sector (Phambuka-Nsimbi *et al.* 2015: 19).

The challenge for retailers is to be prepared, be flexible, and be smart - and to know when to collaborate, as well as to compete. The challenge for Government is to provide certainty where it can, provide help where it needs to, and to work in partnership with retailers to deliver both (Department of Agriculture, Forestry and Fisheries 2013: 3). The effects of competition, the economic environment and consumer behaviour adversely affect the retail-mix and thus call for food, clothing and furniture retailers to explore strategic decisions to set themselves apart from other competitors.

Figure 4.7 presents a snapshot of the main challenges faced by FRCs in South Africa.

Figure 4.7: Challenges faced by FRCs in South Africa



In the next section, the strategies employed by FRCs in South Africa to overcome the challenges to sustainable partnering are examined.

4.8 STRATEGIES EMPLOYED BY FRCs IN SOUTH AFRICA TO OVERCOME THE CHALLENGES TO SUSTAINABLE PARTNERING

Dos Santos (2012: 102) states that retailers do not operate in isolation in a business environment nor do they have full control over their businesses since they are dependent on their primary and support suppliers for products and services that enable them to satisfy their target market's needs. This reliance on the members of the supply chain by retailers occurs because retailers sell products and/or services produced by the members of the supply chain to consumers for their personal or family use (Levy and Weitz 2009: 7). According to Dudek (2009: 6), the recognition of supply chains makes it apparent that no single company or business unit fully controls the manufacturing and distribution of its products. Instead, it is dependent on the contribution of others and the interactions between the various parties involved in the total process.

4.8.1 Supplier engagement

According to Hogarth-Scott and Parkinson (1993, cited in Berning 2014: 51), power and dependency are central to retailer-supplier channel relationships. Power refers to the ability of one member to have control over another member in the channel, and this power is linked to the location of each member in the channel. In the case of retailer-supplier relationships, retailers tend to have a higher position within the channel, which means they have more power over the suppliers.

The way retailers are engaging suppliers is changing. Initially, the retailers did not consider themselves responsible for the actions of their supply chain partners. Food retailers' ability to understand their supply chain will be crucial. This, according to the Retail Industry Leaders Association (RILA) (2011: 12), will require significantly more resources, making it increasingly challenging for retailers to manage their issues individually, thus driving the industry towards collaboration.

Retailers, according to the Retail Industry Leaders Association (RILA) (2011: 11), choose to source from "companies that share their values" and provide broad-based management training and capacity building with suppliers who accept responsibility to address social and environmental concerns. Such risk management model should lead to deeper relationships with suppliers and more alignment. Some firms are choosing to work with fewer partners and focus on specific programmes, such as waste or water reduction, as a way to maximize their influence (RILA 2011: 12).

Harper, Kesteloo, Heinonen, and Kapoo (2009: 2) state that companies that want to build holistic relationships with selected suppliers across the value chain that can result in higher revenue and lower costs than the old bargaining habits must pursue collaboration and cross-functional participation. According to Berning (2014: 51), it is important to recognise the dynamics of the retailer-supplier relationship in order to manage it effectively to both parties' advantage.

Summers (2016: 2) states that in planning for supplier engagement, the strategy must be designed to be robust and fit-for-purpose. To develop the supplier engagement strategy, Summers (2016: 2) suggests the following sequential process:

- develop a scoping paper setting out our preliminary views on who the key stakeholders are and potential issues for engagement;

- incorporate key learnings from the engagement programme;

- establish reference groups to provide efficient access to a broad range of stakeholder groups;

- circulate the scoping paper with internal and external stakeholders, and

- incorporate feedback from these internal and external stakeholders to develop a robust strategy which specifically identifies:
  - who: Identifying broad stakeholder cohorts;
  - what: Identifying the key issues to engage with stakeholders on, and
  - how: Identifying the techniques to be used to best ascertain stakeholder feedback.

Harper *et al*. (2009: 4) state that broad-based collaboration between retailers and suppliers is possible if careful attention is paid to how the relationship is structured, and recommend the following key guidelines:

- generate a full basket of possibilities, but home in on a few prioritized opportunities that are most important to both businesses;

- establish an open dialogue, but make sure that the terms of all agreements are explicitly defined up front;

- create transparency by sharing benefits, costs, and information openly, but build in appropriate confidentiality measures;

- set both short- and long-term agendas with supply partners to capture value quickly but still pursue the big ideas;

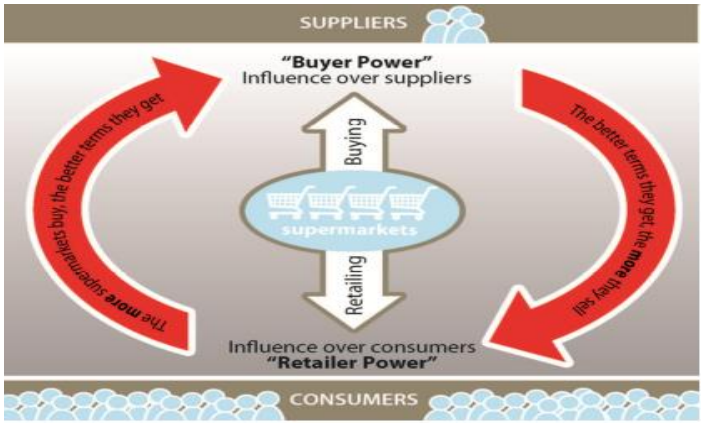
- gain top-level support, but stay focused on the execution, and

- be more open with all suppliers, but choose collaboration partners wisely.

Efficient retailer-supplier relationships can bring the customer and the supplier closer to each other, and create the product or service that customers require or need (Duffy, Fearne, Hornibrook, Hutchinson and Reid 2013: 23). Furthermore, if organisations manage their supplier relationships effectively, it can lead to a competitive advantage in the long term, especially when the competition in global markets becomes fierce (Prajogo, Chowdhury, Yeung and Cheng 2012: 125).

Nicholson (2012: 3) avers that except through supermarkets, brand owners - large or small - have only limited access to end consumers. Producers of non-branded goods, most notably agricultural producers, have even less access and less ability to bargain for it. As their retail market share increases, they are able to secure ever better deals from their suppliers. As buying prices fall, retail prices fall too, giving them yet more market share (Nicholson 2012: 3). Buyer power would not exist without retailer power, and *vice versa*. Figure 4.8 below illustrates the circular relationship.

Figure 4.8: How buyer power and retailer power reinforce each other



Source: Nicholson (2012: 3)

4.8.2 Increase the capacity to process, warehouse and distribute local foods

There may be processing and storage challenges associated with PAC's short growing season and the abundance of agricultural produce during the winter season. Yukon (2016: 15) states that the agricultural industry - like livestock – grows, and retail markets are sought

for local products, handling facilities on farms and food-safe transport to territorial abattoirs and licensed processors will be required. A similar bridge is required in communities where horticulture crops, grains or eggs are produced and are exceeding community demand. In these instances, Yukon (2016: 15) recommends that new markets are required to absorb excess product. Reliable, efficient and food-safe transportation systems are also needed to meet regulatory requirements and to ensure that high-quality local products are delivered where needed. Shifting production schedules and improving processing capacity is, therefore, required to reduce these bottlenecks.

According to the Metro Vancouver (2011: 29) an effective value chain need to involve a strong business relationship among the firms within the chain to produce a food item that satisfies a targeted market. For instance, a value chain can be produced that responds to quality requirements or the ethical and environmental values of consumers, including equitable return for farmers or fair trade, safe working conditions and fair pay for farm workers, humane treatment of animals, and specific environmental practices including organic production (the Metro Vancouver 2011: 29).

Kearney (2016: 6) outlines the following four options retailers can consider to tackle fresh produce:

- in-store preparation ("A kitchen in every location"): This approach provides the ultimate localisation of food through on-site preparation. This offers consumers a credible and substantiated value proposition.

- in-store finish ("Frozen-fresh delivery"): This approach involves partnering with the traditional frozen product supply chain and manufacturing to support 'fresh' offerings. This approach builds on existing frozen capabilities, taking advantage of the fact that 50-60% of the processes for manufacturing frozen and fresh foods are almost identical, thereby providing significant advantages in economies of scale.

- commissary model ("Differentiation with scale"): this option means establishing a network of centralised kitchens to prepare and deliver ready-to-serve meals or partnering with regional fresh food providers to develop superior recipes with

processing standards that support differentiated, high quality fresh menus. This option allows the creation of regional supply chain economies of scale, providing a balance between differentiated products and pricing leverage.

- food processor model ("Go big"): this option works best if retailers establish a partnership with a large food processor. All this option needs is investment in supply chain and packaging to improve food safety, quality and shelf life. The retailer gains access to a large-scale, well-established, consistent quality line of fresh meals, while the food processor benefits from a first mover advantage in the fresh sector.

The Shoprite-Checkers Group has adopted a policy to reduce dependence on international suppliers by sourcing, procuring and employing locally, whenever possible (Shoprite 2012: 12). The Shoprite Group benefits directly by way of improved local goods and labour supply, resulting in operational efficiencies, reduced supply chain risk and ultimately lower prices for its customers.

4.8.3 Innovation

Ferrel and Hartline (2008: 118) state that the twenty-first century model of innovation tends to focus on issues such as quality control, cost cutting, and operational efficiency, even though the development of new products is still an important concern. According to Ferrel and Hartline (2008: 118), innovation is more about reinventing business processes, creating new markets to meet untapped customer needs, and collaboration and integration within businesses. Businesses that utilise innovation to differentiate themselves from the competition are also known as product leaders, prospectors, pioneers and first movers in the literature (Mohr, Sengupta, and Slater 2010: 62).

The RILA (2015: 23) states that as the retail industry is undergoing profound changes - resulting from changing demographics, new consumption patterns, technologies, big data, transparency, and more - retailers must innovate. Therefore, sustainability provides a valuable frame in which to assess long-term trends and identify critical innovations. According to Duff and Phelps (2016: 1), traditional food retailers who are facing increased pressure from alternative channels, are testing new concepts to retain market share. Natural

and organic supermarkets, while continuing to trade at a premium to traditional food retailers, are fighting to maintain traffic.

Duff and Phelps (2016: 1) aver that stiff competition, evolving consumer preferences and a challenging organic growth environment are driving food retailers to consider strategic alternatives to optimize capital allocation and pursue growth opportunities. The demand for natural and organic products has led to increased competition within the retail space.

Duff and Phelps (2016: 5) further contend that there has been a significant increase in overall fresh food offerings as retailers strive to meet rising demand from customers. According to the authors, vegetables, in particular, have been taking centre stage on consumers' plates as they are perceived to be versatile, nutritious and flavourful. "Local" produce has been one of the biggest trends in food retail in recent years as consumers have a rising interest in knowing specifically where their food is coming from.

4.8.4 Sound governance

South Africa's retail industry continues to face increasingly stringent regulatory requirements. The complexity of maintaining compliance increases significantly as the compliance landscape evolves over time. The risks associated with non-compliance, according to Shoprite (2012: 5), range from fines and compensation claims to criminal prosecution, labour unrest, operational delays and reputational damage.

Dent (2006: 2) states that and all partners should be perceived as being equal; hence, all partners should have access to the same information. This not only enhances the functioning of the partnership but also increases the quality of the outcome. Synergy and creativity result when people build upon one another's information and ideas.

4.8.5 Preferential procurement

According to Omega (2016: 2) the South Africa's Preferential Procurement Policy is intended to maximise the use of, and development of empowered suppliers, whether micro, small, large, or Black owned. It is also intended to increase the access of Black businesses to mainstream opportunities, as well as to promote entrepreneurship in Black communities.

Omega (2016: 2) states that it is the duty of management, as a part of its corporate commercial function, to maximise the company's dealings with Black Economic Empowerment (BEE) suppliers, through co-ordinating corporate resources and interaction with the outside world. In cases where management have the best relationship with those key suppliers, those suppliers should be allocated to individual management persons to maintain an on-going relationship in terms of Broad-based Black Economic Empowerment (B-BBEE).

With regard to the Shoprite Group, for example, the Group contends that is committed to supporting black suppliers who produce quality goods and acceptable pricing structures. B-BBEE performance forms part of the supplier selection criteria, and preference is given to black female suppliers. The Group also aims to help small, medium and micro-enterprises (SMMEs), and primary co-operatives to become efficient suppliers. According to Yukon (2016: 23) working with government institutions and contractors to source local foods whenever possible will secure a market for producers and promote relationships that support the local economy. Predictable sales and markets for producers will enable increased local food production.

4.8.6 Enterprise development

The development of small businesses is important for the growth of the economy. Partnerships, according the Maryknoll Office for Global Concerns (MOGC) (2012: 15), must demonstrate specific benefits for small-holder farmers. Such benefits, according to the MOGC (2012: 15), should be identified in advance and endorsed by community organizations and producer associations during consultation processes. These benefits should include locally appropriate measures and tailored programmes to ensure the empowerment and participation of women farmers. However, the short-term benefits should also be weighed against systemic threats and costs.

In the above regard, the Shoprite Group has introduced enterprise development initiatives aimed at:

- creating a stable and sustainable supplier base through supply chain initiatives, and

- empowering local communities economically through property developments (Shoprite 2012: 15).

These programmes, according to Shoprite (2012: 17), concern themselves with welfare, humanitarian, healthcare, land and housing, education, development, sport and cultural matters. The beneficiaries are communities made up predominantly of people from previously disadvantaged backgrounds, organised in a partnership or a trust in which they exercise majority voting rights or hold the majority economic interests.

According to Dent (2010: 1), striving to outmanoeuvre competitors involves capitalizing on highly effective internal and external relationships that ensure the business has the capabilities to support its mission and evolving growth initiatives. The author further states that the strategy of connectivity to other people and entities is crucial for innovation and overall business success. Thus, businesses must propagate connections that provide resources they do not possess in-house and enable them to move quickly to profit. In this regard, the author outlines the following three steps in building a partnership relationship:

- create a grounded, compelling strategic framework, which interconnects the energies with the material outputs, creating an interactive, self-reinforcing system, and composed of three principal components, namely vision, mission, and strategic directions;

- create a two-pronged partnering culture, starting with creating partnering capabilities in an organization's people and continuing with building a partnering infrastructure to make sure the organization's structure is aligned both with its partnering philosophy and with its partnering processes, and

- choose a partner and build a partnership that will enable an organization to move to collaborative creativity, transformation, and agility.

The main stages of developing a partnership, according to Kamando (2014: 74), include the following sequential stages:

- pre-development stage: the nature of the problem is investigated and the need of a partnership is identified;

- development strategy: the formation of some sort of partnership agreement;

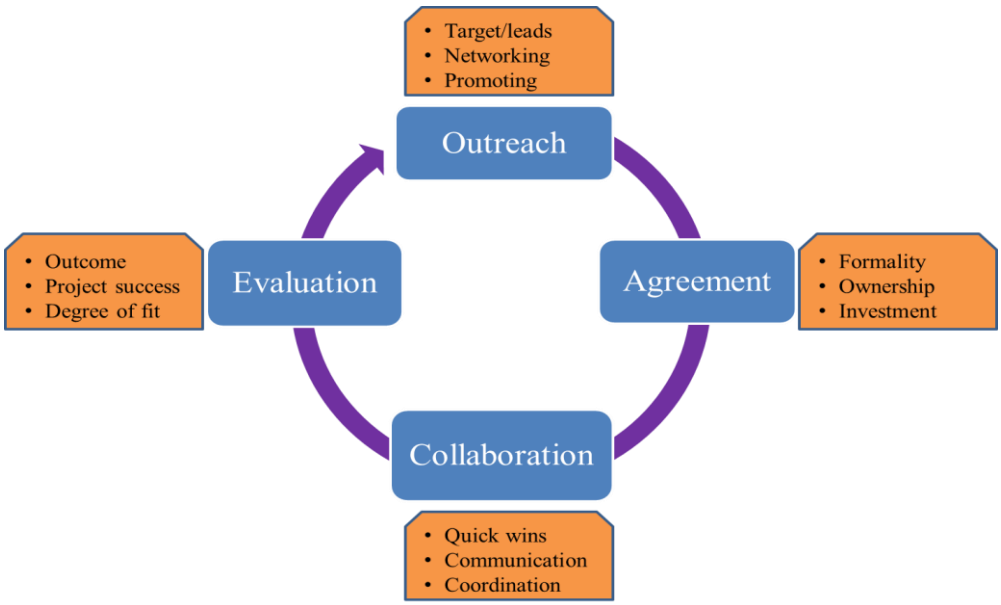
- the appropriate strategy: the selection of a partnership strategy and partnership agreement along with main projects and implementation mechanisms, and

- ex-post evaluation: this a feedback into improving the strategy and partnership, and it determines whether to continue, modify, or close the partnership.

These stages, according to Kamando (2014: 74), may overlap, especially in the implementation stage as the experiences of some partners may bolster or harm the trust of other partners. The author further states that trust between partnering parties needs to be created and working relationships built from the outset of partnership, preferably during objective-setting stage. Kamando (2014: 74) also contends that each stage of the partnership has different balances of power between partnering parties. Thus, there is a need to involve all partners from the early stages of developing a partnership. McQuaid, (2010: 131) suggests that effective partnership is one that generates information sharing, improves communication, creates better understanding of what each partner can offer, avoids duplication and inefficiencies, and identifies opportunities for effective sharing of resources. Businesses that embed such a partnering culture within their organizations will, according to Dent (2010: 11), have the relationship skills they need - both in their leaders and their employees - to weather the storms without fear. This culture enables an organization to be poised to take advantage of an ever-changing marketplace.

Hoying, Sambourskiy and Sanders, (2013: 5) have proposed the partnership engagement cycle as depicted in Figure 4.9, which outlines the process for identifying, engaging, sustaining, and evaluating individual partners. The cycle includes four phases: outreach, agreement, collaboration, and evaluation.

Figure 4.9: The partnership engagement cycle



Source: Hoying, Sambourskiy and Sanders (2013: 5)

The phases of the cycle, according to Hoying *et al.* (2013: 5), describe how to identify potential partners, how to engage with the targeted organizations, how to work together effectively, and how to evaluate the success of the partnership.

In the outreach phase of the cycle, Hoying *et al.* (2013: 6) state that previously establishing strategic opportunities for partners to engage assists organizations in identifying potential partners based on criteria around specific opportunities. Once new partners are attracted, staff discuss specific projects that could be implemented as joint ventures.

In the agreement phase of the cycle, partnerships are solidified and categorized. While some organizations partner informally and organically, others establish formal agreements using contract materials. According to Hoying *et al.* (2013: 6) whether informal or formal, outlining ownership of individual project pieces and the resources committed by each institution is best practice.

In the collaboration phase of the cycle, new partnerships, according to Hoying *et al.* (2013: 7), should initially focus on "quick wins" that help build trusting relationships. Committing

to tasks and then over-delivering emphasizes new partners' willingness to do what is necessary for mission success.

Assessments, according to Hoying *et al.* (2013: 7), determine the future state of engagements with specific partners. Evaluation of individual partners should focus on project outcomes as they are the best indicator of a successful partnership. Evaluations should also take into account the "degree of fit" between organizations. Fit refers to the matching of organizational values and culture that lay the foundation for creating sustainable bonds between partners.

4.8.7 Reduce waste in the food system

According to Gooch, Felfel, and Marenick (2010: 15) food is wasted from the time it is in the field to when consumers dispose of it at home. In the supply chain, this waste is derived from a number of different sources, such as overproduction, defects and excessive transportation. Gooch *et al.* (2010: 15) state that each item of wasted food also wastes soil nutrients, water and energy from production inputs, transportation and processing required to produce that food. According to the Ontario Food and Nutrition Strategy Design Team (OFNSDT) (2017: 43) many greenhouse gases are emitted through the transportation of food, depending on the distance it travels, the mode of transportation and the efficiency of equipment used to transport it. Production practices, such as fertilizer and pesticide use, or some animal rearing practices, can have an even larger impact on the amount of emissions the food system creates.

Yukon (2016: 28) defines waste recovery as the selective diversion of disposed organics for either livestock feed or composting in order to extract the maximum benefits from nutrients, delay the consumption of imported and/or synthetic versions of these products and to reduce the amount of biomass in landfills. Yukon (2016: 21) asserts that waste reduction strategies in the food system by diverting inedible organics to compost facilities can reduce the high cost of amending and building soil. The positive outcomes may result in reduced waste; more economical production; reduced reliance on imported feed/amendments, and more locally-produced food.

Sustainable local food system can be summed up as illustrated in Figure 4.10 below.

Figure 4.10: Sustainable local food system

SOURCE: Yukon (2016: 7)

According to the Ministry of Agriculture (2013: 7) both the public and private sector have a role to play in achieving this by creating an enabling environment. All efforts to reduce food loss and waste must pay special attention to the central role of small-scale farmers, women farmers and youth in growing the food we rely on. The Ministry of Agriculture (2013: 4) state that reducing food loss and waste can generate a "triple win": it can save money for farmers, companies, and households; it can help feed more people; and it can alleviate pressure on water, land, and climate.

The OFNSDT (2017: 43), recommends the following actions to mitigate waste in the food system:

- provide education and incentives to reduce waste in food growing, processing, distribution, retail and food service;

- implement infrastructure that facilitates the efficient storage and transportation of perishable goods;

- ensure that consumers are knowledgeable on food handling and preservation methods;

- provide education, incentives and enabling policies for composting and by-product repurposing, and

- provide expanded support for food reclamation efforts.

4.9 CONCLUSION

This chapter was divided into two sections. Section 1 defined the concept 'co-operative', and traced the evolutionary trends of co-operatives, more specifically in South Africa, and examined the rationale behind co-operating. The arguments for and against the theory of agricultural cooperativism and the socio-economic importance of PACs in ensuring social integration and rural economic development were also examined. The knowledge, attitudes, and practices among PACs and FRCs with regard to partnering as well as the constraints to partnering faced by co-operatives in developing countries, with particular reference to South Africa were discussed. The section concluded by discussing strategies employed by PACs in South Africa to overcome the constraints to sustainable partnering with FRCs, and the key success factors (KSFs) influencing the growth and sustainability of the co-operatives.

In Section 2 the evolution of the food retail corporations (FRCs), within the South African context was discussed. This was followed by exploring the structure of the South African food retail sector and the profiles of the four largest food retail groups in South Africa. The profiles of the four largest FRCs in South Africa were also reviewed. Phases in the development of the food retailing industry were also examined. The chapter concluded with a discussion of the challenges faced by FRCs in partnering with PACs in developing countries, as well as strategies employed by FRCs in South Africa to overcome the challenges to sustainable partnering.

In the following chapter, the research methodology and design employed in this study are discussed.

CHAPTER FIVE

RESEARCH METHODOLOGY AND RESEARCH DESIGN

5.1 INTRODUCTION

This chapter presents the research design which incorporates the key research questions, and is followed by an overview of the research methodology employed in this study. Next, the rationale for using the mixed method approach is discussed. This is followed by an overview of the study area and target population; data collection methods employed, including the sampling techniques; sample size and sample selection, and data analysis techniques, are presented. Measures taken to ensure the reliability and validity of the measuring instruments and how they were administered, are also explained. The statistical tests that were performed on the data collected and how the data was analysed are also discussed. Lastly, the research trustworthiness, incorporating validity and reliability is discussed.

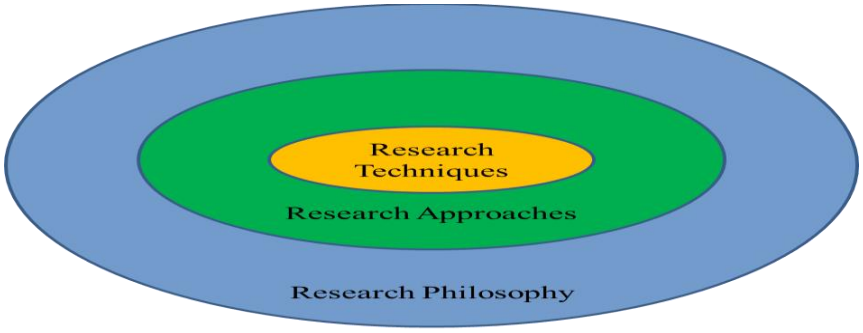
5.2 THE RESEARCH DESIGN

The research design is the blueprint of the research and describes the methods used for collection, measurement and analysis of the data collected. The key principles to follow when designing a study, according to Creswell and Plano Clark (2011: 54), include:

- deciding on the type of design;
- identifying the design approach to use;
- matching the design to the study's problem, purpose, and questions, and
- being clear about the reason for using mixed methods.

In determining the research design, layers of knowledge pertaining to that research must be explored using a philosophical review. The exploration of philosophical assumptions through the lenses of known paradigms will aid the researcher in deciding which approach is most applicable to the research topic and assist the researcher in choosing the research strategies to implement the research study. This research study adopted the 'nested methodology' model proposed by Kagioglou, Cooper, Aouad and Sexton (2000) in identifying the philosophical standpoints appropriate in achieving the aim and objectives for this research. This model consists of three layers of knowledge to be considered in which the research places itself against; the research philosophies, the research approach and the research strategies. The nested methodology research model as illustrated by Kagioglou (2000) is shown in Figure 5.1 below.

Figure 5.1: Nested methodology research model



Source: Kagioglou, Cooper, Aouad and Sexton (2000).

This study adopted a mixed method (QUAN + QUAL) approach. Creswell and Plato Clark (2007: 41) state that the notation QUAN + QUAL indicates that both quantitative and qualitative methods were used at the same time during a research, and both have equal emphasis in the study.

5.2.1 The key research questions

According to Yin (2003: 18) outlining the key research questions is probably the most important step to be taken in a research study because it helps identify the research strategy to be undertaken. The following research questions were developed for this study:

- what are the socio-economic benefits of PACs in South Africa?
- what are the levels of knowledge, attitudes, and practices among PACs and FRCs with regard to partnering in South Africa?
- what are the challenges faced by PACs in South Africa?
- what are the challenges faced by FRCs in partnering with PACs?
- what strategies are employed by PACs in South Africa to overcome the constraints to sustainable partnering with FRCs?
- what strategies are employed by FRCs in South Africa to overcome the constraints to sustainable partnering with PACs?
- what are the key success factors (KSFs) influencing the sustainability of partnering between PACs and FRCs?
- what is an appropriate framework for facilitating sustainable partnering between PACs and FRCs?

5.2.2 Research Paradigm and Research Approach

According to Scotland (2012: 9), a paradigm consists of the following components: ontology, epistemology, methodology, and methods. The author states that ontological assumptions are concerned with what constitutes reality, in other words, *what is*; epistemological assumptions are concerned with how knowledge can be created, acquired and communicated, in other words, *what it means to know*; methodology is concerned with why, what, from where, when and how data is collected and analysed, and methods are the specific techniques and procedures used to collect and analyse data.

This study used a pragmatism paradigm - combining both quantitative and qualitative methods. Pragmatism involves thinking of or dealing with problems in a practical way, rather than by using theory or abstract principles. Pragmatism, according to Goldkuhl (2012: 2), is concerned with action and change and the interplay between knowledge and action. This makes it appropriate as a basis for research approaches intervening into the world and not merely observing the world. Tashakkori and Teddlie (1998: 30) contend that pragmatism is intuitively appealing, largely because it avoids the researcher engaging in what they see as rather pointless debates about such concepts as truth and reality. In their view you should 'study what interests you and is of value to you, study in the different ways in which you deem appropriate, and use the results in ways that can bring about positive consequences within your value system (Tashakkori and Teddlie 1998:30).

According to Talmy (2010: 135), qualitative methods are usually supported by interpretivists, because the interpretive paradigm "portrays a world in which reality is socially constructed, complex, and ever changing". Nind and Todd (2011: 23) also confirm that the interpretivist/constructivist paradigm predominantly uses qualitative methods. According to Sekaran (2003), the positivistic approach or paradigm explores the facts or the reasons for the social phenomenon without the subjective interpretation from the researcher.

According to Willis (2007: 194), the idea of multiple perspectives arises from the belief that external reality is variable. The author further states that different people and different groups have different perceptions of the world. The acceptance of multiple perspectives in interpretivism often leads to a more comprehensive understanding of the situation (Morehouse 2011).

The study adopted the pragmatism philosophy which: "contend that most philosophical topics, such as the nature of knowledge, language, concepts, meaning, belief, and science – are all viewed in terms of their practical uses and successes" inquiry (Creswell and Plano Clark 2007: 5). The mixed methods research is a research design with philosophical assumptions as well as methods of inquiry (Creswell and Plano Clark 2007: 5). As a methodology, it involves philosophical assumptions that guide the direction of the collection and analysis of data and the mixture of qualitative and quantitative data in a single study or series of studies. Its central premise is that the use of quantitative and qualitative approaches in combination provides a better understanding of research problems that either approach

alone. According to Mertens and Hesse-Bibe (2012: 76), pragmatists recognize the construction of meaning through experience and believe that researchers must focus on the consequences of their interpretive activities for moral and political purposes. The second conception of mixed methods, according to Mertens and Hesse-Bibe (2012: 76), is conjunctive mixed methods and involves triangulation based on the integration of quantitative and qualitative data, not merely to look at agreement or disagreement between the data sets, but to put the data into a more comprehensive explanatory framework.

Quantitative and qualitative data can be mixed for the purpose of illustrating a more complete understanding of the phenomenon being studied. However, Mertens and Hesse-Bibe (2012: 78) warns about a potential weakness of mixing methods for the purpose of validity convergence, that is, to compare findings from different methods to see if they agree because interpretation of agreement or disagreement is not unproblematic. Mertens and Hesse-Bibe (2012: 78) recommends that the quantitative and qualitative data be put into dialogue with each other, possibly through the use of review by groups that examine both sets of data and prefer improved interpretations and better community ownership

In the above section, an analysis has been provided on the research design employed for this study, including the key research questions, research paradigm as well as research approach. The following section provides a discussion on the salient aspects pertaining to quantitative research, qualitative research, and the mixed methods approach. This is followed by a discussion on the rationale for choosing a mixed methods approach.

5.3 THE RESEARCH METHODOLOGY

The salient aspects pertaining to quantitative, qualitative research, and the mixed methods approach are discussed hereunder, and these are followed by a discussion of the rationale for choosing a mixed methods approach.

5.3.1 The quantitative method

Quantitative research relies on deductive reasoning or deduction (Sekaran and Bougie 2010), and makes use of a variety of quantitative analysis techniques that range from providing a simple description of the variables involved, to establishing statistical relationships among variables through complex statistical modelling (Saunders, Lewis and Thornhill 2009). The positivist approach makes the claim that its methods, i.e., the methods of natural science, are the only truly scientific ones. According to Kura (2012) the positivists argue that the social world is determined by neutral facts agreed on by people. They are concerned with abstracted empiricism based on quantitative methods, which are mainly numerical and subjected to statistical analysis, hence, they usually adopt quantitative methodology in their investigations.

According to Kumar (2011: 13), the quantitative approach is highly formalized, as well as more explicitly controlled than the qualitative design, with a range that is more exactly defined, and that is relatively close to the social sciences. The strengths of quantitative approaches, according to Castro, Kellison, Boyd, and Kopa (2010: 342), include the following:

- accurate operationalization and measurement of a specific construct;
- the capacity to conduct group comparisons;
- the capacity to examine the strength of association between variables of interest, and
- the capacity for model specification and the testing of research hypotheses.

The main limitation of this approach is that measurement typically detaches information from its original ecological real-world context, a phenomenon referred to by Viruel-Fuentes (2007) as decontextualisation. The above limitation is important to this study in that it necessitated the combination of research design into mixed methods in order to explore the complexity of the many different factors that influence partnering between PACs and FRCs.

5.3.2 The qualitative method

The interpretive approach requires that "the social scientist must collect facts and data describing not only the purely objective, publicly observable aspects of human behaviour, but also the subjective meaning this behaviour has for the human subjects themselves" (Lee 1991: 347). The interpretive approach makes the counterclaim that the study of people and their institutions calls for methods that are altogether foreign to those of natural science (Kura, 2012: 4). The interpretivists normally adopt this methodology in the course of their inquiries. According to Williams (2007: 67), qualitative research is a holistic approach that involves discovery. Qualitative research is also portrayed as an unfolding model that occurs in a natural setting that enables the researcher to observe situations and experience the affinity between the researcher and research participants.

The strengths of the qualitative approach, as highlighted by Castro *et al.* (2010: 342), include the following:

- the capacity for generating rich detailed accounts of human experiences (emotions, beliefs, and behaviours) and narrative accounts that are examined within the original context in which observations occur;

- the qualitative approach affords an in-depth analysis of complex human, family systems, and cultural experiences in a manner that cannot be fully captured with measurement scales and multivariate models, and

- the accounts are within the context of the observations.

However, the main limitations of this approach, according to Castro *et al.* (2010: 343), are:

- the measurement is removed from the real world, and it is difficult to make quantitative predictions;

- there are challenges in the reliable integration of information across observations or cases;

- there are challenges in assessing links and associations that occur between observations, cases, or constructs;

- qualitative research methods often lack well-defined prescriptive procedures, thus limiting the capacity for drawing definitive conclusions (confirmatory results), an important aspect of scientific research, and

- qualitative studies have been challenged for their small or unrepresentative samples, and thus their limited capacity to produce generalizable findings.

The above limitations are relevant to this study in that the current study experienced challenges in the reliable integration of information across observations because:

- the focus group were diversified (based on age, gender, and experiences, etc.);

- key informants had varied experiences, and

- natural settings were varied.

In the following sub-section, the salient aspects pertaining to the mixed methods approach, as well as the rationale for choosing this approach for this study, are outlined.

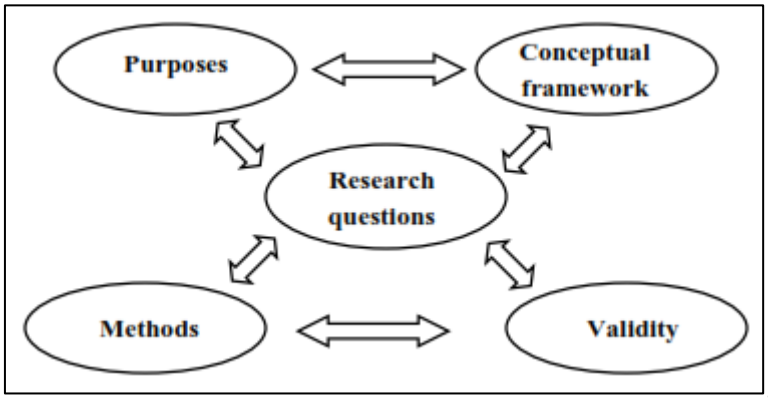
5.3.3 The mixed method approach

Mixed methods research is a type of research in which, within a single study, researchers use both qualitative and quantitative methods and, by extension, these methods' respective paradigm perspectives (Schiazza 2013: 14). According to Huysmans and De Bruyn (2013: 4), qualitative and quantitative research methods can be combined in a single study, since this allows combining the strengths of both methods. For example, quantitative research typically focuses on confirmatory research based on a large sample, and the use of a qualitative study could provide more in-depth insight into the results of the quantitative study. A key feature of mixed methods research is its methodological pluralism, which

frequently results in research which provides broader perspectives than those offered by mono-method designs (Huysmans and De Bruyn 2013: 4).

The main reason for using the mixed method in this study is the complexity of the many different factors that influence partnering between PACs and FRCs. This mixed methods design emerges from the iterative reflection of each study component, and is guided by the research questions, based on Maxwell and Loomis (2003)'s interactive model, as shown in Figure 5.2 below.

Figure 5.2: The interactive model of Maxwell and Loomis



Source: Maxwell and Loomis (2003)

Other reasons for opting to use a mixed methods approach for this study, are as follows:

- it provided the researcher with a broader set of analysis and a more substantial way of data interpretation (Muskat, Blackman and Muskat 2012: 18);

- it was a natural complement to traditional qualitative and quantitative research (Muskat *et al.* 2012);

- it enabled the researcher to increase both the scope and the level of possible analysis (Huysmans and De Bruyn 2013: 4);

- it allowed the researcher to triangulate one set of results with another and thereby enhancing the validity of inferences (Molina-Azorín and Cameron 2010: 95; Johnson *et al.* 2013: 13), and

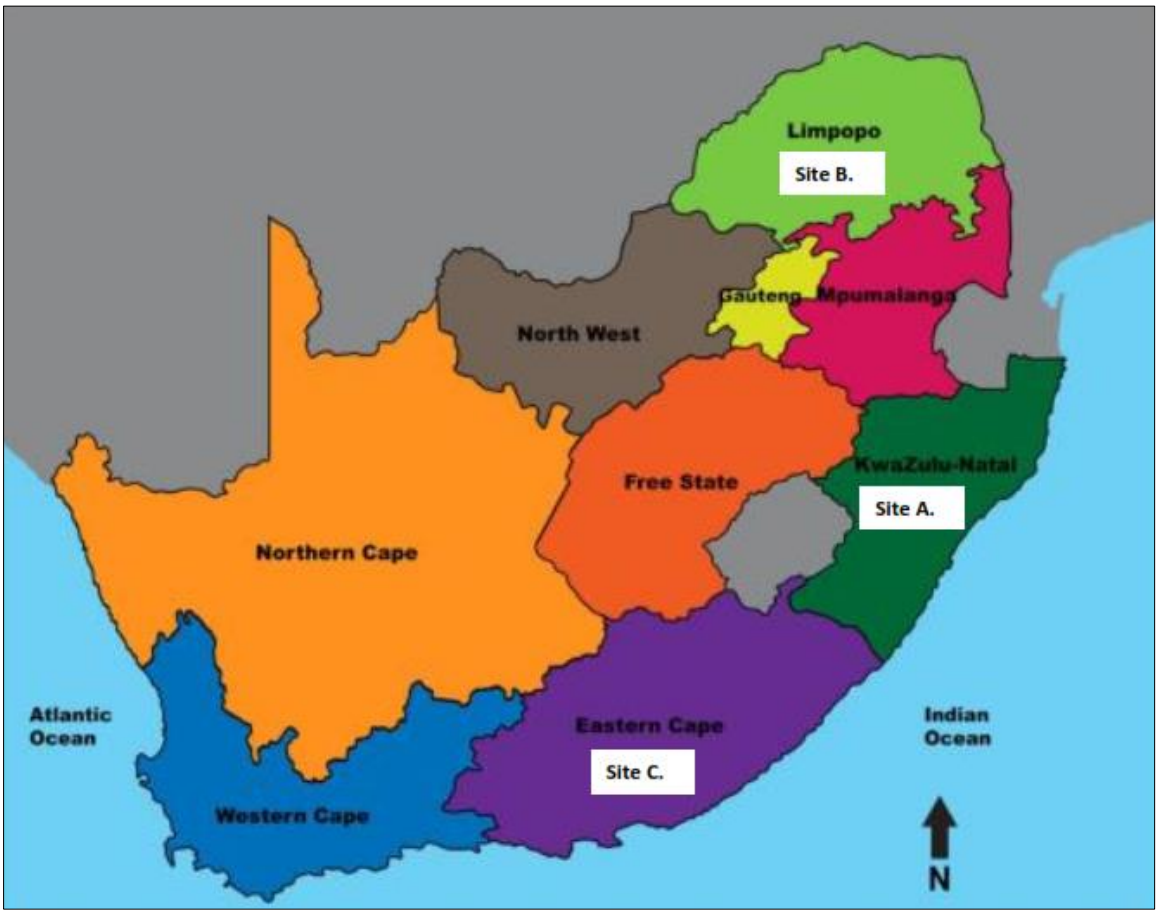
- combining quantitative and qualitative methods provides comprehensiveness and greater knowledge yield (Farquhar, Ewing, and Booth 2011: 749).

In the following section, the study area and population are briefly explained, highlighting the study sites, target population, and accessible population.

5.4 THE STUDY AREA AND SURVEY POPULATION

Mouton (1996: 35) argues that before a researcher compiles a sample he/she should know the characteristics of the population, as such knowledge enables the researcher to draw up a representative sample. Eisenhardt and Graebner (2007: 23) suggest that the research participants be selected from a specified population. The selection should be purposeful and strategic, allowing greater focus on the research question and answering calls for more focussed contextual research (Cornforth 2004: 20). Due to cost and time considerations, the study was restricted to three of the nine provinces in South Africa, namely, KwaZulu-Natal Limpopo, and the Eastern Cape. Figure 5.3 below depicts the study sites in South Africa.

Figure 5.3: The nine provinces in South Africa indicating the location of study sites



Source: KwaZulu-Natal Planning Commission (2017)

5.4.1 The survey population

The target population for the study comprised of all the primary agricultural co-operatives (PACs) (N=493) located within the provinces of KwaZulu-Natal, Limpopo, and the Eastern Cape as shown in Table 4.1 below, as well as all known branches (N=139) of the three largest South African food retail companies (FRCs), namely, Shoprite-Checkers, Pick n Pay, and Spar, also located within the three study sites shown in Table 5.1 below.

Table 5.1: The target population of FRCs

Food retail company	Number of Branches in a Study Site			Totals
	KwaZulu-Natal	***Limpopo***	***Eastern Cape***	
Shoprite-Checkers	21	16	19	56
Pick 'n Pay Group	23	11	16	50
The Spar Group	14	7	12	33
TOTALS	**58**	**34**	**47**	**139**

Source: Shoprite Group (2015); Pick n Pay Group (2015), & Spar Group (2014).

5.5 THE SAMPLE SIZE AND THE SAMPLING PROCEDURE

For this study, quantitative interviews were conducted by administering pre-coded questionnaire to a total of 90 PACs members comprising PAC Chairpersons (n = 69) and PAC Secretaries (n = 21) who were involved in the production and distribution of agricultural products. For the FRCs, quantitative interviews were conducted by administering pre-coded questionnaire to a total of 27 FRC personnel, 9 each from Shoprite-Checkers, Pick 'n Pay and Spar, comprising Branch Managers (n = 10), Assistant Branch Managers (n = 4), and Merchandisers (n = 7) who were involved in the procurement of agricultural products.

5.5.1 The sample size for primary agricultural co-operatives (PACs)

The sample size for both PACs was statistically determined using the following formula (Sekaran 2003: 32):

$n = \frac{N}{1+N(e)^2}$, where

n = Sample size

N = Population sample

e = Sampling error

The sample size for PACs was based on the target population of 493 known and registered PACs in all three study sites, and at the 95% confidence level, and at a 2.5% margin of error, a sample size of three hundred and seventy-five (n=375) PACs was determined, using the above-mentioned formula.

$$\text{Sample size(n)} = \frac{\text{Population (N)}}{1+\text{Population sample,N (sampling error,}e)^2}$$

$$= \frac{\text{N}}{1+\text{N(e)}^2} \frac{493}{1+493(0.0516)^2} = 374.8 \; or \; 375$$

The sample spread for PACs was also equally divided for all three sites, as illustrated in Table 5.2 below:

Table 5.2: The sample of PACs

The Research Instrument	Sample Size			Total
	Site A	Site B	Site C	
Quantitative survey	30	30	30	90
Focus group interviews	90	90	90	270
Key informant interviews	5	5	5	15
TOTALS	**125**	**125**	**125**	**375**

5.5.2 The sample size for food retail companies (FRCs)

A purposive and criterion sampling strategy was used to draw a sample of 36 branches from the 139 known and registered FRCs located in three study sites (KwaZulu-Natal, Limpopo, and the Eastern Cape provinces). The sample spread for FRCs was equally divided for all three sites, as illustrated in Table 5.3 below:

Table 5.3: The sample of FRCs

The Research Instrument	Sample Size			Total
	Site A.	***Site B.***	***Site C.***	
Quantitative survey	n=9	n=9	n=9	n=27
Key informant interviews	n=3	n=3	n=3	n=9
TOTALS	**n=12**	**n=12**	**n=12**	**N=36**

This study used purposive and criterion sampling strategy to draw a sample of 36 of the 139 known and registered FRCs branches of three FRCs, namely, the Shoprite-Checkers Group; the Pick n Pay Group, and the Spar Group located in all three study sites (KwaZulu-Natal, Limpopo, and the Eastern Cape provinces).

Purposive sampling is a non-random technique that does not need underlying theories or a set number of participants. The researcher decides what needs to be known, and sets out to find people who can and are willing to provide the information by virtue of their knowledge and/or experience (Etikan 2016). The purposive sampling method was chosen as the most appropriate method for this research, as the researcher could apply his knowledge of the research problem to select the participants from both the PAC database and FRCs list of chain stores, to be typical of the population in question. According to Guetterman (2015: 135), a more convenient and economical purposive sample is appropriate than other sampling methods. As Emmel (2013: 6) noted, with theoretical or purposive sampling, the researcher is reflexive and makes decisions in response to empirical findings and theoretical developments that occur in the study.

A key qualitative feature of purposive sampling is that research questions are typically limited, studying a central phenomenon in a particular context. The researcher's intent is not to generalize from the sample to a population, but to explain, describe, and interpret this phenomenon (Maxwell 2013: 29). Consequently, sampling is not a matter of representative opinions, but a matter of information richness. Appropriateness and adequacy are paramount in qualitative sampling (Creswell 2013; Marshall and Rossman 2011; Maxwell 2013, and Patton 2015).

Criterion sampling involved reviewing and studying all cases that meet some predetermined criterion of importance (Suri 2011: 69). The selected sample was based on the following criteria:

- whether the selected sample was reasonably expected to contribute information about partnering and likely to contribute views and special insights on the concept of partnering?

- whether the selected research participants were representative of the targeted research participants group? and

- whether the selected sample had a background of working within PACs - FRCs environment?

5.6 DATA COLLECTION

Prior to the empirical study, a literature study, using secondary sources of information was undertaken with the aim of establishing, assembling and integrating the theoretical basis with regard to partnering between PACs and FRCs. To achieve this, information from newspaper and magazine reports, government and non-governmental organisations' publications, academic journals, textbooks, and internet articles were reviewed. From this study, partnering theories and principles and benchmark practices were used to evaluate partnering practices between PACs and FRCs. Primary data was collected using structured questionnaires, focus group interviews, as well as key informant interviews among a selected sample of both PACs and FRCs in each study site.

5.6.1 The structured questionnaire

To collect data, the quantitative part of this study used purposive quantitative study design, with the same questionnaires administered to PACs and FRCs (Refer to Appendix X). The questions were developed from scratch for this study and were not adapted from any

previous research, except the template and format used which was adapted from the template earlier designed by Nene, M.N. (2013).

For FRCs, the structured questionnaires were self-administered; whereas for PACs, the questionnaire was administered by the researcher. The research instrument was developed based on the constructs identified in the literature review during the exploratory phase of the research. The quantitative structured questionnaire was selected because it allowed the researcher to collect data systematically and address the research issues in a uniform, standardised and economical way. The structured questionnaire was divided into eight sections, which were thematically categorised as follows:

Part 1	Information about the background, history and nature of the research participants.
Part 2	Information about the socio-economic benefits of PACs.
Part 3	Information about the levels of knowledge, attitudes, and practices among PACs and FRCs with regard to partnering.
Part 4	Information about the challenges faced by PACs in South Africa.
Part 5-	Information about the challenges faced by FRCs in partnering with PACs.
Part 6	Information about the strategies employed by PACs in South Africa to overcome the constraints to sustainable partnering with FRCs.
Part 7	Information about the strategies employed by FRCs in South Africa to overcome the challenges to sustainable partnering with PACs.
Part 8	Information about the key success factors (KSFs) influencing the sustainability of partnering between PACs and FRCs.

The quantitative questionnaires were administered to twenty-seven (n=27) FRCs research participants, who were either store managers, assistant mangers, or merchandisers - nine each from Shoprite-Checkers, Pick n Pay, and Spar, who were involved in the procurement of agricultural products, and to 90 PACs involved in the production and distribution of agricultural products.

Prior to the administration of the questionnaires or the interviews, each FRC and PAC selected for the study was contacted by telephone, e-mail or letter (Appendix XI). All questionnaires were coded. Coding involved a systematic condensation of extensive data

sets into smaller analysable units through the creation of categories and concepts derived from the data (Lockyer 2004, cited in Steward 2016: 2). Coding was used because it was thought to facilitate the organization, retrieval, and interpretation of data and enabled the researcher to draw conclusions on the basis of that interpretation. For this study, coding entailed assigning numeric codes to each response which falls in a particular category.

As most of the questions were pre-coded, it merely required the respondent to tick or cross the numeric code on the questionnaire, thereby reducing the time required to complete the questionnaire. All FRC research participants were requested to either return the completed survey questionnaire to the researcher in a postage pre-paid envelope before a stated date, or fax or e-mail the completed questionnaire to the researcher. There was a 77.7% (n=21) response rate for the questionnaires sent to FRCs.

For PACs, the quantitative questionnaires were personally administered by the researcher to either chairpersons or secretaries of the 90 registered PACs identified from the list obtained from CIPC, located and operating within the three selected study sites namely, KwaZulu-Natal, Limpopo, and the Eastern Cape, and involved in the production and distribution of agricultural products. The questionnaires were personally administered at the research participants' workplaces or at mutually-agreed venues.

The researcher personally administered the questionnaires to PACs because it was established during the pilot test phase that most PACs operated in remote rural areas; hence, the researcher was concerned that some of the completed questionnaires might not be returned in time for analysis. A total of ninety questionnaires were completed, representing a response rate of 100% (n=90).

5.6.2 The pilot test

Pilot tests were conducted among three FRCs and three PACs within the Zululand district in KwaZulu-Natal, using separate questionnaires for each group. The purpose of the pilot tests was to identify ambiguities, and also to detect other possible weaknesses in the questionnaires, and feedback from the pilot studies was used to improve the questionnaires. The pilot tests also enabled the researcher to improve the validity of the questionnaires (Saunders *et al.* 2009). To avoid the testing effect, research participants who took part in

the pilot tests were not included in the survey, as their inclusion would impact on internal validity (Sekaran 2003: 71).

To achieve reliability, the researcher used the same procedures and methodologies for all three study areas. After the data were collected, the constructs were first tested for consistency using the Cronbach Coefficient Alpha test, developed by Cronbach in 1951. The test was based on Cronbach's basic equation for alpha, namely:

$$\alpha = \frac{n}{n-1}\left(1 - \frac{\Sigma Vi}{Vtest}\right)$$

Where:

n = number of questions

Vi = variance of scores on each question

V$test$ = total variance of overall scores (not %'s) on the entire test

(Cronbach 1951: 299).

The Cronbach Coefficient Alpha test scores ranged from 0.601 for calculative commitment, to 0.867 for ethics; hence, the constructs can be deemed reliable since the scores were above 0.60. Factor analysis was conducted on the selected constructs to assess their validity, and all questions for PACs and FRCs which had factor loadings of less than 0.5 were excluded from further analysis.

5.6.3 The focus group interviews

Qualitative data were collected by means of face-to-face, open-ended, in-depth conversational discussions with nine groups of ten PAC general managers or marketing managers per group, from a sample of ninety (n=90) PACs, in each of the three study sites. A total of two hundred and seventy (n=270) research participants participated in the focus group interviews. The focus group interview schedule (Appendix XII) covered the following thematic issues:

- how the research participants planned, organised, directed, and controlled their operations?

- partnering practices that were considered successful, and the reasons thereof;
- partnering practices that were considered unsuccessful, and the reasons thereof;
- obstacles to successful partnering between PACs and FRCs;
- are partnering activities continuing, and, if so, in what form?
- does the type of organizational structure of FRCs impact upon successful partnering with PACs?
- is the degree of FRCs' organizational sophistication significant for successfully working with PACs;
- what contribution did the FRC-PAC partnerships make to the development of the respondent's organization, and
- what strategies were employed to maximize that contribution?

Prior to the focus group interviews, participants were sent letters outlining the objectives of the study. The letters informed participants that a follow-up telephone call would be made to confirm their participation. These follow-up telephone calls were made about ten days after sending the letters to the participants. During each telephone call participants were invited to participate in the study, and if they agreed, a mutually-suitable date, time and venue for interviews were set.

A competent facilitator was hired to conduct the focus group discussions, and data were recorded by the researcher during each interview in an effort to ensure as much accuracy as possible in terms of their interpretation. Each focus group interview session was conducted face-to-face, and, on average, lasted between sixty and ninety minutes.

In many instances, a translator was needed, as English was inappropriate for some of the interview sessions. In each of the study areas where the translator was needed, the translator was someone with good knowledge of the local people; their culture and language, as well as a good command of the English language. In addition, the researcher outlined the objective of the study; the questions; ethical considerations, as well as the differences between interpretation and translation with the translator prior to the interviews, to ensure that the translator understood what was required from each interview.

5.6.4 The key-informant interview guide

In-depth key-informant interviews were conducted among nine pre-selected FRC managers (three from each province) and fifteen PAC managers/chairpersons (five from each province). The pre-designed key-informant interview schedules (Appendix XIII) covered the following thematic issues:

- the nature of FRCs'/PACs' involvement in partnering decision-making;
- perceived obstacles, benefits, and challenges to participation;
- perceived best practices in partnering;
- perceptions about elements that make for partnering success, and
- perceptions about typical practices around partnering.

In addition to the above, the researcher also afforded each key informant the opportunity to discuss any pertinent issues pertaining to partnering.

Key informants were people with specific knowledge about certain aspects of PACs and FRCs within each study area respectively. They were chosen because of their professional background, leadership responsibilities or because of their knowledge of the subjects being studied. The small number of key-informants per study site for both PACs (five) and FRCs (three) were deemed to be appropriate, due to data saturation, described by Gentles, Charles, Ploeg and McKibbon (2015: 1781), as reaching a point of informational redundancy where

additional data collection contributes little or nothing new to the study. Furthermore, with FRCs, the procurement practices of branch managers were informed by the policies devised by head office staff.

The use of the mixed methods approach to data collection helped the researcher gain a holistic perspective on the concept of partnering between PACs and FRCs in the South African context, and to capture the specific characteristics of the South African co-operative and food retailing sectors with regard to partnering.

In the next section, the analysis of the data collected is discussed.

5.7 DATA ANALYSIS

Bogdan and Biklen, (2003 cited in Allwood 2012: 1422), define qualitative data analysis as working with data, organizing it, breaking it into manageable units, synthesizing it, searching for patterns, discovering what is important and what is to be learned, and deciding what you will tell others.

The purpose of qualitative data analysis was to identify patterns, concepts, themes and meanings. The first step in qualitative data analysis was to go through the data (i.e. text) categorising into themes, and scrutinising and comparing to search for relations, similarities and dissimilarities. Data collected from the interviews/discussions with research participants were condensed, organized, classified and edited into manageable and accessible package. Next, the different parts of the data were marked with appropriate labels or 'codes' to identify them for further analysis. Then, responses of each focus group interview was narrated into a readable, descriptive picture and presented into holistic portraits.

After the data were edited and refined, they were captured on an Excel spreadsheet for statistical analysis. Descriptive statistics was used to analyse the preliminary data, but as the researcher was also interested in making statistical inferences about the population from the sample, inferential statistics were also employed. This included the use of correlations and chi square test values, which were interpreted using p-values. The Statistical Packages

for Social Sciences (SPSS) software, version 21.0 for Windows, was used to analyse the data and to conduct the relevant statistical tests.

In order to validate and to compare findings from the mixed methods data sources, the researcher used a convergent design by separately analysing both types of data, and comparing results through a side-by-side comparison in a discussion, and by jointly displaying both forms of data.

5.8 RESEARCH TRUSTWORTHINESS

The trustworthiness of the research findings was established by the way in which the researcher dealt with the validity threats. Method-appropriate criteria, such as data triangulation and methodological triangulation, were used to validate the procedures and to ensure trustworthiness in the study (Mason 2008: 43). The multiple data collection methods, according to Mason (2008) provided both an 'outsider' and an 'insider' perspective, thereby increasing rigour and trustworthiness. The following were validity threats and corrective intercessions in this study:

5.8.1 Inaccuracy or incompleteness of data

The main threat to valid description, in the sense of what one saw and heard, is the inaccurate or incomplete transcription of the data. The audio recording of interviews and verbatim transcription of these recordings largely solved this problem.

5.8.2 Misinterpretation of data

The main threat to valid interpretation is posing one's own framework or meaning, rather than understanding the perspective of the people studied and the meanings they attach to their words and actions (Maxwell 2013: 76). The most important check on such validity threat is to seriously and systematically attempt to learn how the participants in the study made sense of what was going on, rather than categorising their words and actions in one's own framework. The strategy known as *member checks* is one of the main ways of avoiding this threat. According to Kroth and Boverie (2000: 141), member check refers to a process

of taking data and tentative interpretations back to the participants and asking them if the results are plausible. For this study, the researcher revisited the participants to confirm or correct some interpretations attached to their thoughts and views.

5.8.3 Research bias

According to Carcary` (2009: 13) when evaluating their research efforts, positivist researchers place significant emphasis on the issues of validity, reliability and generalisability, which among the positivist research community, has acquired the status of a "scientific holy trinity". Mason (2002: 59) states that the principal issues for interpretivists are consistency and integrity in the study's design. Qualitative researchers emphasise the importance of reflecting on the body of evidence, the ability to make critical assessments of informants' statements, and the importance of producing convincing arguments and explanations. Patton (2015: 76) mentions four ways to enhance the trustworthiness of a study:

- credibility/validity (through triangulation of sources, data and methods);
- transferability/generalizability (through non-specific and vague descriptions);
- dependability (through adjusting the steps of the research design), and
- conformability (through verifying steps of the research, keeping a research log, including thoughts along the way, and having participants in the study review the report).

5.8.4 Validity

Validity, according to Gibbs (2007, cited in Creswell 2014:.201), is when a researcher uses certain procedures to check for the accuracy of the research findings. However, the most important advantage presented by using multiple sources of evidence is the development of converging lines of inquiry - a process of triangulation. When using the mixed methods approach, validity can be improved by using a convergent approach, i.e., a strategy from the quantitative method, for example, content validity, and another from the qualitative method,

for example, triangulation (Creswell 2014: 223). To ensure validity, this study used interviews, documentary evidence and observations, using replication logic.

5.8.4.1 Construct validity

Yin (2003: 34) defines construct validity as the process of establishing correct operational measures for the concepts being studied. This is a challenge in case study research because of the subjective nature of data collection. Therefore, to minimize this concern, the researcher needs to use multiple sources of information and establish a chain of evidence during the data collection phase (Denzin and Lincoln 1994, cited in Karlberg 2007: 142).

Construct validity also refers to the extent to which the questions asked at the data collection stage contribute to an accurate observation of reality (Gibbert, Ruigrok and Wicki 2008). In an attempt to minimise problems with construct validity, research parameters were based solely on previously published literature, as outlined in the literature review section. With regard to face and content validity, the questionnaire was assessed and pre-tested, prior to being administered. Any gaps that were identified were rectified before the questionnaires were administered. In order to combine variable data in an attempt to maximize construct validity, a combination of complementary data collection methods or sources of information were used - surveys; focus group interviews; key-informant interviews, and document review.

5.8.4.2 Internal validity

Internal validity, according to Gibbert *et al.* (2008: 29), is when a researcher succeeds in creating a plausible causal argument; logical reasoning that is powerful and compelling enough to defend the research conclusions. Internal validity was increased by using cross-case analysis of multiple cases. This allowed for some generalisation in the study.

5.8.4.3 External validity

External validity is the extent to which the study's conclusions or findings can be generalized into theory to explain other similar cases or populations (Gall, Gall and Borg 2005). According to Flyvbjerk (2006) and Yin (2003), empirical data from the mixed

methods research cannot be generalized to other studies; however, findings in a mixed methods study can be generalized to theory, and this theory can be used to examine other cases. Therefore, a theoretical proposition can position the analysis (Yin 2003: 111). For this reason, Stake (1995: 93) asserts that the researcher should indicate how the findings might be extrapolated; how they could be interpreted in various circumstances, and how they can accommodate theoretical discourse.

5.8.4.4 Content validity

According to Delgado-Rico, Carretero-Dios, and Ruch (2012: 450), content validity is the extent to which an evaluation instrument contains an adequate sample of items for the construct assessed. Sireci and Faulkner-Bond (2014: 101) assert that content validity and appropriateness of the test development process refer to all processes used when constructing a test to ensure that the test content faithfully and fully represents the construct intended to be measured, and does not measure irrelevant material. To ensure content validity for this study, the researcher conducted pilot-testing of items followed by statistical item analyses, to select the most appropriate items for operational use.

5.8.4.5 Triangulation

This study implemented triangulation to clarify findings and acknowledge different perspectives. According to Bailey-Beckett and Turner (2010: 2), triangulation is the application and combination of more than one research perspective in the study of the same phenomenon. Bailey-Beckett and Turner (2010) state that by combining multiple observers, theories, methods, and empirical materials, researchers can hope to overcome the weakness or intrinsic biases and the problems that come from single-method, single-observer, single-theory studies.

According to Burns and Grove (2001 cited in Ziyani, King and Ehlers 2004: 12), the aim of triangulation is to achieve results in which the variance that is obtained reflects the measurement of the trait being studied. Often the purpose of triangulation in specific contexts is to obtain confirmation of findings through convergence of different perspectives. The point at which the perspectives converge is seen to represent reality. Bailey-Beckett and Turner (2010) cite the following benefits of triangulation:

- triangulation provides additional sources of valuable insight that cannot be gained from direct communications between researcher and respondent;

- triangulation minimizes the inadequacies of single-source research;

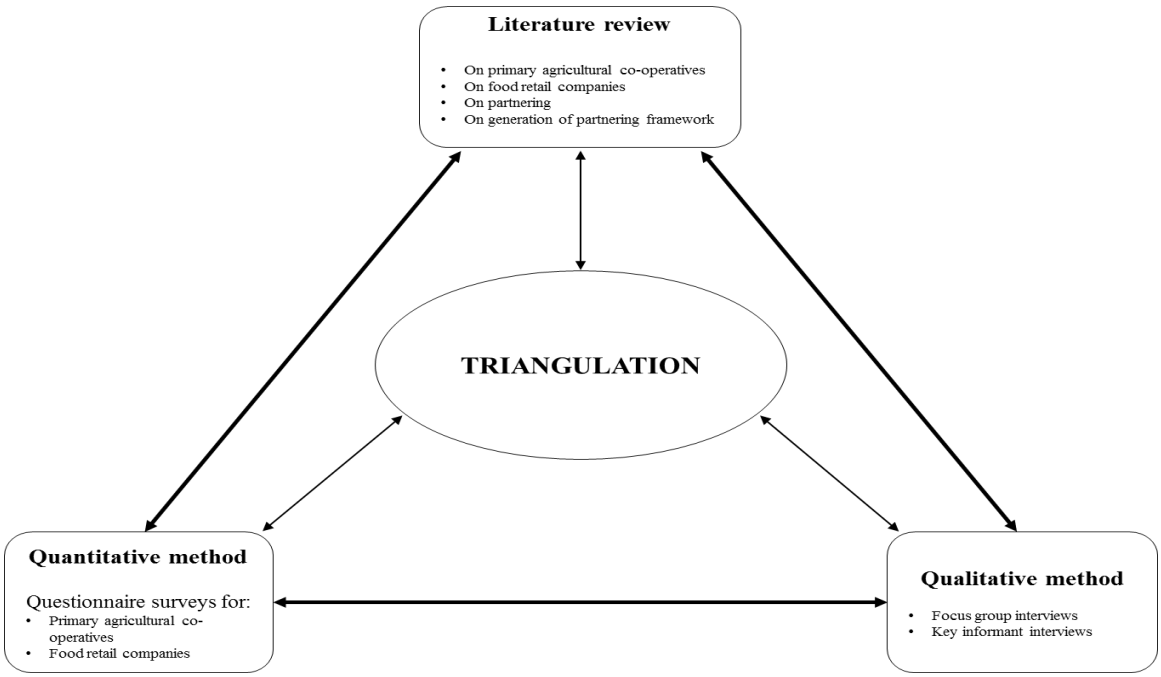
- two sources complement and verify one another;

- triangulation reduces the impact of bias, and

- triangulation provides richer and more comprehensive information, because humans share more candidly with an independent third party than they do with someone they know or think they know.

To enhance the trustworthiness of the study, the researcher triangulated the data by using a combination of complementary data collection methods or sources of information - literature reviews, quantitative surveys, focus group interviews, and key-informant interviews. To maximize construct validity, the researcher triangulated data collection by combining quantitative and qualitative methods. In addition, triangulation reduced the risk that the findings will reflect systemic biases or limitations of a specific method, and it allowed the researcher to gain a better assessment of the validity and generality of the explanations that were to be developed (Maxwell 2013: 39). The mixed methods data triangulation is illustrated in Figure 5.4.

Figure 5.4: The triangulation



5.8.5 Reliability

Reliability is the degree to which measures are free from error and therefore yield consistent results, i.e., the consistency of a measurement procedure (Thanasegaran 2010: 36). If a measurement device or procedure consistently assigns the same score to individuals or objects with equal values, the instrument is considered reliable. Reliability involves the consistency, or reproducibility, of test scores; i.e., the degree to which one can expect relatively constant deviation scores of individuals across testing situations on the same, or parallel, testing instruments. In other words, reliability is the extent to which results are consistent over time and if the results of a study can be reproduced under a similar methodology.

5.8.6 Transferability and generalizability

Transferability to other settings depends on the congruence between the "sending context", i.e. the context in which the research was conducted, and the "receiving contexts" i.e. the contexts to which the research findings are to be applied (Koch 2006; Lewis and Ritchie 2003). To mitigate the risk of poor transferability, the researcher provided detailed

descriptions of context and phenomena of the study so as to enable other researchers to assess the findings' transferability. The researcher also used proven scientific methodology and research design that had been used in the past, to ensure that the study can be conducted elsewhere, and produce scientific results.

5.8.7 Conformability

According to Carcary (2009: 15), strategies for establishing research confirmability need to be built into the qualitative research process. The researcher maintained and reported an audit trail of methodological and analytic decisions taken during the research process. The researcher also followed scientific steps in conducting this study - using relevant methodology and research design. The researcher has also kept records of all the research processes. Ethical issues were also considered before quantitative surveys and qualitative interviewed were conducted.

5.9 ETHICAL ISSUES

As the research involved human participants, an ethical clearance and approval to conduct the study was sought from the Institutional Research Ethics Committee (IREC) at the Durban University of Technology to ensure that the empirical study followed the acceptable ethical principles for conducting research (A copy of the correspondence is attached in Appendix II). Participation in the study was voluntary and participants were informed of their rights to withdraw from the study if they so desired, without any threat of victimization. Prior to undertaking the fieldwork, written approval to conduct the study was obtained from the head offices of all participating PACs and FRCs in each study area.

All the participants were given the following assurances:

- to ensure the participating organisations' confidentiality - the final report would not mention any research participants by name; instead, the findings would be reported anonymously;

- to protect all research participants' and each organisation's rights and welfare; that is, to ensure that no harm comes to the respondent and/or organisation as a result of the respondent's or organisation's participation in the research;

- the researcher would present information and transcripts used in the research in such a way as to maintain the respondent's and organisation's dignity;

- on request, to make available to the respondent or participating organisation the final copy of this research publication;

- the respondent or organisation was free to withdraw from the research at any time, if the need arose;

- no manipulation or withholding of information was involved in the study;

- the survey results were pooled for the thesis and individual results of the study would remain absolutely confidential and anonymous;

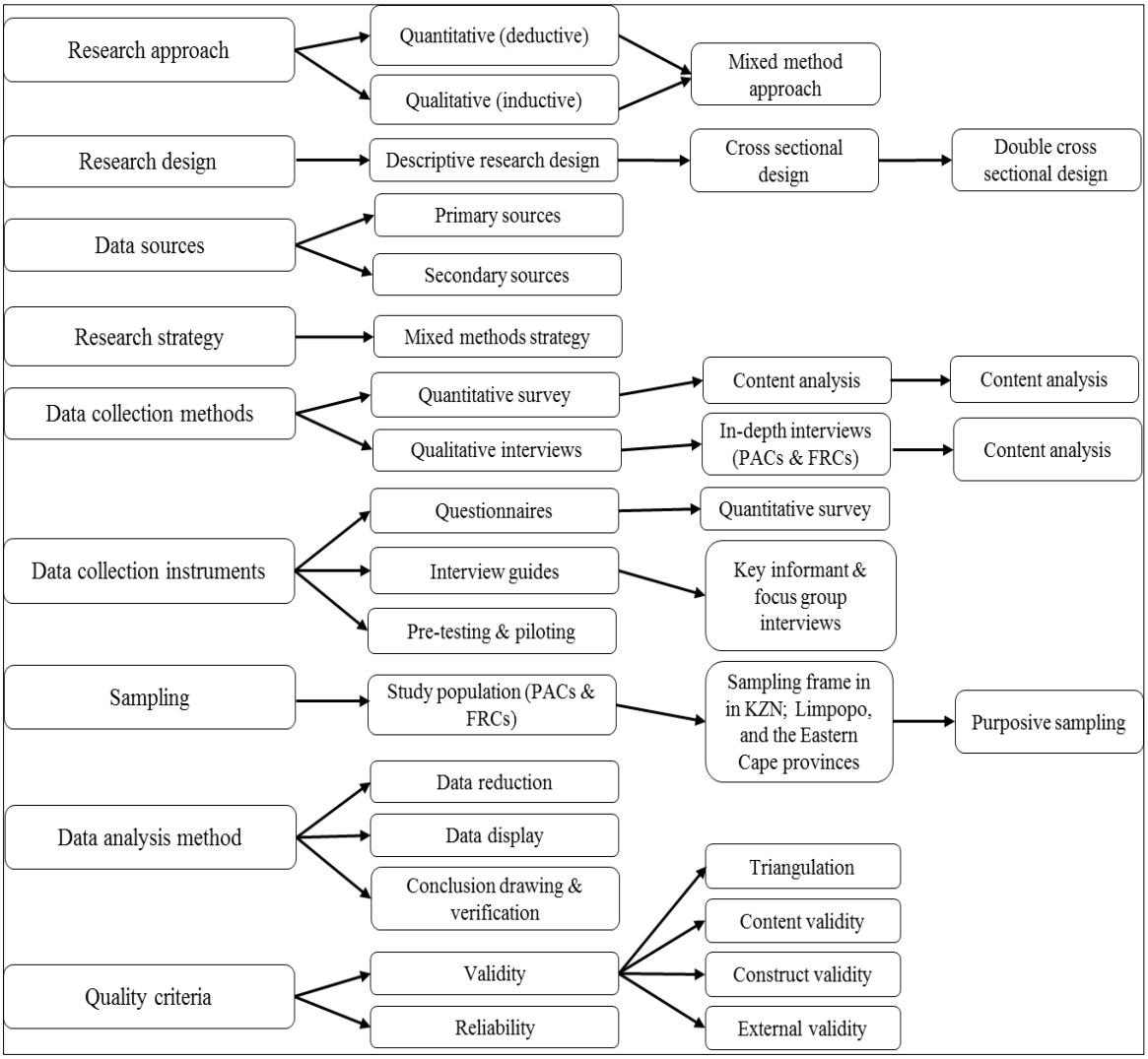
- upon completion of this study, the evidence collected in this research would be archived at the Durban University of Technology, and may be used for further research;

- should this study be published, only pooled results would be documented, and

- no costs would be incurred by the individual participants or the participating organisations.

A summary of the research methodology and design employed for this study is graphically presented in Figure 5.5 below.

Figure 5.5: Summary of the research methodology and design employed



5.10 CONCLUSION

This chapter described the research design, the target population and how the sample was drawn. The chapter also explained, *inter alia*, the sampling technique employed, the questionnaire construction, piloting, as well as the data collection methods.

The mixed methods methodology was used to collect data. This involved collecting both quantitative and qualitative data at roughly the same time and assessing information using parallel constructs for both types of data. This research leans towards interpretivist

epistemological standpoint with an inductive approach and the use of the convergent parallel mixed methods, because the use thereof was considered appropriate, economical, and convenient; and also, the use thereof was considered to be able to achieve a robust understanding of the methodological paradigm adopted.

In the next chapter, the results of the survey are presented, analysed, and discussed.

CHAPTER SIX

PRESENTATION, ANALYSES AND DISCUSSION OF RESULTS

6.1 INTRODUCTION

In this chapter the results emanating from the analysis of both the quantitative and qualitative data are presented, analysed and discussed in a single, interconnected and sequential chapter to provide a better understanding of the results. The data accessed for this study was in both ordinal and nominal forms, and two types of analyses were performed on the data collected, namely: descriptive and inferential statistics.

The first part of the discussion focuses on the demographic variables in this study, and the descriptive statistics is presented through the use of bar charts and frequency tables. Significant results are also contextualised within the research purpose and objectives of the study. The second section of the chapter comprises the presentation, analyses and discussion of the results of the empirical study pertaining to partnering between Primary Agricultural Co-operatives (PACs) and Food Retail Companies (FRCs). Using a range of appropriate statistical tests (Appendix XIX), significant patterns and relationships were reported on.

6.2 THE RESPONSE RATE

The target population of PACs consisted of the 493 registered PACs within the provinces of KwaZulu-Natal; Limpopo, and the Eastern Cape in South Africa. A purposive and criterion sampling strategy was used to draw a sample of 375 of the 493 registered PACs, with 375 responses, representing a 100% response rate, which is attributed to the fact that all interviews and focus group discussions were administered by the researcher. The face-to-face, open-ended, in-depth conversational focus group interviews were conducted among nine groups of ten (n=10) PAC chairpersons and/or managers per group, from a sample of ninety (n=90) identified operational PACs in each study area. Three focus group interviews per study site were conducted. A total of fifteen key-informant interviews with pre-selected

PAC chairpersons and/or managers were conducted, based on five in-depth interviews per study area.

For FRCs, the study was conducted among 139 branch managers of the three purposively selected major food retailing companies in South Africa (Shoprite-Checkers, Pick n Pay, and Spar), who were located within the following provinces in South Africa: KwaZulu-Natal; Limpopo, and the Eastern Cape. There were 27 self-administered structured questionnaires sent to branch managers of the three purposively selected major food retailing companies in South Africa, with 21 responses returned, representing a 77.77% response rate. This was considered more than adequate to draw meaningful conclusions about the target population. Nine key-informant interviews with pre-selected FRC managers were conducted based on three in-depth interviews per province.

In the following section the demographic profile of the FRCs and PACs is discussed.

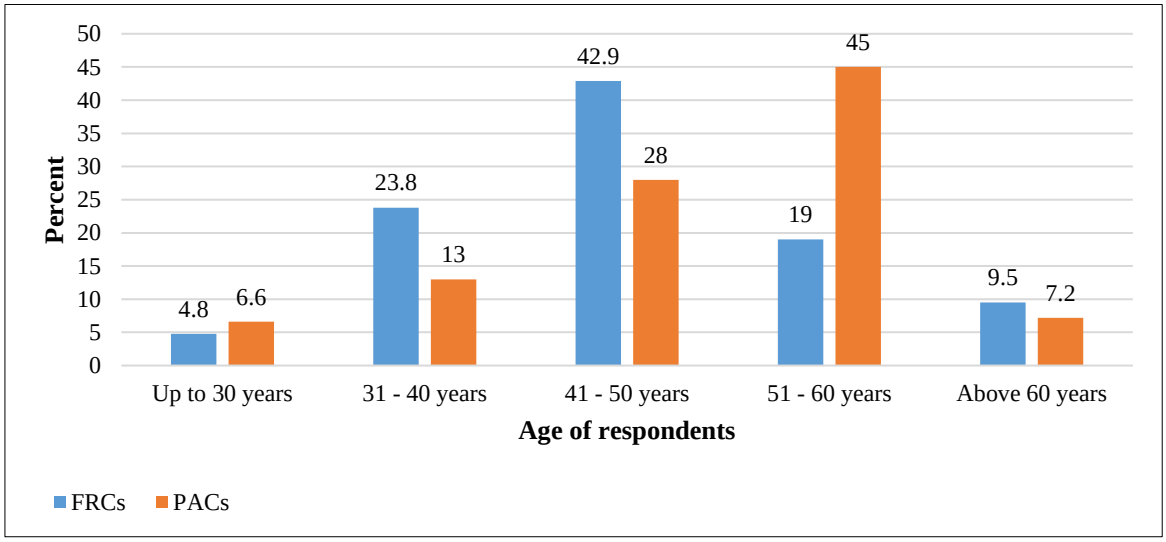
6.3 THE DEMOGRAPHIC PROFILE OF PACs AND FRCs

The demographic characteristics of PACs and FRCs in each study site were included in the research design in order to establish the current profile of the research participants, and to ascertain whether or not there were any correlations between the research results and specific demographic characteristics of PACs and FRCs for the purpose of determining the existence of any trends. In the above regard, information pertaining to the age; gender; number of years of experience, positions held by the research respondents in their respective organisations, and their highest qualifications were solicited.

6.3.1 The age distribution of the research respondents

The age distribution of respondents is illustrated in Figure 6.1.

Figure 6.1: The age distribution of the research respondents

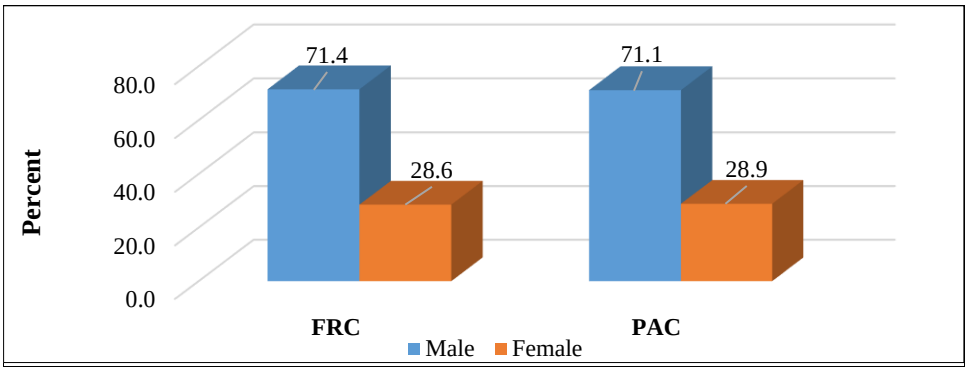


Forty-five percent of the PAC research respondents were between 51-60 years of age; 28% (n=25) were between 41-50 years of age; 13% (n=11) were between 31-40 years of age, whilst 7.2% (n=6) were above 60 years of age, and 6.6% (n=5) were under 30 years old. Approximately 43% (n=9) of the FRC research respondents fell in the 41-50 years' age bracket, followed by 23.8% (n=5) who were in the 31-40 years' age bracket. Nineteen percent (19%) (n=4) were in the 51-60 years' age bracket, whilst 9.5% (n=2) were above 60 years of age, and 4.8% (n=1) were under 30 years old.

6.3.2 Gender distribution of the research respondents

Figure 6.2 below indicates the gender of the respondents from both PACs and FRCs.

Figure 6.2: The gender composition of the research respondents



As depicted in Figure 2.2, for the respondents selected from the FRCs, 71.4 % (n=15) were male and 28.6 % (n=6) were female, whilst for the PAC research respondents, 71.1% (n=64) were male and 28.9 % (n=26) were female. The gender composition is similar for both types of organisations, with the ratio of males to females being approximately 7:3.

6.3.3 The position held by the research respondents in their organisations

The positions held by the respondents in their respective organisations are summed up in Table 6.1 below.

Table 6.1: The positions held by the research respondents in their respective organisations

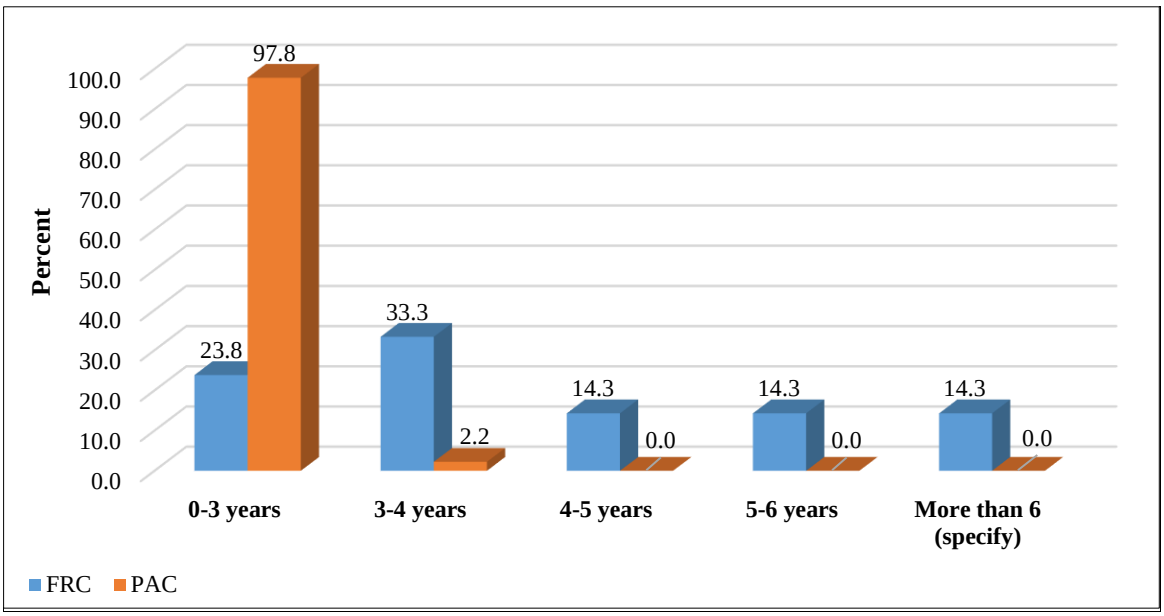
	PACs		FRCs	
	Count	**Percentage**	**Count**	**Percentage**
Chairperson	69	76.7%	0	0.0%
Secretary	21	23.3%	0	0.0%
Merchandiser	0	0.0%	7	33.33%
Assistant Manager	0	0.0%	4	19.05%
Manager	0	0.0%	5	23.81%
Procurement Manager	0	0.0%	5	23.81%
TOTAL	**90**	**100%**	**21**	**100%**

As reflected in Table 6.1 above, more than three quarters (76.7%) (n=69) of the PAC research respondents were chairpersons, whilst the remaining 23.3% (n=21) of the PAC research respondents were secretaries. Amongst FRCs research respondents, managers made up 66.67% (n=14) of the respondents, whilst 33.33% (n=7) of respondents were merchandisers.

6.3.4 The number of years the respondents have been in their current positions

The analysis determined the duration (in years) that the research respondents have been in their current positions in order to ascertain the level of experience each respondent possessed. A graphical representation of the number of years that the respondents have been in their present positions, is shown in Figure 6.3 below.

Figure 6.3: The number of years the research respondents have been in their current positions



As shown in Figure 6.3 above, 97.8% (n=88) of the PAC research respondents have been employed in their current positions for no more than 3 years, whilst only 2.2% (n=2) of the PAC research respondents had been employed in their current positions between 3 to 4 years. Approximately 33% (n=7) of the FRC research respondents have been employed in their current positions between 3 to 4 years, whilst only about a quarter (23.8%) (n=5) of FRC informants had less than 3 years' experience in their positions. Of the remaining FRC research respondents, 14.3% (n=3) have been employed in their current positions for 4-5 years, and 14.3% (n=3) have been employed between 5-6 years, and 14.3% (n=3) have been employed in their current positions for more than 6 years.

6.3.5 The duration (in years) the organisation has been operating

The study also ascertained the number of years PACs and FRCs had been in operation in order to ascertain whether there were any correlations between the number of years that FRCs and PACs have been in operation and other variables. A graphical representation of the period (in years) that PACs and FRCs have been in operation, is shown in Figure 6.4 below.

Figure 6.4: The duration (in years) that FRCs and PACs have been in operation

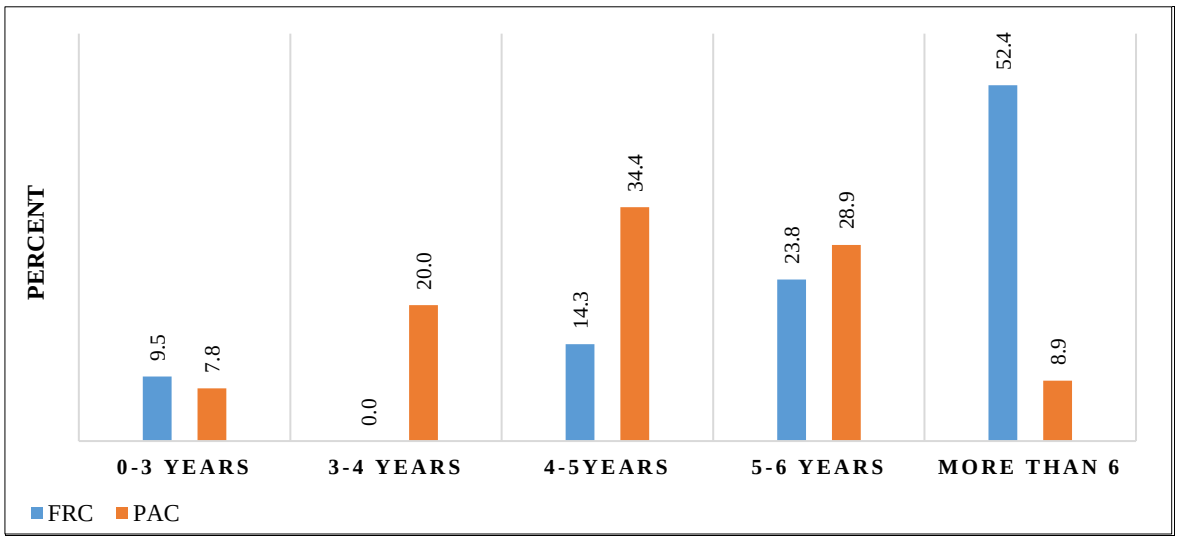


Figure 6.4 shows that 52.4% (n=11) of FRCs had been in existence/operation at the study sites for more than 6 years, with one-quarter (23.8%) (n=5) of FRCs had been in existence/operation for between 5-6 years, whilst 14.3% (n=3) of FRCs have been in existence/operation for between 4-5 years, and about one-tenth (9.5%) (n=2) being in existence for less than 3 years. Approximately 34% (n=30) of PACs had been in existence/operation at the study sites between 4-5 years, with approximately 29% (n=26) of PACs being in existence for between 5-6 years, whilst 20% (n=18) of PAC had been in existence for between 3-4 years, and approximately 9% (n=8.1) of PACs had been in existence/operation at the study sites for more than 6 years, whilst only 7.8% (n=7) of PACs had been in existence for less than 3 years.

In the above section, the demographic profile of FRCs and PACs was provided. In the next section the responses of both PACs and FRCs regarding the socio-economic benefits of PACs are presented, analysed and discussed.

6.4 THE SOCIO-ECONOMIC BENEFITS OF PACs IN SOUTH AFRICA

Both PACs and FRCs were asked to rank from seven variables, in order of importance, the socio-economic benefits of the local primary agricultural co-operatives (PACs), and their respective rankings are presented in Table 6.2 below.

Table 6.2: PACs' and FRCs' ranking of the perceived socio-economic benefits of PACs in South Africa

SOCIO-ECONOMIC BENEFITS OF PACs	PACs	FRCs
PACs stimulate social integration	1	5
PACs stimulate social cohesion	2	6
PACs provide distinctive services to society	6	2
PACs provide economic empowerment to the community	4	1
PACs provide women and youth with a guarantee to the ownership of assets	7	3
PACs help create income generation and employment	5	4
PACs contribute directly to the eradication of poverty	3	7

The results indicate that PAC research respondents ranked the statement "PACs stimulate social integration" as the most important socio-economic benefit of the local PACs, whilst FRC research respondents ranked the statement "PACs provide economic empowerment to the community" as the most important socio-economic benefit of the local PACs. The least important socio-economic benefit of the PACs, according to PAC research respondents, is that "PACs provide women and youth with a guarantee to the ownership of assets", whilst FRCs ranked the statement "PACs contribute directly to the eradication of poverty" as the least important socio-economic benefit of the PACs.

The above responses concur with the results from a study assessing the participation of co-operatives in local economic development in Alice, a town in the Eastern Cape province of South Africa, conducted by Khumalo (2014) that "co-operatives are significant in providing for less-tangible advantages inasmuch as they are for tangible ones", and also, that co-operatives bring balance between community versus self-interest, which can lead to improved business performance and increased member benefit by providing distinctive services to the customer/member (Khumalo 2014: 67).

The above responses also concur with the findings from the study conducted by Ma and Abdulai (2016) from a randomly selected sample of 481 households on whether agricultural co-operative membership improves socio-economic household welfare in Gansu, Shaanxi and Shandong provinces of China, which revealed that co-operatives can play a significant role in increasing the incomes of small-holders to reduce rural poverty in China. The empirical results from the same study confirmed a positive and statistically significant relationship between membership and agricultural produce yields, farm net returns and household income. A disaggregated analysis also revealed that small-scale farms tend to benefit more from co-operatives than medium and large farms, and thus influence "farmers' decision to belong to agricultural co-operatives, and that contemporary agricultural co-operatives can contribute to the enhancement of agricultural productivity as well as improvement in farm household income" (Ma and Abdulai 2016: 102).

In the above section, the findings on the socio-economic benefits of PACs were presented, analysed, and discussed. In the ensuing section the knowledge, attitudes, and practices among PACs and FRCs with regard to partnering are presented, analysed, and discussed.

6.5 KNOWLEDGE, ATTITUDES, AND PRACTICES AMONG PACs AND FRCs WITH REGARD TO PARTNERING IN SOUTH AFRICA

A series of questions were posed to both FRCs and PACs to ascertain the levels of knowledge, as well as the attitudes and practices among PACs and FRCs with regard to partnering, and their responses are presented, analysed and discussed below.

6.5.1 Organisation's involvement in any form of partnering

This study determined each organisation's involvement in any form of partnering to find out the level of experience of each potential partnering organisation. A tabular representation of the partnering status of each organisation is presented in Table 6.3 below.

Table 6.3: The partnering status of each organisation

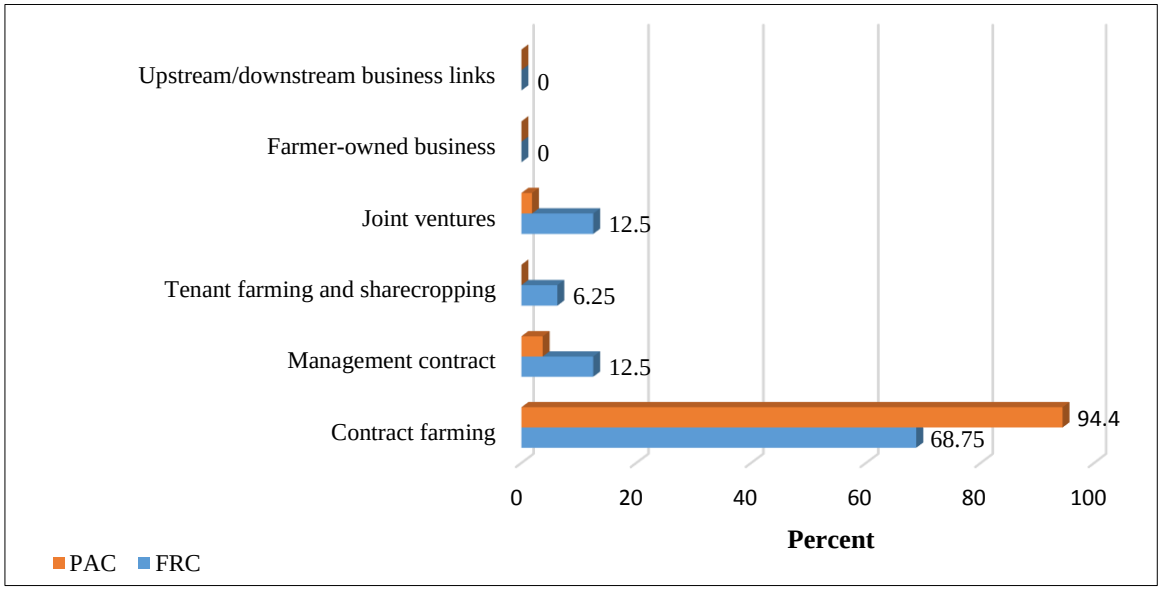
	FRCs	**PACs**
Have partnered with each other before	76.2%	60.0%
Have not partnered with each other before	23.8%	38.9%
No comment	0.0%	1.1%
TOTALS	**100%**	**100%**

The results, as illustrated in Table 6.3 above show that a majority of FRCs surveyed, approximately 76% (n=16) were involved in some form of partnering with PACs, while 60% (n=54) of PACs surveyed were involved in some form of partnering with FRCs. Although the majority of PACs and FRCs have partnered with each other, there is an opportunity to increase the level of engagement between PACs and FRCs, as a significant proportion of FRCs (23.8%) (n=5) and PACs (38.9%) (n=35) had not partnered with each other previously.

6.5.2 The current form of partnering between PACs and FRCs

The literature identified six forms of partnering, namely, upstream/downstream business links; farmer-owned business; joint ventures; tenant farming and sharecropping; management contracts, and contract farming, and both FRC and PAC research respondents were required to identify the form of partnering that they engaged in. The results are reflected in Figure 6.5.

Figure 6.5: The form of partnering adopted by PACs and FRCs



As illustrated in Figure 6.5 above, the results indicate that 94.4% (n=85) of PACs partnered with FRCs using the contract farming model, whilst the remaining 5.6% (n=5) of PACs partnered with PACs using the management contract model. More than two-third (68.7%) (n=14) of the FRC research respondents partnered with PACs using the contract farming model, whilst 12.5% (n=2) of FRCs partnered with PACs using management contracts, and the same percentage of FRCs (12.5%) (n=2) partnered with PACs using the joint venture model. The remaining 6.25% (n=1) of FRCs partnered with PACs using the tenant farming and sharecropping form of partnering.

It is noted that the majority of PACs (94.4%) (n=85) and FRCs (68.7%) (n=14) who were surveyed partnered with each other using the contract farming model. For PACs, the joint ventures and the management contracts played a minimal role in partnering with FRCs, whereas these types of partnering arrangements for FRCs played a marginally larger role.

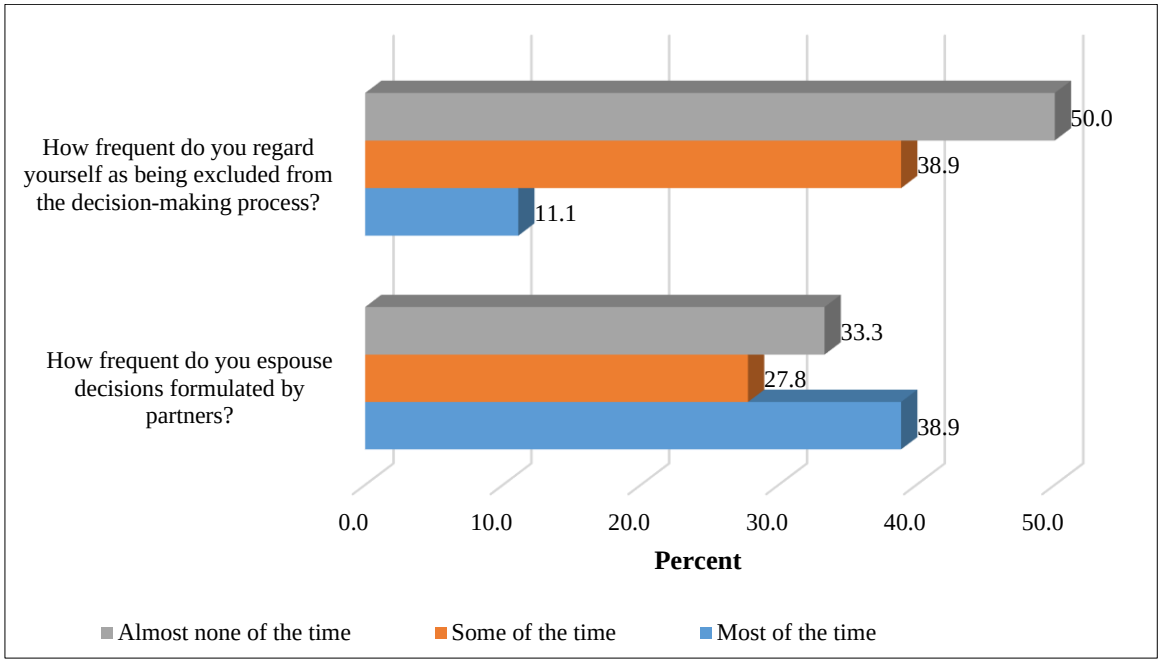
The study found that those PACs and FRCs that have been involved in any form of partnering in the past tended to adopt the contract farming model as a form of partnering. Hence, the contract farming model was regarded as the preferred and successful partnering model that was used between PACs and FRCs. The above responses concur with the findings from the study conducted by Oya (2012) which revealed that contract farming is

the most commonly used contractual agreement for agricultural produce in Sub-Saharan Africa.

6.5.3 The partnering PACs' participation in decision-making processes

This variable aimed to establish the level of participation of PACs who partnered with FRCs in decision-making, and the results are reflected in Figure 6.6 below.

Figure 6.6: The levels of participation of partnering PACs in the decision-making processes



As reflected in Figure 6.6 above, 50% (n=45) of the PAC research respondents indicated that they were not excluded in the decision-making process, with 38.9% (n=35) of PAC research respondents indicating that they were left out some of the time, and 11.1% (n=10) indicating that they had been excluded from the decision-making process most of the time. Approximately 39% (n=35) of the PAC research respondents espoused decisions formulated by partners most of the time, while a one-third (33.3%) (n=30) of PAC research respondents indicated that they did so almost none of the time, and 27.8% (n=25) of the research respondents did so some of the time.

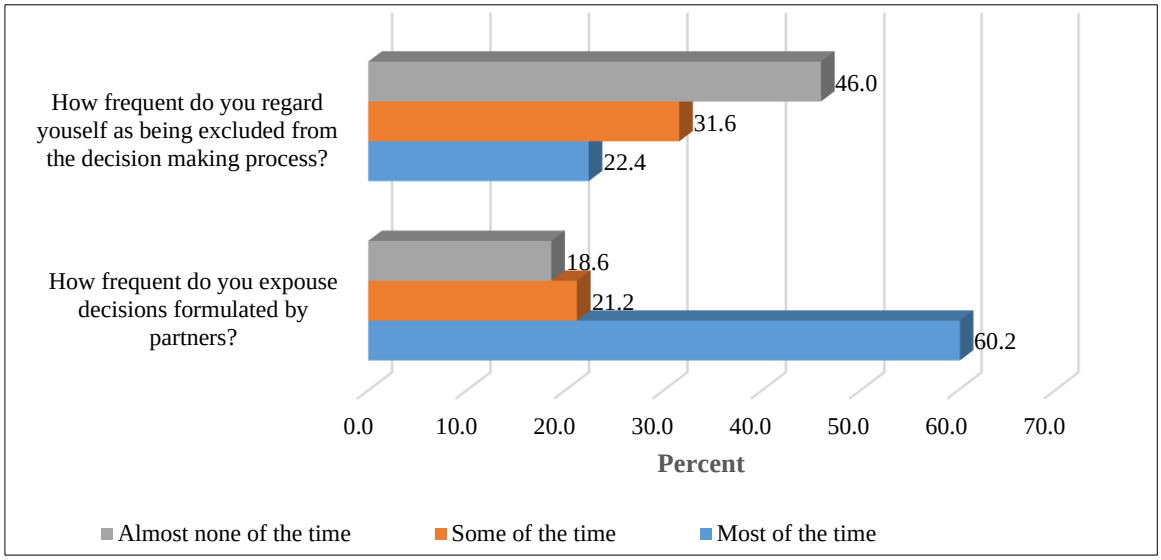
The results confirm the findings of a study conducted by Kuye and Sulaimon (2011) on employee involvement in decision making and firms' performance in the manufacturing sector in Nigeria, which revealed that if people were properly notified about issues affecting them and were given the chance to participate in decision making, then both the organisation and the individual would derive benefits.

Results from the ANOVA test conducted revealed that female PAC respondents regarding themselves as being more frequently excluded from the decision-making process with FRCs than male PAC respondents (p-value was 0.000).

6.5.4 The partnering FRCs' levels of participation in decision-making processes

Figure 6.7 below represents the extent to which FRCs participated in the decision making processes with PACs.

Figure 6.7: The levels of participation of partnering FRCs in the decision-making processes



The FRC responses reflected in Figure 6.7 above indicate that 46% (n=10) felt that they had not been excluded from the decision-making process, with 31.6% (n=7) of FRC research respondents indicating that they felt left out some of the time, whilst approximately 22% (n=4) of the FRC research respondents stated that they felt excluded from the decision-

making process most of the time. Approximately 60% (n=13) of the FRC research respondents espoused decisions formulated by partnering PACs most of the time, whilst 21.2% (n=4) of FRC respondents indicated that they did so some of the time, and 18.6% (n=4) of the research respondents did not support the decisions made by the partnership.

The ANOVA test results (Appendix XIX) revealed that there was a significant difference in the perceptions of PACs and FRCs regarding the frequency that they were excluded from the decision making process (p = -0.017). However, there were no significant differences in the perceptions of PACs and FRCs pertaining to the frequency they espoused decisions formulated by their partners (p = 0.240).

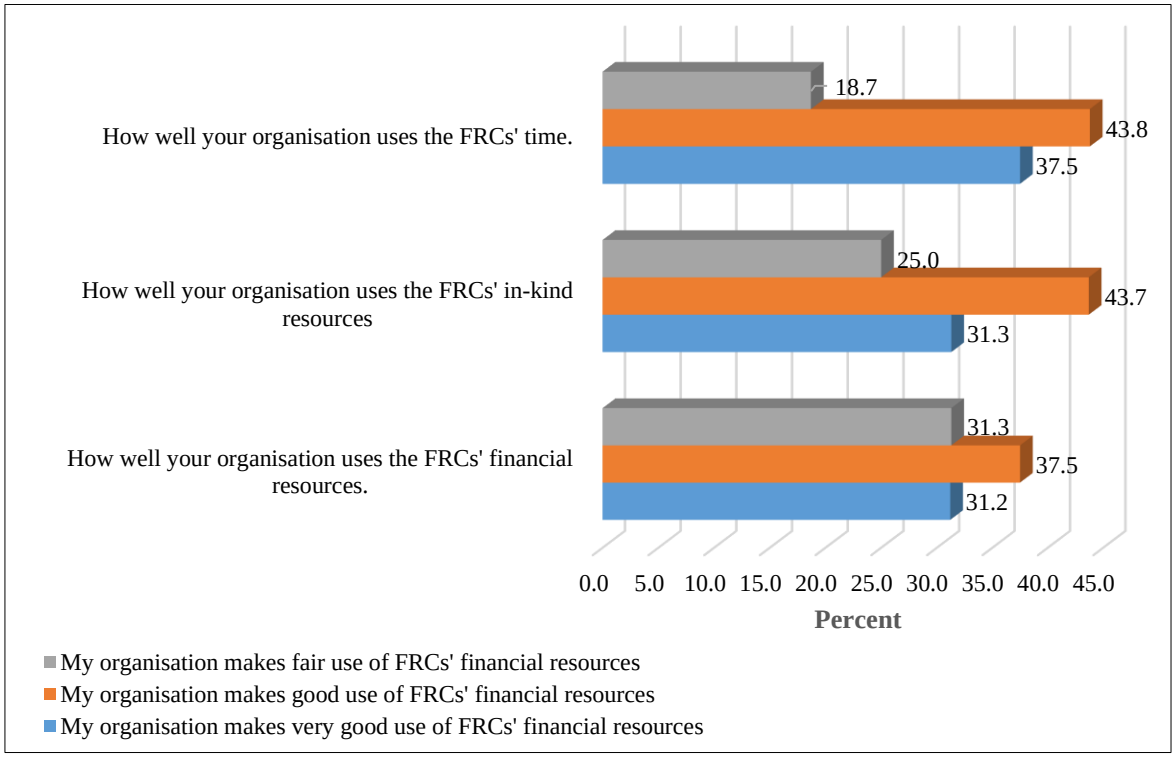
The above responses correspond with the findings from the study conducted in India by Kapilashrami (2010) which revealed that joint decision-making is the key distinguishing characteristic of a partnership from other interactions. According to the literature reviewed, the inclusion of stakeholders in a decision-making results in more sustainable output, and it is more likely to produce a set of outcomes actually desired by the participants (Kaur 2007: 1).

PACs' participation in decision-making thus provides the opportunity for communication between PACs and FRCs. This communication can be an early warning system for PACs concerns, and the means through which accurate and timely information can be disseminated, and can contribute to sustainable decision-making. These benefits apply when PAC participation is a two-way process - where both PACs and FRCs can learn and gain mutual benefits.

6.5.5 Perceptions of PACs and FRCs on how well they use their partners' resources

To establish the perceptions of PACs and FRCs on how well they used their partners' resources (time, materials, and finance), a three-point Likert scale, ranging from "partnering makes fair use of partners' resources" to "partnering makes very good use of partners' resources", was used. A graphical representation of their cumulative responses is reflected in Figures 6.8 and 6.9 below.

Figure 6.8: Perceptions of PACs on how well they use FRCs' resources



As shown in Figure 6.8 above, 37.5% (n=34) of the PACs indicated that they made 'very good' use of their partners' time resource; 43.8% (n=39) indicated that they made 'good' use of their partners' time resources, and approximately 18.7% (n=17) of PACs indicated that they made 'fair' use of their partners' time resource.

Regarding the perceptions of the respondents on how well PACs use the partners' 'in-kind' resources (e.g. skills, expertise, information, data, connections, influence, space, equipment, etc.), 25.0% (n=23) of the PAC research respondents indicated that they made 'fair' use of their partners' resources, whilst 43.7% (n=39) indicated that they made 'good' use of their partners' resources, and 31.3% (n=28) of the PAC research respondents indicated that they made 'very good' use of their partners' resources.

Regarding the perceptions of PACs on how well they used their partners' financial resources, approximately 31.3% (n=28) of PAC research respondents indicated that partnering made 'fair' use of partners' financial resources, whilst 37.5% (n=34) of the respondents indicated that they made 'good' use of their partners' financial resources, and

31.2% (n=28) of the PAC research respondents indicated that they made 'very good' use of their partners' financial resources.

Figure 6.9: Perceptions of FRCs on how well they use PACs' resources

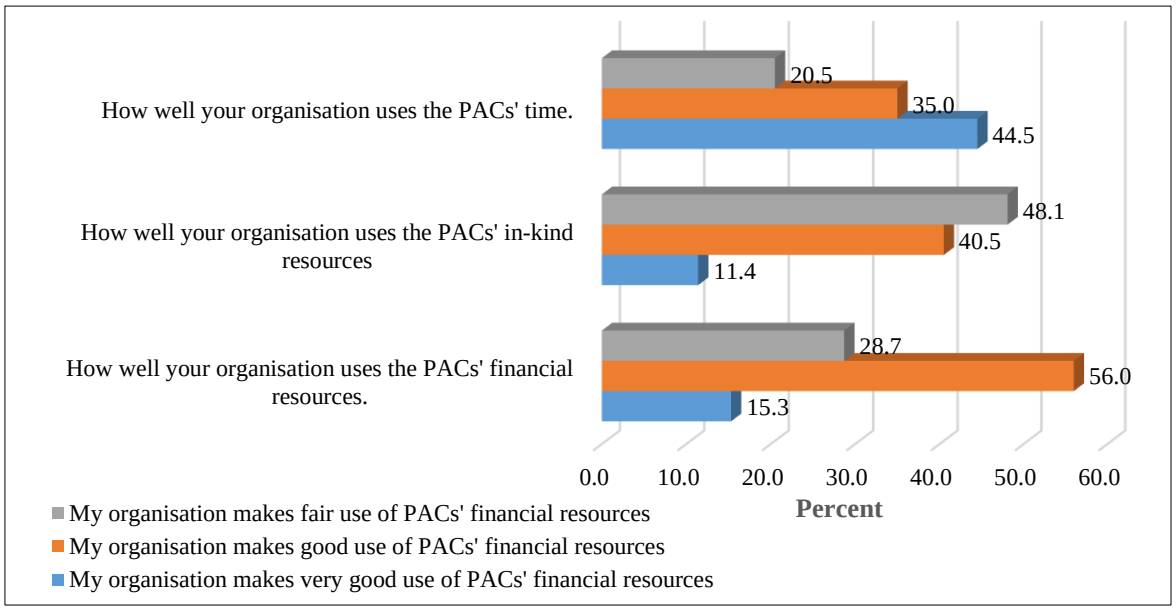


Figure 6.9 presents the cumulative responses of FRCs regarding their perceptions on how well FRCs use PACs' resources. Approximately 45% (n=10) of the FRC research respondents indicated that FRCs made very good use of PACs' time resource, whilst 35.0% (n=7) stated that FRCs made good use of PACs' time resource, and approximately two-fifth (20.5%) (n=4) of the FRC research respondents indicated that FRCs made fair use of PACs' time resource.

With regard to the perceptions of FRCs pertaining to how well FRCs use PACs' 'in-kind' resources (e.g. skills, expertise, information, data, connections, influence, space, equipment, etc.), 48.1% (n=10) of FRC research respondents indicated that FRCs made fair use of PACs' 'in-kind' resources, whilst 40.5% (n=9) indicated that FRCs made good use of PACs' 'in-kind' resources, and 11.4% (n=2) indicated that FRCs make very good use of PACs' 'in-kind' resources.

Regarding the perceptions of FRCs on how well FRCs use PACs' financial resources, 56.0% (n=12) of FRC research respondents indicated that FRCs made good use of PACs' financial

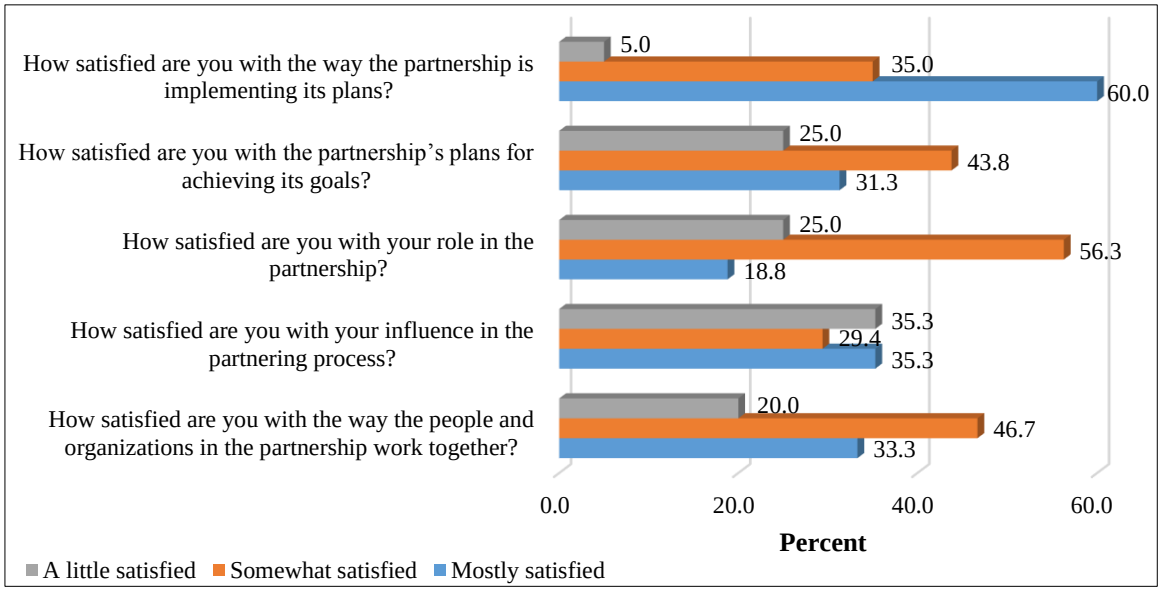
resources, whilst 28.7% (n=6) of FRC research respondents indicated that FRCs made fair use of PACs' financial resources, and also 15.3% (n=3) of FRC research respondents indicated that FRCs made very good use of PACs' financial resources.

The p-value for the statement "how well does your organisation use PACs' financial resources" was 0.019. This implied that there was a significant difference in the scoring patterns between FRCs and PACs. Regarding the p-value for the statement: "how well does your organisation use PACs' time", the p-value of 0.000 ($p < 0.05$) implied that there was a significant difference in the responses between FRCs and PACs. The p-value for the statement: "how well your organisation use PACs' in-kind resources (for example skills, expertise, information, data, connections, influence, space, equipment, goods)", the p-value was 0.077 ($p > 0.05$). This implied that there were no significant differences in the responses between FRCs and PACs (Appendix XIX).

6.5.6 PACs' and FRCs' level of satisfaction with their partnering arrangements

A three-point Likert scale, ranging from "mostly satisfied" (3) to "little satisfied" (1), was used to ascertain the level of satisfaction that PACs and FRCs experienced with their partnering arrangements, and their cumulative responses are reflected in Figures 6.10 and 6.11, respectively.

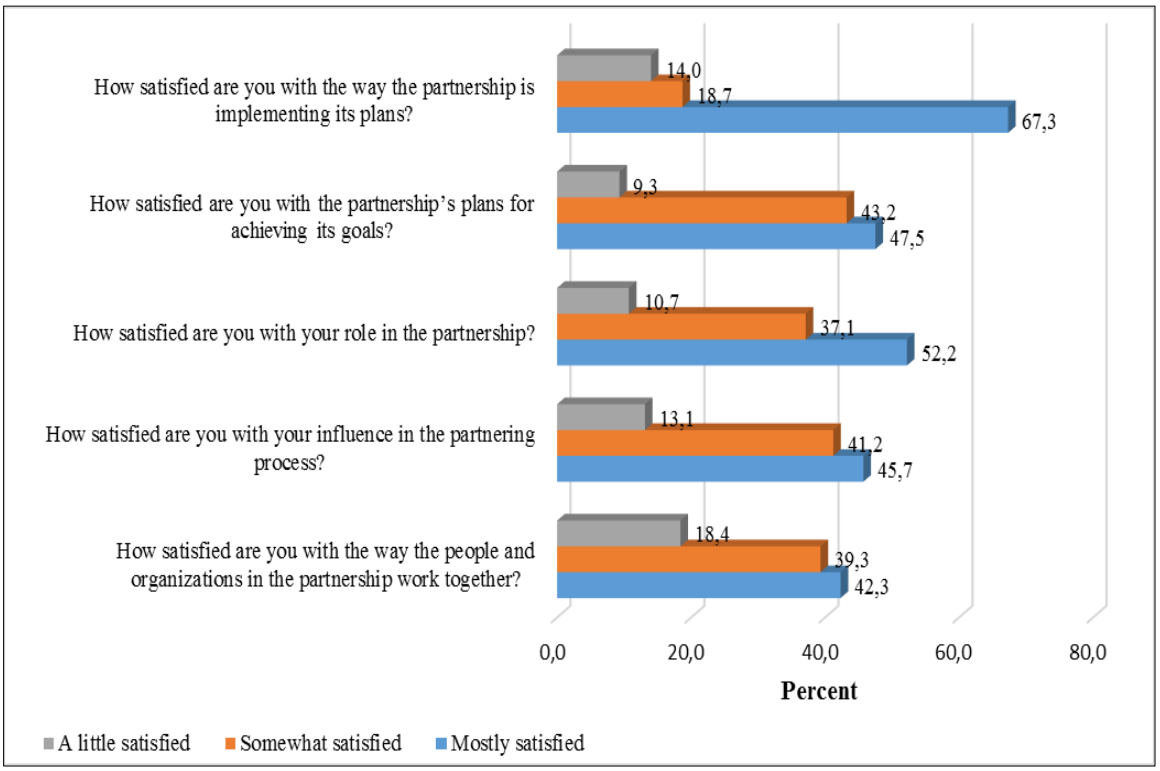
Figure 6.10: PACs' level of satisfaction with their partnering arrangements



With regard to the level of satisfaction with 'the way the partnership is implementing its plans', 60% (n=54) of the PAC research respondents were "mostly satisfied"; 35% (n=32) were "somewhat satisfied", and 5% (n=4) of the research respondents were "a little satisfied". Regarding the level of satisfaction with 'the partnership's plans for achieving its goal', approximately 44% (n=40) of the PAC research respondents were "somewhat satisfied"; about one-third (31.3%) (n=28) were "mostly satisfied", and 25% (n=22) of the PAC research respondents were "a little satisfied".

With respect to the level of satisfaction among PAC research respondents regarding their 'role in the partnership', more than half (56.3%) (n=51) of the respondents were "somewhat satisfied" with their 'participation in the partnership', whilst one-quarter (25%) (n=22) of the PAC research respondents were "a little satisfied", and approximately 19% (n=17) were "mostly satisfied". Concerning the level of satisfaction with 'influence in the partnering process', 35.3% (n=32) of the PAC research respondents were "mostly satisfied" whilst the same number of PAC research respondents (35.3%) (n=32) were "a little satisfied", and approximately 30% (n=26) of the PAC research respondents were "somewhat satisfied". Regarding the level of satisfaction with 'the way the people and organisations in the partnership work together', 46.7% (n=42) of the PAC research respondents were "somewhat satisfied", whilst one-third (33.3% (n=30) of the respondents were "mostly satisfied", and 20% (n=18) of the PACs were "a little satisfied" with 'the way the people and organisations in the partnership work together'.

Figure 6.11: FRCs' level of satisfaction with their partnering arrangements



With regard to the level of satisfaction with 'the way the partnership is implementing its plans', 67.3% (n=14) of the FRC research respondents were "mostly satisfied"; 18.7% (n=4) were "somewhat satisfied", and 14% (n=3) of the research respondents were "a little satisfied". Regarding the level of satisfaction with 'the partnership's plans for achieving its goal', 47.5% (n=10) were "mostly satisfied"; 43.2% (n=9) of the FRC research respondents were "somewhat satisfied", and 9.3% (n=2) of the FRC research respondents were "a little satisfied".

With respect to the level of satisfaction among FRC research respondents regarding their 'role in the partnership', 52.2% (n=11) were "mostly satisfied"; 37.1% (n=8) of the respondents were "somewhat satisfied" with their 'role in the partnership', whilst 10.7% (n=2) of the FRC research respondents were "a little satisfied". Concerning the level of satisfaction with 'influence in the partnering process', 45.7% (n=9) of the FRC research respondents were "mostly satisfied"; whilst 41.2% (n=9) of FRC research respondents were "somewhat satisfied", and approximately 13.1% (n=3) of the FRC research respondents were "a little satisfied". Regarding the level of satisfaction with 'the way the people and

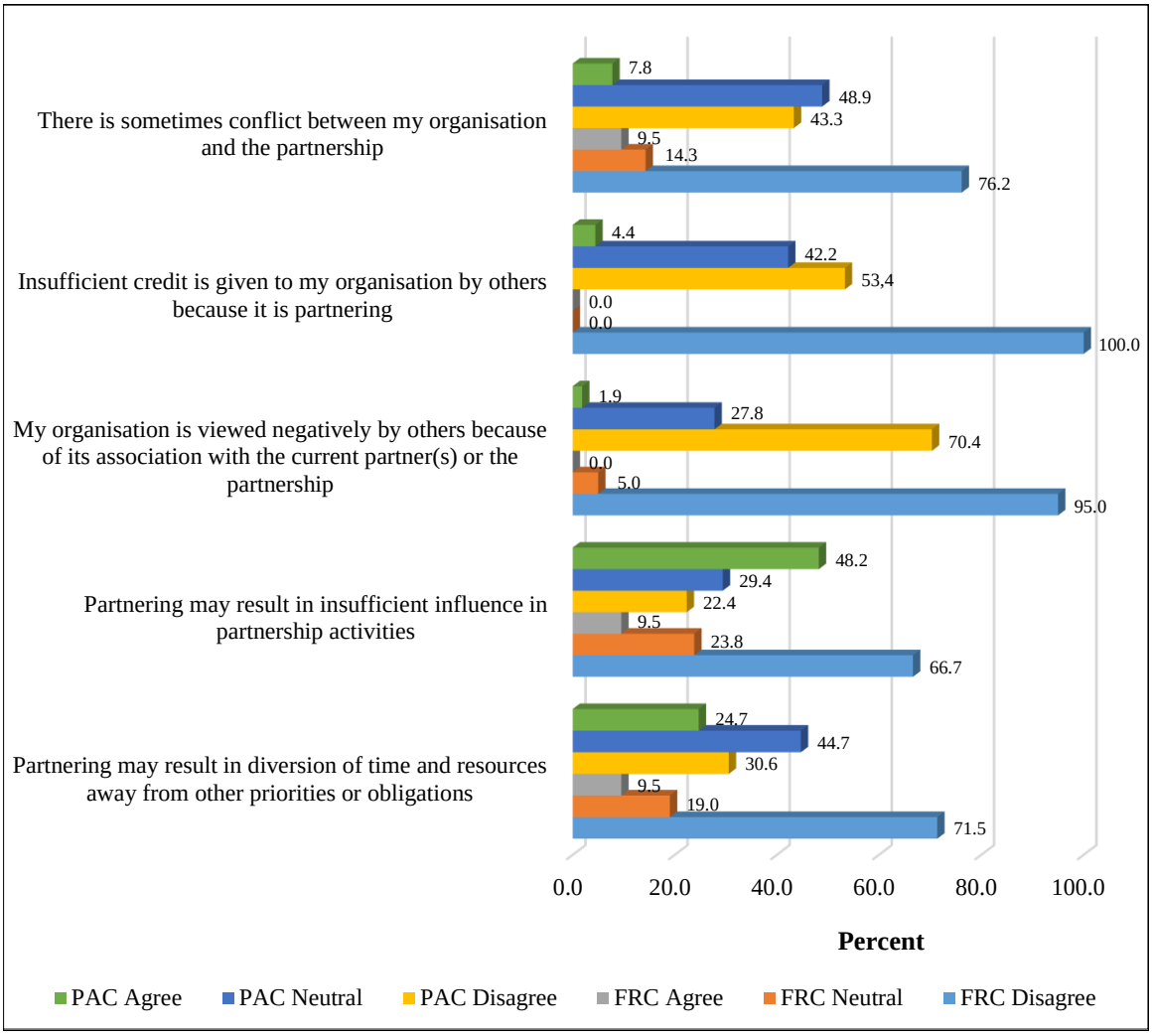
organisations in the partnership work together', 42.3% (n=9) of the FRC research respondents were "mostly satisfied", whilst 39.3% (n=8) of the respondents were "somewhat satisfied", and 18.4% (n=4) of the FRC research respondents were "a little satisfied" with 'the way the people and organisations in the partnership work together'.

The Mann Whitney test was conducted to establish if there were similarities or differences in the perceptions of PACs and FRCs regarding their level of satisfaction with the partnering process, and most of the results revealed that there were no significant differences in the perceptions between PACs and FRCs regarding their level of satisfaction with the way the people and organizations in the partnership work together ($p = 0.096$); their level of satisfaction with their influence in the partnering process ($p = 0.505$); their role in the partnership ($p = 0.349$), and their level of satisfaction with the partnership's plans for achieving its goals ($p = 0.688$).

6.5.7 Perceptions of PACs and FRCs regarding their partnership experiences

PACs and FRCs surveyed were required to indicate whether they agreed; disagreed, or remained neutral regarding five statements linked to their experiences of partnering with each other, and their cumulative responses are reflected in Figure 6.12 below.

Figure 6.12: Perceptions of PACs and FRCs regarding their partnering experiences



According to Figure 6.12, approximately 43% (n=38) of PACs disagreed with the statement that there was sometimes conflict between their respective organisations compared with approximately 76% (n=16) of FRCs who disagreed with the statement. Approximately 50% (n=45) of PAC research respondents, compared to 14.3% (n=3) of FRC research respondents were neutral in this regard. Only 7.8% (n=7) of PACs agreed that there was sometimes conflict between them and partnering FRCs, whilst 9.5% (n=2) of FRCs agreed with the same statement.

Regarding the statement whether insufficient credit was given to the organisation by others because it was partnering, more than half (53.4%) (n=48) of PACs disagreed with the statement, whilst 100% (n=21) of the FRCs disagreed with the statement. Only 4.4% (n=4) of PACs agreed with this statement, while none of FRCs agreed with the statement.

Regarding whether an organisation was perceived negatively by others because of its association with the current partner(s) or the partnership, approximately 70% (n=63) of PAC research respondents disagreed with this statement, compared with 95% (n=20) of FRCs who disagreed with this the statement. Only 1.9% (n=2) of PACs concurred with this sentiment, and none of FRC research respondents agreed with this sentiment.

About half (48.2%) (n=43) of the PAC research respondents agreed with the statement that 'partnering may result in insufficient influence in partnership activities', whilst only 9.5% (n=2) of FRCs agreed with this statement. Only 22.4% (n=20) of PAC research respondents disagreed with the perception that 'partnering may result in insufficient influence in partnership activities', compared to approximately 67% (n=14) of FRC research respondents who disagreed with this sentiment. A significant proportion of PACs (48.2%) (n=43) held the perception that 'partnering may result in insufficient influence in partnership activities' because of their relative "bargaining power" *vis-a-vis* large, powerful FRCs.

About a quarter (24.7%) (n=3) of the PAC research respondents agreed that partnering may result in diversion of time and resources away from other priorities or obligations, whilst only 9.5% (n=2) of FRCs agreed with this statement. About one-third (30.6%) (n=27) of PAC research respondents disagreed with the statement that partnering may result in a diversion of time and resources away from other priorities or obligations, whilst approximately 72% (n=15) of FRC research respondents disagreed with this statement, and approximately 45% (n=40) of PAC research respondents and 19% (n=4) of FRC research respondents were neutral regarding the above statement. A minimal number of PACs (30.6%) (n=27) disagreed with the perception that partnering may result in a diversion of time and resources away from other priorities or obligations, because they perceive partnering with FRCs as being essential for their survival.

There were significant differences in the responses of PACs and FRCs to all of the (five) statements pertaining to their perceptions of their partnering experiences, namely, insufficient credit given to their organisation by others because of partnering ($p = 0.001$); conflict, at times, between their organisation and the partnering organisation ($p = 0.007$); their organisation being perceived negatively by others because of their association with their current partner(s) ($p = 0.001$); "partnering may result in insufficient influence in

partnership activities" (p = 0.001), and "partnering may result in diversion of time and resources away from other priorities or obligations" (p = 0.001).

In the above section, the findings pertaining to the knowledge, attitudes, and practices among PACs and FRCs with regard to partnering were presented, analysed, and discussed. In the next section the results emanating from the empirical study pertaining to the challenges faced by FRCs and PACs in South Africa are presented, analysed, and discussed.

6.6 THE CHALLENGES FACED BY PACs AND FRCs IN SOUTH AFRICA

Both PACs and FRCs were required to rank, in order of importance from 1 (being the most important) to 8 (being the least important) the following perceived constraints to successful partnering in South Africa: partner selection constraints; contract-related constraints; supply chain constraints; institutional constraints; capacity and skills constraints; legislative and regulatory environment, and financial constraints. The respondents' cumulative responses are reflected in Table 6.4 below.

Table 6.4: PACs' and FRCs' ranking of the perceived constraints to successful partnering

PERCEIVED CONSTRAINTS	FRCs	PACs
Financial constraints	1	2
Legislative and regulatory framework constraints	2	8
Capacity and skills constraints	3	3
Institutional constraints	4	7
Supply chain constraints	5	6
Contract-related constraints	6	5
Partner selection constraints	7	1
Perception about partnering	8	4

Table 6.4 above shows that there is a diversity of opinions with regard to what PACs and FRCs regard as the main constraints to successful partnering. Whereas most FRCs ranked

finance as the main constraint to successful partnering, PACs ranked partner selection as the main constraint. Both PACs and FRCs ranked capacity and skills constraints as the third most important constraint to successful partnering. Given the fact that the major FRCs are well resourced, it is possible that by rating financial constraint as the main constraint to successful partnering with PACs, they were referring to the financial constraints of PACs, and not of themselves. It is also possible that for historical reasons, PACs rated partner selection as the main constraint to successful partnering with FRCs, because, in the past, PACs experienced problems in selecting potential partners.

The focus group interviews conducted among PACs revealed the following as the primary challenges faced by them:

- untrained PAC members;
- limited access to loan capital;
- lack of participation by PAC members;
- primitive social settings (feudalistic);
- vague government policy guidelines on the development and support of PACs;
- lack of skills and capacity to produce quality produce, and
- ever-increasing production costs.

Emanating from the focus group interviews conducted among FRCs, the following factors were identified as the primary challenges in partnering with PACs:

- inconsistent participation of partnering PACs;
- poor quality of fruits and vegetables produced by PACs;

- untrained PAC members; lack of communication and participation by the PAC members, and

- weak linkages among the activities of the co-operatives, for example, production, credit, and marketing.

In a study conducted by the Department of Economic Development and Environmental Affairs in collaboration with the Eastern Cape Socio-Economic Consultative Council (2009), it was found that most PACs surveyed regarded the lack of capacity and skills as the most important factor affecting their operations, whereas in this study, PACs identified this constraint as the third most important constraint to successful partnering with FRCs.

In a study conducted by Okem (2016) on the implementation of co-operative policy, one of the findings of the study was that financial constraints of co-operatives were aggravated by members' unwillingness to contribute their own capital. This attitude had implications when it comes to the cooperative borrowing money, since a co-operative member would be responsible for repayment if the co-operative is unable to repay the loan.

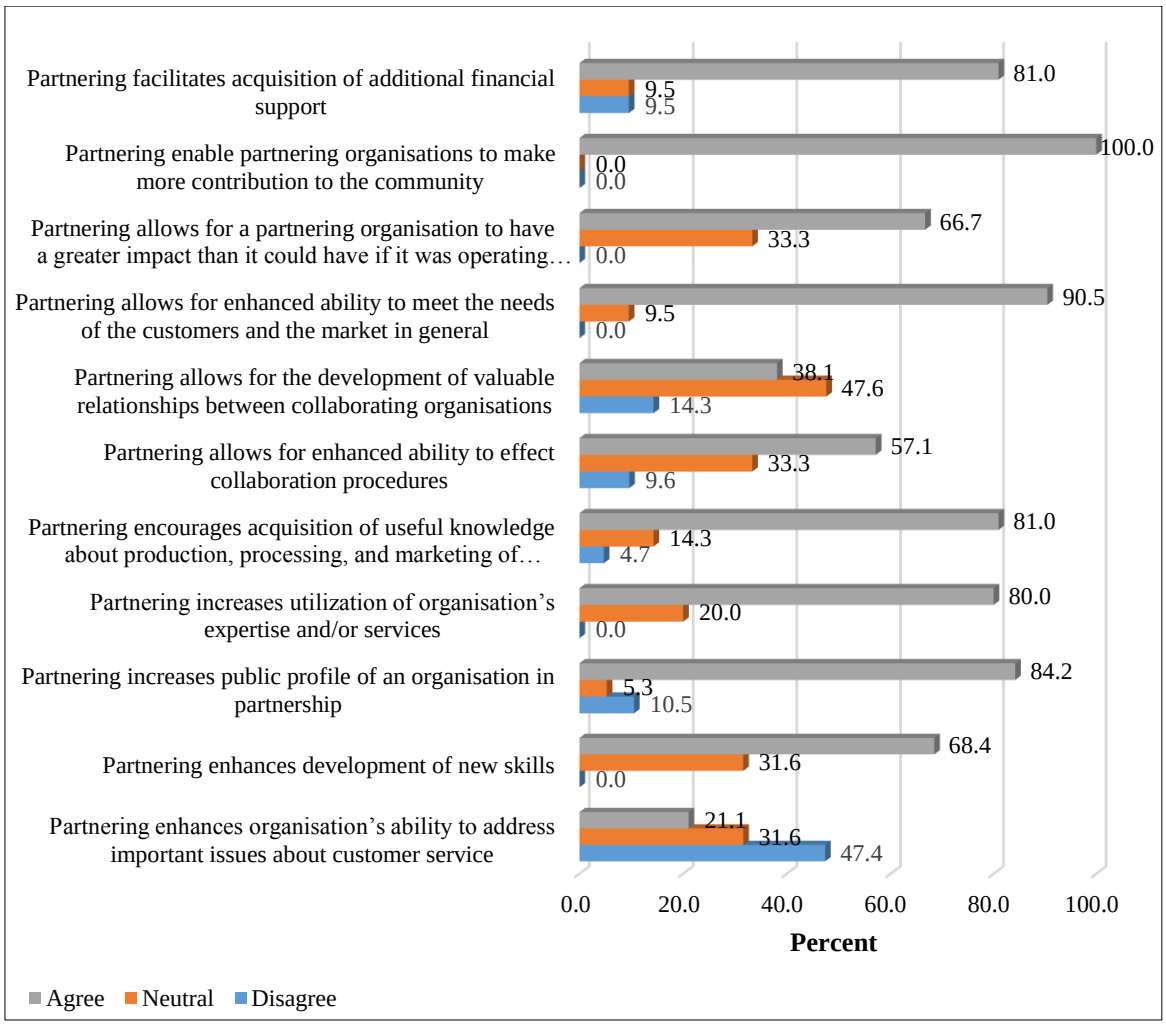
The above responses also concur with the findings from the study conducted by Hellin, Lundy and Meijer (2009: 3) in Meso-America (Mexico and Central America) which found that small-holder farmers often lack market information, struggle to meet buyers' food safety and quality control requirements, and are seldom able to provide standardized products on a continuous basis.

In the above section, the findings about challenges faced by FRCs and PACs in South Africa were presented, analysed, and discussed. In the following section the perceptions of PACs and FRCs regarding the benefits of partnering are presented, analysed, and discussed.

6.7 PACs' AND FRCs' PERCEPTIONS REGARDING BENEFITS OF PARTNERING

A series of eleven statements relating to the perceived benefits of partnering were posed to PAC and FRC research respondents, and they were required to indicate whether they agreed; disagreed, or remained neutral regarding these. The cumulative responses of PACs and FRCs to each statement are reflected in Figure 6.13 and Figure 6.14 respectively.

Figure 6.13: PACs' perceptions regarding the benefits of partnering



As illustrated in Figure 6.13 above, more than four-fifths (81%) (n=72) of PACs agreed with the statement that 'partnering facilitates acquisition of additional financial support'; 9.5% (n=9) of the research respondents disagreed with the statement, and the remaining 9.5% (n=9) of the research respondents were neutral. All PAC research respondents (100%)

(n=90) agreed that 'partnering allows for a partnering organisation to make a greater contribution to the community'. The majority of PAC research respondents (66.7%) (n=60) agreed with the statement that 'partnering allows for a partnering organisation to have a greater impact than it could have if it was operating on its own', whilst one-third (n=30) of the PAC research respondents disagreed with this statement.

The majority of the PAC research respondents (90.5%) (n=81) agreed with the statement that 'partnering allows for enhanced ability to meet the needs of the customers and the market in general', whilst 9.5% (n=9) of the research respondents were neutral. Regarding whether 'partnering allows for the development of valuable relationships between partnering organisations, approximately 48% (n=43) of the research respondents were neutral, and 38.1% (n=34) of the research respondents agreed with the statement, whilst 14.3% (n=13) disagreed with the statement. Regarding whether 'partnering allows for enhanced ability to effect collaboration procedures', 57.1% (n=51) of the research respondents agreed with the statement, whilst 9.6% (n=9) disagreed with the statement, and about a third (n=30) of the research respondents were neutral. The majority of PAC research respondents (81%) (n=72) agreed with the statement that 'partnering encourages acquisition of useful knowledge about production, processing, and marketing of agricultural produce'. However, 9.5% (n=9) of the research respondents disagreed with this statement, and 9.5% (n=9) were neutral.

Regarding whether 'partnering increases utilization of organisation's expertise and/or services', 80% (n=72) of the PAC research respondents agreed with the statement, while 20% (n=18) of the research respondents were neutral. Regarding the statement 'partnering increases public profile of an organisation in partnership', the majority of PAC research respondents (84.2%) (n=76) agreed with the statement; whilst 10.5% (n=9) disagreed with the statement, and 5.3% (n=5) were neutral. Regarding the statement 'partnering enhances development of new skills' 68.4% (n=62) of the PAC research respondents agreed with the statement, whilst 31.6% (n=28) of the research respondents were neutral. Regarding the statement 'partnering enhances organisation's ability to address important issues about customer service', 47.4% (n=43) of the research respondents disagreed with the statement, whilst 31.6% (n=28) of the research respondents were neutral, and 21.1% (n=19) of the research respondents agreed with the statement.

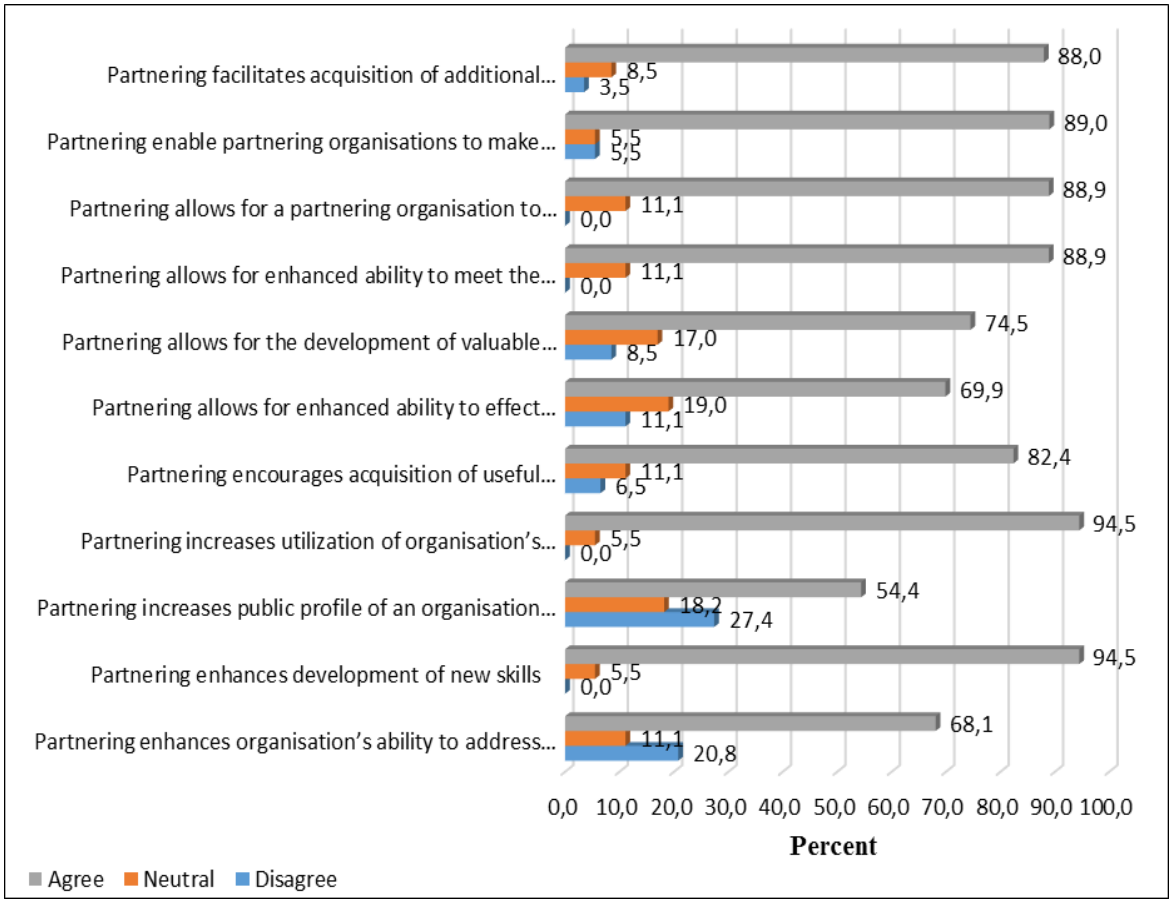
According to the results of the correlation tests, those PACs who held the perception that partnering allowed them to have a greater impact than they could have if they were operating on their own also held the view that partnering enabled them to address important issues about customer service (r = 0.646, p = 0.003). Likewise, those PACs who held the view that partnering enabled them to address important issues about customer service' also believed that partnering enhanced their ability to meet the needs of the customers and the market in general (r = 0.538, p = 0.018). However, those PACs who believed that partnering allowed for the development of valuable relationships between partnering organisations did not believe that partnering enhanced their ability to facilitate the acquisition of additional financial support (r = -0.487, p = 0.025).

The ANOVA test results (Appendix XVIII), revealed that there were significant differences in the perceptions of PAC members regarding the following statements pertaining to the benefits/advantages of partnering, based on the age of the research participants: 'partnering enhances organisation's ability to address important issues about customer service (p = -0.036); 'partnering enhances development of new skills (p = -0.105); partnering increases utilization of organisation's expertise and/or services (p = -0.248); partnering encourages acquisition of useful knowledge about production, processing, and marketing of agricultural produce (p = -0.125); 'partnering allows for the development of valuable relationships between collaborating organisations' (p = -0.297); 'partnering allows for enhanced ability to meet the needs of the customers and the market in general' (p = -0.337), and 'partnering enable partnering organisations to make more contribution to the community' (p = -0.015).

The ANOVA test results (Appendix XVIII), also revealed that the age of the PAC research respondents did not significantly influence their perceptions regarding the following statements pertaining to the benefits/advantages of partnering: 'partnering increases public profile of an organisation in partnership (p = 0.125); 'partnering allows for enhanced ability to effect collaboration procedures' (p = 0.024); 'partnering allows for a partnering organisation to have a greater impact than it could have if it was operating on its own'(p = 0.080), and 'partnering facilitates acquisition of additional financial support' (p = 0.061).

In Figure 6.14, FRCs' perceptions regarding the benefits of partnering are presented. Thereafter, the results are analysed and discussed.

Figure 6.14: FRCs' perceptions regarding the benefits of partnering



As illustrated in Figure 6.14 above, more than four-fifths (88%) (n=79) of PACs concurred with the statement that 'partnering facilitates the acquisition of additional financial support'; whilst 3.5% (n=3) of the research participants disagreed with the statement, and 8.5% (n=8) of the research participants remained neutral. Approximately 90% (n=80) of the research participants agreed that 'partnering allows for a partnering organisation to make a greater contribution to the community'; whilst 5.5% (n=5) of the research participants disagreed with the statement, and an equal proportion (n=5) of the research participants were neutral in this regard. Regarding whether 'partnering allows for a partnering organisation to have a greater impact than it could have if it was operating on its own', 88.9% (n=19) of the FRC research participants agreed, and 11.1% (n=2) disagreed were neutral.

The majority of the FRC research participants (88.9) (n=19) agreed with the statement that 'partnering allows for an enhanced ability to meet the needs of the customers and the market in general', and 11% (n=2) of the FRC research participants disagreed with the statement.

Regarding the statement whether 'partnering allows for the development of valuable relationships between collaborating organisations', approximately 75% (n=16) of the FRC research participants agreed with the statement, whilst only 8.5% (n=2) disagreed with the statement, and 17.0% (n=3) were neutral. Regarding whether 'partnering allows for enhanced ability to effect collaboration procedures', approximately 70% (n=15) of the FRC research participants agreed with the statement, whilst 11.1% (n=2) disagreed with the statement, and 19.0% (n=4) of the FRC research participants were neutral.

The majority of FRC research participants (82.4%) (n=18) agreed with the statement that 'partnering encourages acquisition of useful knowledge about production, processing, and marketing of agricultural produce'. However, 6.5% (n=1) of the FRC research participants disagreed with this statement, whilst 11.1% (n=2) of the FRC research participants were neutral. Regarding whether 'partnering increases utilization of organisation's expertise and/or services', 94.5% (n=20) agreed to the statement, whilst 5.5% (n=1) of the FRC research participants were neutral. The majority of the FRC research participants (54.4%) (n=11) agreed with the statement that 'partnering increases public profile of an organisation', while 27.4% (n=6) disagreed with the statement, and 18.2% (n=4) of the FRC research participants remained neutral.

Regarding whether 'partnering enhances development of new skills', 94.5% (n=20) of the FRC research participants agreed with the statement and 5.5% (n=1) of the FRC research participants disagreed with the statement. Regarding whether 'partnering enhances organisation's ability to address important issues about customer service', 68.1% (n=15) of the FRC research participants agreed with this statement, whilst 20.8% (n=4) of the FRC research participants disagreed with the statement, and 11.1% (n=2) of the FRC research participants were neutral in this regard.

According to the results of the correlation tests pertaining to the benefits/advantages of partnering, those FRCs who held the view that partnering enhanced organisation's ability to address important issues about customer service also held the view that partnering enabled PACs to make more contribution to the community (p = -0.015). Likewise, those FRCs who held the view that partnering increased utilization of FRCs expertise and/or services' also held the view that partnering encouraged the acquisition of useful knowledge about production, processing, and marketing of agricultural produce' (p = -0.125). However,

those FRCs who believed that partnering increased public profile of an FRC in partnership did not believe that partnering allowed for enhanced ability to meet the needs of the customers and the market in general ($p = 0.337$), and also did not believe that partnering facilitated the acquisition of additional financial support. ($p = 0.061$).

From the interviews conducted among FRCs, they stated that PACs could benefit in terms of production support from them, which may include the provision of production inputs (seed, fertilizers, pesticides, chemicals, etc.), mechanisation (tractors and logistics), as well as training, mentoring, coaching, and incubation, which may, in turn, benefit FRCs in the form of good quality agricultural produce, and by ensuring that the required quantities are available to them.

The above responses are supported by the results of a study conducted by Austin and Seitanidi (2012) on partnering between non-profit organisations and businesses, which found that participants benefit from partnerships through association, transferred resources, interaction and synergies, and that association with a particular partner can lead to reputational gains, including improved credibility.

The above responses also concur with the results of a study conducted by Martens (2007: 17) exploring multi-stakeholder partnerships, which revealed that partnering parties can benefit from the partnering process in several ways, among others: new market opportunities, reputation and image enhancement, better risk management, access to development expertise and better links to governments.

In the above section, the findings on PACs' and FRCs' views regarding the benefits of partnering were presented, analysed, and discussed. In the next section, PACs' and FRCs' perceptions regarding the importance of strategies to overcome the constraints to sustainable partnering are presented, analysed, and discussed.

6.8 PACs' AND FRCs' PERCEPTIONS REGARDING THE IMPORTANCE OF STRATEGIES TO OVERCOME THE CONSTRAINTS TO SUSTAINABLE PARTNERING

Both PACs and FRCs were requested to rate the importance of seven principles/elements to overcome the constraints to sustainable partnering. Their cumulative responses are presented in Figure 6.15 below, and subsequently analysed and discussed.

Figure 6.15: PACs' and FRCs' perceptions regarding the importance of strategies to overcome the constraints to sustainable partnering

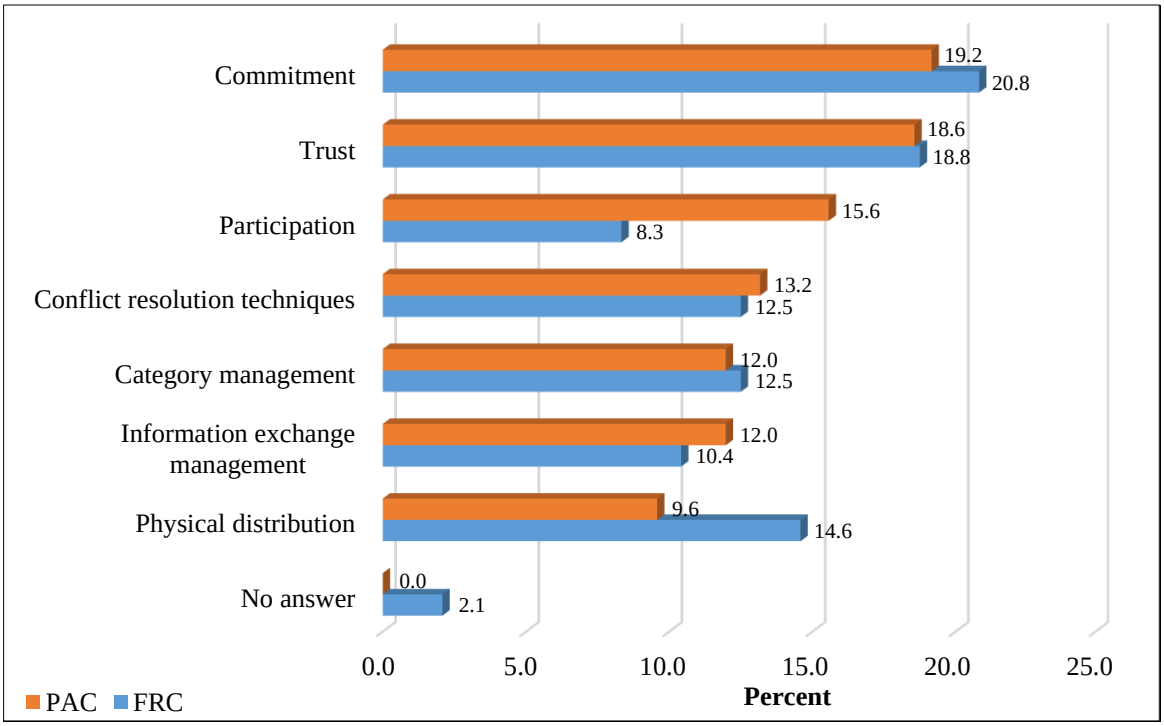


Figure 6.15 reveals that almost an equal proportion of FRCs (20.8%) (n=4) and PACs (19.2%) (n=17) regarded 'commitment' as being important for successful partnering. Similarly, an almost equal proportion of FRCs (18.8%) (n=4) and PACs (18.6%) (n=17) regarded 'trust' as being important for successful partnering. While 'participation' was regarded by 15.6% (n=14) of PACs as being important for successful partnering, only 8.3% (n=2) of FRCs regarded 'participation' as such. 'Conflict resolution techniques' was regarded by 12.5% (n=3) of FRCs and 13.2% (n=12) of PACs as an element that promoted successful partnerships.

The study found that 14.6% (n=3) of FRCs regarded ‘physical distribution’ as an essential element for partnering success, whilst only 9.6% (n=8) of PACs regarded the same element as important for partnering success. An almost equal proportion of FRCs (12.0%) (n=3) and PACs (12.5%) (n=11) regarded ‘category management’ as an element that contributed to successful partnering, whereas ‘information exchange management’ was regarded by 10.4% (n=2) of FRCs and 12% (n=11) of PACs as an important element for successful partnering.

The majority of PAC focus group interview (FGI) research participants were of the view that subordinates must be trained, mentored, coached and incubated in partnering, and directors must be orientated in partnering models as these were the building blocks for effective partnering. The PAC focus group research participants also identified the following strategies to improve partnering with FRCs:

- re-assessment and improvement of farm policies aimed at assisting PACs;
- development of commercial partnership and joint ventures with private enterprises;
- provision of capital to improve productivity;
- active participation of women members in PACs, and
- employment of capable and professional managers.

The FRC key informants perceived the availability of material, financial and human resources; training; managers' technical skills, and effective communication as the key factors to successful partnering. In addition, they recommended the following strategies to improve partnering with PACs:

- re-assessment and improvement of farm policies by setting guidelines and support mechanisms aimed at enabling local producers to produce quality produce;

- provision of capital to improve productivity, which includes the development of marketing and agro-processing facilities for the PAC partners;
- provision of supportive programmes and advisory service by the government that positively influence the structure and success of co-operatives, and

- planning for, and sponsoring the training, mentoring, coaching and incubation of local PAC members in agricultural management, enterprise development, and quality production.

Regarding the management of the partnering process, most of the FRC informants maintained that the PAC members must be trained in partnering management. There was general agreement amongst the key FRC informants that partnering must be included in their operational plans. The FRC research participants also mentioned the training of subordinates in partnering, as well as orientation of directors in partnering models as essential interventions in managing the partnering process.

In the above section, the findings on PACs' and FRCs' perceptions regarding the importance of strategies to overcome the constraints to sustainable partnering were presented, analysed, and discussed. In the following section, the key success factors (KSFs) influencing the sustainability of partnering between PACs and FRCs are presented, analysed, and discussed.

6.9 THE KEY SUCCESS FACTORS (KSFs) INFLUENCING THE SUSTAINABILITY OF PARTNERING BETWEEN PACs AND FRCs

Both PACs and FRCs respondents were asked to rank, in order of importance, the following factors: existence of a profitable market; commitment and support from top management; mutual trust; long-term commitment; adequate resources; innovation capacity; effective communication; efficient coordination; skills and capacity; ability to compete, and productive conflict resolution that influenced the sustainability of partnering between PACs and FRCs. from. The results are presented in Table 6.5.

Table 6.5: Ranking of key success factors to sustainable partnering by PACs and FRCs

KEY SUCCESS FACTORS	FRCs	PACs
Productive conflict resolution	3	10
Ability to compete	9	3
Skill capacity	10	8
Efficient coordination	8	7
Effective communication	7	4
Innovation capacity	4	5
Adequate resources	5	6
Long term commitment	1	2
Mutual trust	11	1
Top management support	2	9
Existence of a profitable market	6	11

Table 6.5 above shows that there is a diversity of perceptions with regard to what PACs and FRCs regard as key factors to sustainable partnering. Whereas most FRCs ranked long-term commitment as the most important factor to sustainable partnering, PACs ranked mutual trust as the most important factor to sustainable partnering. FRCs ranked top management support as the second most important factor to sustainable partnering, and PACs ranked long term commitment as the second most important factor to sustainable partnering. Whereas most FRCs ranked productive conflict resolution as the third most important factor to sustainable partnering, PACs ranked the ability to compete as the third most important factor to sustainable partnering. FRCs ranked top management support as the fourth most important factor to sustainable partnering, and PACs ranked effective communication as the fourth most important factor to sustainable partnering. Whereas most FRCs ranked the availability of adequate resources as the fifth most important factor to sustainable partnering, PACs ranked innovation capacity as the fifth most important factor to sustainable partnering.

FRCs ranked the existence of a profitable market as the sixth most important factor to sustainable partnering, whereas PACs ranked the availability of adequate resources as the

sixth important factor to sustainable partnering. Whereas most FRCs ranked effective communication as the seventh most important factor to sustainable partnering, PACs ranked efficient coordination as the seventh most important factor to sustainable partnering. While FRCs ranked efficient coordination as the eighth most important factor to sustainable partnering, PACs ranked skill capacity as the eighth most important factor to sustainable partnering. FRCs ranked the ability to compete as the third least important factor to sustainable partnering, whereas PACs ranked top management support as the third least important factor to sustainable partnering.

Whereas most FRCs ranked skill capacity as the second least important factor to sustainable partnering, PACs ranked productive conflict resolution as the second least important factor to sustainable partnering. While FRCs ranked mutual trust as the least important factor to sustainable partnering, PACs ranked the existence of a profitable market as the least important factor to sustainable partnering. Chang, Al Bahar and Zhao (2012: 304) confirm that if the partners implicitly trust each other, then they can overcome many of the challenges that they may encounter. Thus, the response from FRCs regarding mutual trust not being important for successful partnering is disturbing. The PAC focus group participants concurred that government support of the partnering process; provision of production skills to PACs, and the strengthening of co-operative leadership, are critical for sustaining partnering.

A related study conducted by Zou (2012) about relationship management in public private partnerships, revealed that commitment and participation of senior executives, as one of the critical success factors. This was perceived as a critical success factor for relationship management, and yet it is also seen as the hardest one to improve. Another related study conducted by Minnie (2011) about factors contributing to the success of strategic business alliances in South Africa, found that, to enjoy a long term relationship, both buyer and seller "must reach mutual agreement about the business being transacted - not just price but a range of terms, conditions and other related ingredients" (Minnie 2011: 67). The above responses concur with the findings from the study conducted by Ismail (2013) on key success factors of public private partnership (PPP) implementation in Malaysia, which ranked good governance as well as commitment and responsibility of all partnering parties as a necessary factor to ensure the success of PPP projects. The above responses also concur with the findings from the study conducted by McLennan and Troutbeck (2012) on building

strategic partnerships, which revealed that outstanding performance is dependent on the existence of strong personal relationships, trust, and on good strategies and processes.

The above responses concur with the findings from the study conducted by Alexandrova (2012) on key success factors for partnering in Bulgarian organizations, which revealed top management commitment, achievement of contracted goals, and effective communication as key success factors. The web-based survey conducted by Børve, Rolstadås, Andersen and Aarseth (2018) also found that through commitment to mutual project objectives, collaborative problem solving and a joint governance structure, partners can pursue collaborative relationships, trust and improved performance.

In the above section, the findings on key success factors (KSFs) influencing the sustainability of partnering between PACs and FRCs were presented, analysed, and discussed. In the following section the concluding remarks are presented.

6.10 CONCLUSION

In this chapter the findings emanating from the empirical study were presented, analysed and discussed. Overall, it emerged that both PACs and FRCs were, to a certain extent, able and willing to partner with each other, despite the many challenges and constraints to partnering.

Chapter seven outlines the main findings that emerged from of this study. Arising from the literature reviewed, as well as the results of the empirical study, recommendations are made, and a proposed model for partnering between PACS and FRCs is presented. The chapter concludes by outlining future areas of research, which are aligned to this study.

CHAPTER SEVEN

SYNOPSIS OF THE MAIN RESULTS, CONCLUSION AND RECOMMENDATIONS

7.1 INTRODUCTION

This chapter commences with a restatement of the aim and objectives of the study, and, thereafter, a synopsis of the main results emanating from the literature reviewed and the empirical study are presented. Thereafter, the conclusion and recommendations are presented, and this is followed by the proposed conceptual framework for effective partnering between PACs and FRCs. The chapter concludes by an outline of the limitations of the study, as well as directions for future research.

7.2 SYNOPSIS OF THE MAJOR RESULTS FROM THE STUDY

In this section, a synopsis of the key results emanating from the literature reviewed in Chapters Two and Three, as well as from the empirical study undertaken among PACs and FRCs in South Africa, is presented.

7.2.1 The socio-economic benefits of PACs in South Africa

The literature review revealed the following key issues/points as the socio-economic benefits of PACs:

- co-operatives are efficient means for enabling communities to acquire means to be part of economic activities by Blacks, especially residents of rural areas, in the country's economy, thereby enhancing sustainable human development in South Africa;

- co-operatives are means by which communities accrue economic benefits, and

- supply agreements that FRCs enter into with PACs enable the latter to contribute to local economic development and the enhancement of the quality of life for communities in which they operate.

From the empirical study undertaken, the following results regarding the socio-economic benefits of PACs emerged:

- a majority of PACs surveyed promote social integration and community cohesion by training and mentoring women and youth in crop and animal production, and

- the results also revealed that PACs were also instrumental in giving poor women, the youth and other marginalised members of a community a purpose and pride by providing employment.

7.2.2 The levels of knowledge, attitudes, and practices among PACs and FRCs with regard to partnering in South Africa

The literature review revealed the following key issues/points regarding the levels of knowledge, attitudes, and practices among PACs and FRCs with regard to partnering:

- there is insufficient knowledge on the importance and benefits of partnering;

- partnering between PACs and FRCs has been marginal, as FRCs preferred to partner with established commercial farmers, and

- some FRCs are not willing to partner with PACs, presumably because they believe that the quality of the produce delivered by PACs is inferior, and that quantities supplied are insufficient than that delivered by established commercial farmers.

From the empirical study undertaken, the following results regarding the knowledge, attitudes, and practices among PACs and FRCs with regard to partnering emerged:

- a majority of PACs surveyed had scant knowledge about the partnering concept, whilst FRCs had some knowledge about the partnering concept, and

- most PACs surveyed stated that they regarded partnering as an essential tool to access markets and grow their businesses.

7.2.3 The challenges faced by PACs in South Africa

The literature review revealed the following key issues/points regarding the challenges faced by PACs in South Africa:

- PACs encounter production constraints which hinder their ability to meet the high standards and quality requirements demanded by the FRCs;

- PACs have limited access to loan finance to enable them grow their businesses, and

- PACs lack governance skills that are usually present among board members of comparable businesses.

From the results of the empirical study, the following constraints to partnering faced by PACs in South Africa emerged:

- the PACs face limited access to finance arising from the reluctance of financial institutions to lend to PACs, and

- limited access to production inputs (such as fertilizers, seed, pesticides, etc.) retards the production capacity of PACs.

7.2.4 The challenges faced by FRCs in partnering with PACs

The literature review revealed the following key issues/points regarding the challenges faced by FRCs in partnering with PACs:

- PACs are not well-trained in producing quantities required and quality acceptable by FRCs, and

- some of the PACs are not able to supply agricultural produce at required quantities and acceptable quality at negotiable prices.

From the empirical study undertaken, the following key results regarding the challenges faced by FRCs in partnering with PACs emerged:

- participation of most partnering PACs is not continuous, as some of them breach the terms of supply contracts with the FRCs;

- poor quality produced and delivered to FRCs by PACs;

- PAC members lack appropriate skills in producing quality produce that comply with FRCs' specification;

- poor communication and poor consultation regarding partnering mechanisms between PAC members and FRC managers, and

- weak linkages among the activities of the co-operatives, for example, production, credit, and marketing.

7.2.5 The strategies employed by PACs in South Africa to overcome the constraints to sustainable partnering with FRCs

The literature review revealed the following strategies employed by PACs in South Africa to overcome the constraints to sustainable partnering with FRCs:

- consultation and negotiation with financial institutions and government departments to source financial support;

- negotiation with relevant governmental and non-governmental organizations to request assistance towards the provision of production inputs and technology, and

- working together with other PACs to supply the quantities required by FRCs.

From the empirical study undertaken, the following results regarding the strategies employed by PACs to overcome the constraints to sustainable partnering with FRCs emerged:

- some PACs attend short courses in crop and animal production offered by government departments, particularly the Department of Agriculture and Rural Development, and

- some PACs partner with established commercial farmers, who, in turn, provide the essential mentorship and coaching, so that PACs can produce goods that comply with FRCs specifications in terms of both quantity and quality.

7.2.6 The strategies employed by FRCs in South Africa to overcome challenges to sustainable partnering with PACs

The literature review revealed the following strategies employed by FRCs in South Africa to overcome the challenges to sustainable partnering with PACs:

- supplier engagement;

- sound governance through audit and risk, as well as legal and compliance management;

- commitment to develop capacity of PACs to process, warehouse and distribute local agricultural produce, and

- enterprise development.

From the empirical study undertaken, the following results regarding the strategies employed by FRCs to overcome the challenges to sustainable partnering with PACs emerged:

- capacity development of PACs, and
- enterprise development.

7.2.7 The key success factors (KSFs) influencing the sustainability of partnering between PACs and FRCs

The literature review identified the following key success factors (KSFs) influencing the sustainability of partnering between PACs and FRCs:

- shared vision and goals; mutual trust and long-term commitment are necessary to anchor understanding and motivation for the partnership within the organisation;
- access to productive land, production inputs, infrastructure, extension services, and value adding facilities in the location of the farmers, market information and transport logistics has been found to be the key factors influencing emerging farmers' participation in remunerative agricultural markets, and
- effective communication and commitment and support from top management, as well as adequate resources are pre-requisites for successful partnering.

From the empirical study undertaken, the following results regarding the key success factors (KSFs) influencing the sustainability of partnering between PACs and FRCs emerged:

- the availability of material resources (like production inputs and land);
- the availability and continuous access to financial and human resources;
- ability to access training in production, management, and technical skills;

- competency of PAC managers and technical staff, and

- effective communication amongst PACs and FRCs about partnering.

In the next section, based on results of the study, conclusion and recommendations for the study are presented.

7.3 CONCLUSION

Based on the results of the research relating to the socio-economic benefits of PACS, it is clear that PACs contribute to a reduction in unemployment and poverty and promote economic development in rural areas. There is a mismatch in knowledge about the partnering concept between PACs and FRCs - whilst PACs tend to embrace the partnering concept, with a view to participating in formal markets. FRCs prefer to partner with established commercial farmers than with PACs, and they tend to regard partnering with PACs as more a corporate social responsibility exercise.

The main constraints to partnering faced by PACs were limited access to finance; limited access to sustainable markets, as well as lack of governance, management and technical skills. A lack of communication and participation by PAC members as well as weak linkages among the activities of the co-operatives, for example, production, credit, and marketing, may pose challenges for FRCs to partner with PACs. By equipping PACs with essential infrastructure, inputs, and equipment, FRCs can assist PACs in improving the quality and quantity of their produce. Finally, effective partnerships are sustained by offering co-operatives production support, which includes the provision of production inputs (seed, fertilizers, medications, chemicals, etc.), and mechanisation (tractors and logistics).

Strategic partnerships between PACs and FRCs have the potential to set mutually beneficial goals which may result in ‘buy-in’ and synergistic benefits, based upon each other’s information and ideas. Strategic planning and managing the partnering process may be a tedious process, but results to be derived from the process may improve the PAC-FRC relationships, which can ensure competitive advantage for PACs, in the long- term.

Partnerships based on shared vision and goals; mutual trust; long-term commitment; adequate resources - material, financial and human - are likely to be successful. Access to productive land, production inputs, market information and transport logistics are also key success factors (KSFs) influencing the sustainability of partnering between PACs and FRCs. Effective communication and commitment and support from top management, and adequate resources - material, financial and human - are also necessary to secure long-term partnerships.

In the next section recommendations emanating from the empirical analysis of the data are provided.

7.4 RECOMMENDATIONS

Based on the review of the literature and the results emanating from the empirical study, the following recommendations regarding partnering between PACs and FRCs in South Africa are proposed:

- There must be a willingness by the relevant Government Departments, particularly the Department of Small Business Development, to support and promote co-operatives, as both the literature reviewed as well as the results from the empirical study attest to the important role that PACs play in alleviating poverty, and contributing to social integration and community cohesion in South Africa.

- The relevant SETAs, like AgriSeta, should invest in PACs' entrepreneurship and employment by engaging members of PACs in integrated approaches to agricultural skills and enterprise development (ASED) programmes in South Africa.

- Training, mentoring, coaching, and incubation (TMCI) can be effective in providing knowledge and skills that can enable both PACs and FRCs in South Africa to harmonise activities, and utilise resources more effectively.

- Financial institutions and policy makers in South Africa must rethink and redesign modes of intervention in financing economic activities of PACs. Hence, financial institutions, like the Ithala Development Bank, must make available additional financial support by developing innovative finance mechanisms aimed at assisting PACs to access development finance and technical support, which would enable PACs to acquire the requisite production resources.

- The Departments of Agriculture as well as the Department of Rural Development and Land Reform in South Africa must upgrade infrastructure such as roads, communication lines, fencing and irrigation equipment to enhance the production capacity of PACs.

- There is a need for PAC members to acquire governance, management, and technical skills.

- The PACs should collaborate with each other in order to improve the quality of their produce.

- The Departments of Rural Development, and Land Reform and Agriculture (DRDLR) in South Africa, must provide an enabling production environment for PACs by allocating additional arable land to PACs, and by assisting PACs with production inputs, like seeds, mechanisation, pesticides, and logistics.

- Local Agricultural Extension Officers in South Africa must conduct regular information sessions with PACs to stress the importance of producing agricultural produce that is equivalent to the quality of that which is produced by established commercial farmers.

- Public and private enterprises in South Africa need to jointly address the current systematic triple challenges of inequality, unemployment and poverty. In this regard, FRCs should partner with government departments, like the Department of Small Business Development, as well as other relevant development agencies, to build the capacities of PACs to partner with FRCs.

- The Department of Small Business Development (DSBD) in South Africa must design an easy-to-follow partnership agreement template so that PACs can be on par with FRCs.

- The DSBD in South Africa must also engage all relevant stakeholders, in designing standard guidelines on how to formulate and implement a legal partnership agreement.

- The Local Economic Development Officers of each Local Municipality in South Africa must compile standard guidelines which would enable both PACs and FRCs to decide on the selection of a potential partner; the selection of the appropriate partnering process, as well as the appropriate partnering models to be adopted.

- Both PACs and FRCs in South Africa must jointly develop appropriate partnership models that are the 'best fit' for both parties in achieving their organisational plans.

- Professional advice that both PACs and FRCs receive can yield positive outcomes.

- The DBSD in South Africa, in collaboration with relevant non-governmental organizations (NGOs), should design and implement a co-operative strategy which will address the agricultural skills and enterprise development (ASED) needs of PACs.

In the following section, the proposed partnering conceptual framework for facilitating sustainable partnering between the FRCs and the PACs is presented.

7.5 THE PROPOSED PARTNERING CONCEPTUAL FRAMEWORK

Arising from the study, a conceptual framework for effective partnering between PACs and FRCs is proposed. The framework is based on three theories on partnering: economic rationale for partnerships (Levin and Tadelis 2002: 1); the transaction cost theory (Williamson 1985: 45), and the resource-based theory (Penrose, 1958). The economic rationale for partnerships was designed in 2002 by Levin and Tadelis of the Stanford

Institute for Economic Policy Research at Stanford University, and was entitled "A Theory of Partnerships", which postulates the following:

- the defining feature of a partnership is equitable re-distribution of profits among stakeholders;
- profit-sharing aspect may prompt partners to choose with whom they want to partner;
- partnerships assure clients of quality service;
- clients value quality;
- customers are not preferred individuals to evaluate quality;
- partnerships tend to be a preferable mode of organization relative to a profit-maximizing corporation, and
- partnerships will emerge under some market conditions but not others, in particular, the theory predicts that partnerships will emerge when human capital plays a central role in determining product quality, and when clients are at a disadvantage relative to firms in assessing the ability of employees.

The conceptual framework is also based on the transaction cost theory proposed by Williamson (1985: 45), which asserts that "as firms strive to balance cost (efficiency) and control (protection) issues, a mix of hierarchies and markets will emerge to manage the transaction". The transaction cost analysis theory, according to Hughes and Beasley (2008: 54), is governed by three components: "asset specificity, small numbers of transactors, and imperfect information". Nyström (2005: 5) a proponent of the transaction cost analysis theory states "that partnering is seen as a way to facilitate the reaching of more pareto-efficient allocations, by lowering transactions costs for renegotiations through trust and reciprocity".

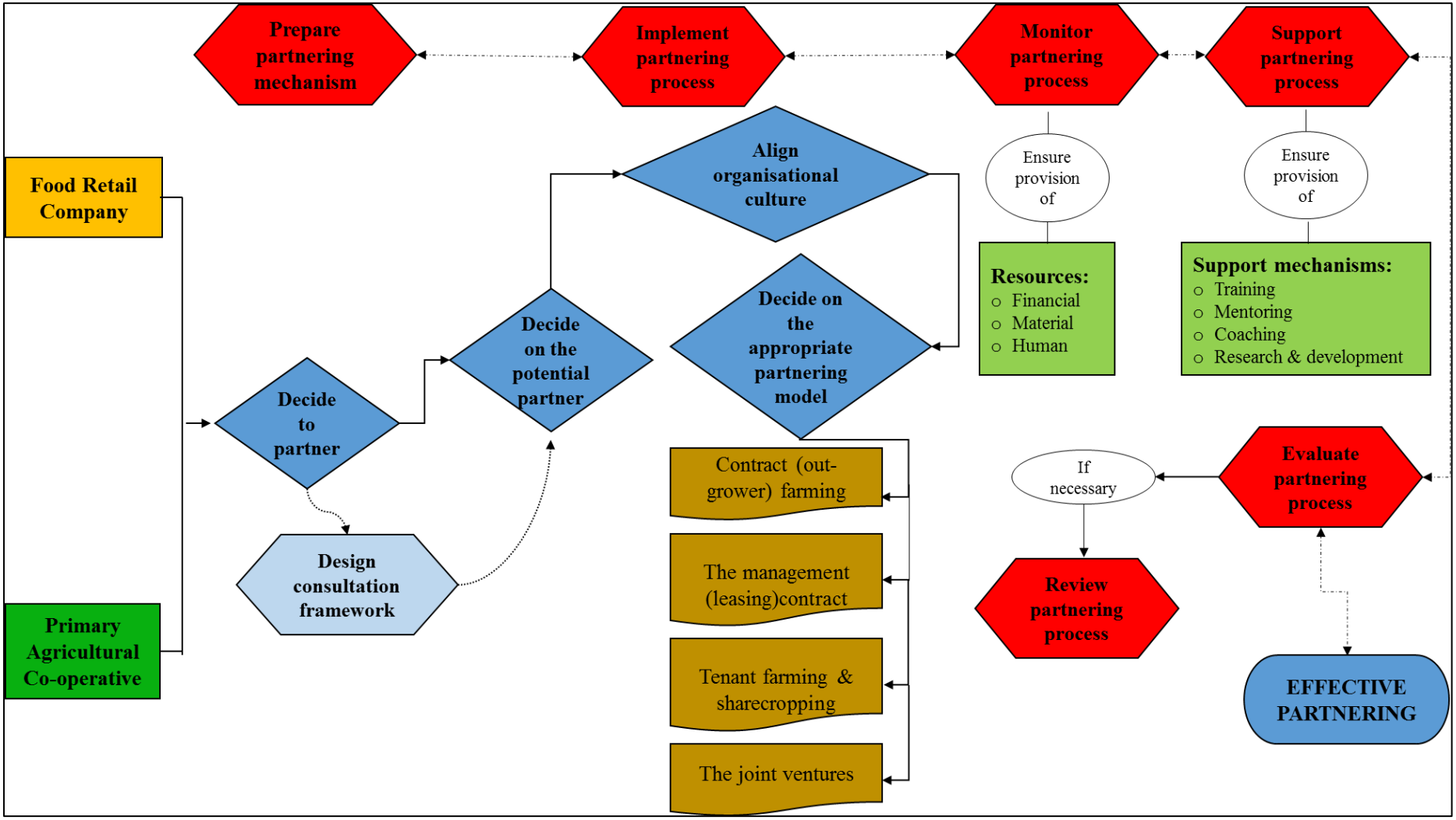
The resource-based theory supports a different opinion of entry mode option that stresses resource accrual an alternative basis of sustaining competitive advantage for companies (Penrose 1958). This view of the company depends on two assertions for assessing competitive advantage: first, companies may be diverse regarding the assets they manage in such a way that they timeously grow or amass assets differently based on their own distinctive histories, and second, a majority of assets are improperly moveable, such as access to prime raw materials, and may prompt continuous diversity (heterogeneity) between companies that really can expand in the long run (Barney 1991: 779). Assets may comprise concrete items such as plant, machinery and skilled personnel and nonconcrete items like reputation, specialized know-how of production processes, marketing expertise, and trade industry contacts (Wernerfelt 1984: 176). Inadequate essential, consummate assets prompt a company's approach to look for outside suppliers of assets that can offer a chance for the company to create competitive advantage in the long run (Nelson 1991: 64).

Drawing on the literature reviewed and the empirical study, a conceptual framework, comprising of three elements at differing stages and levels of analysis: planning partnering process; implementing partnering processes, as well as monitoring and evaluating the partnering process, was developed, the details of which are presented below.

It can be affirmed that the following conceptual framework is hypothetically based, conceptually rigorous and as inclusive as possible - as shown through the analysis above and ensuing discussion in this study's preceding chapters - there are shortcomings that need to be accepted when shifting from theory to practice. Not all of the essential parts can be combined with the specific characteristics in view of the requisite of data readiness and the aspiration to have least subjective assessments or rankings within the input side of the analysis. These variables and parts will clearly not all be applicable in all cases, nor should these elements be regarded as unrelated from each other - more relevant mixtures may be important in some cases and not others, mainly for specific functional forms of partnering between PACs and FRCs.

It is envisaged that the proposed conceptual framework, which will assume the format of an A3 laminated chart, entitled: "*The conceptual framework for effective partnering between PACs and FRCs"*, will be distributed to PACs and FRCs in South Africa, using the local Co-operative Development Centres and Co-operative desks.

Figure 7.1: The conceptual framework for effective partnering between PACs and FRCs



Most aspects/parts of the above conceptual framework, as outlined in Figure 7.1 above, were informed by the literature reviewed and the results that emerged from the empirical study. Within the three components of the conceptual framework, there are six main stages that should be considered and incorporated, if partnering between PACs and FRCs is to be sustainably planned and implemented beyond the current partnering practice.

- The first stage is the preparation of the partnering mechanisms, which involves deciding to partner; deciding who to partner with, and designing the consultation framework.

- The second stage is the implementation of the partnering process. This stage includes aligning organisational culture and deciding on the suitable partnering model. In this stage, decisions can be based on four partnering models: contract (out-grower) farming; management (leasing) contract; tenant farming and sharecropping, as well as joint ventures.

- The third stage recommends supporting the partnering process by ensuring that training, mentoring, coaching, and incubation mechanisms are available to potential partners. In this stage, it must also be ensured that financial, material, and human resources are adequately available.

- The fourth stage recommends monitoring the partnering process. Monitoring includes the routine collection and analysis of information to track progress against set plans and checking compliance to established standards. This stage involves developing the monitoring mechanisms after the partnering process start-up, which incorporates the following six sequential steps:

  - identifying performance questions;
  - identifying information needs and indicators;
  - understanding what baseline information is needed;
  - selecting which data-gathering methods to use, by whom and how often;
  - identifying the necessary practical support for information gathering, and
  - organising analysis, feedback and change.

The first component of the framework establishes the planning for partnering. This component was based on the economic rationale for partnerships (Levin and Tadelis 2002: 1). Planning is presented as a continuous exercise throughout the whole life-cycle of a partnering process.

The second component of the framework shows how potential parties to a partnership should decide on an appropriate form of partnership that will yield synergistic benefits for both PACs and FRCs. This component was a product of the resource-based theory developed by Penrose (Penrose 1958), since there are no known systematic approaches for planning and implementing the partnering process in South Africa. This component of the framework provides various tools and techniques for partnering as well as alternative models that PACs and FRCs can choose from.

The third component of the framework provides monitoring and evaluation mechanisms to the partnering process, based on the transaction cost theory (Williamson 1985: 45).

The following conceptual framework is proposed because it aids in the recognition of the anticipated contributory links, associated with "program logic" conceptual formation, normally used to formulate partnerships and related programs, as espoused by Homkes (2011: 67) in her study entitled "analysing the role of public-private partnerships in global governance: institutional dynamics, variation and effects".

Whilst the sequence of inputs, processes and outputs controls the core structure of the proposed framework for effective partnering between PACs and FRCs, the sequential arrangement must not be viewed as a stepped sequence, in which selected inputs automatically result in specific outputs: this has been the essence of this study. The following are the benefits of using the proposed conceptual framework:

- the framework would tend to be accepted as authentic by the broader PAC and FRC community because it would be clear from which perspective the research was approached and what underlying assumptions influenced the research design;

- this framework follows a sequential pattern, which includes deciding to partner, designing a consultation framework, deciding on the potential partner, aligning organisational culture, and deciding on the appropriate partnering model;

- the framework was guided by solid researched dimensions that incorporated relevant theoretical perspectives from the literature on partnering and empirical results;

- this conceptual framework would effectively be applied in planning, implementing, and monitoring partnering process;

- the framework provides an integrated approach to partnering which is important in facilitating holistic planning, implementing, and monitoring partnering process for PACs and FRCs, and

- the framework provides evidence that a researcher has reviewed the literature, selected relevant theories and/or concepts, and organised them into a structure which shows the boundaries of the present study and presents the main dimensions to be researched - the main aspects or variables - and the assumed correlations amongst them.

This proposed conceptual framework will enhance partnering between PACs and FRCs as follows:

- by providing up-to-date information on partnering between PACs and FRCs;

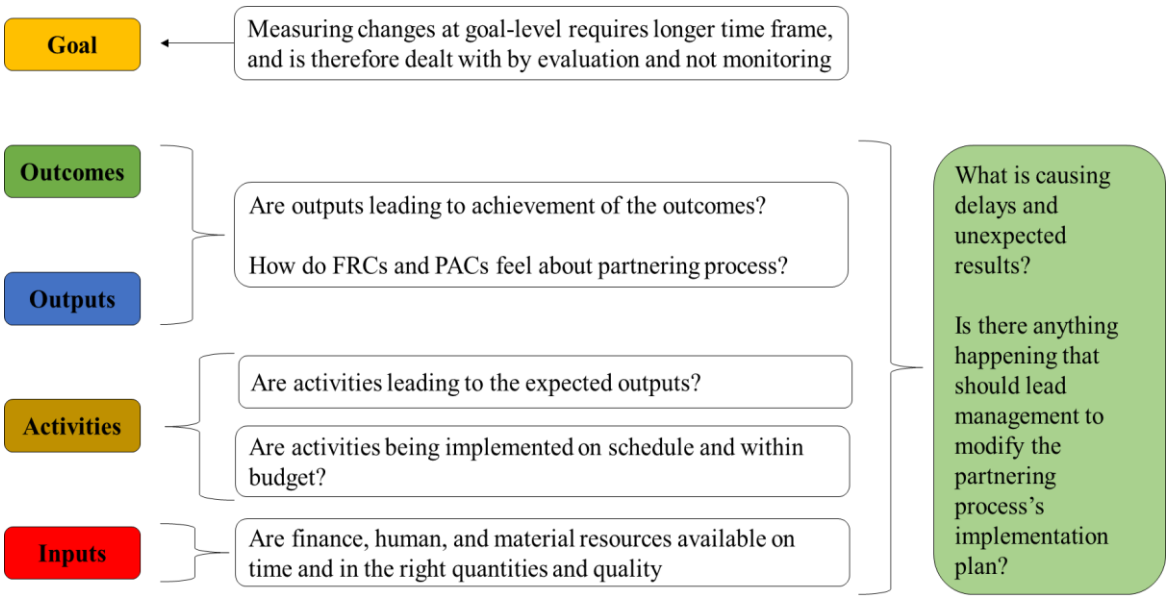
- by assisting both PACs and FRCs in designing their partnerships;

- by considering the ways in which partnering relationships operate according to, or depart from, conceptual frameworks developed for other types of relationships; hence, there may be several other conceptual frameworks from PACs-FRCs and other close relationships that could inform the understanding of partnering, and

- by providing an alternate framework which can be utilised by PACs and FRCs in designing their partnerships.

Figure 7.2 summarises key monitoring questions as they relate to monitoring of the partnering process.

Figure 7.2: Monitoring questions and the logframe



Source: Adapted from IFRC (2017)

Monitoring helps in identifying trends and patterns, to adapt strategies, and to inform decisions for project/programme management.

The fifth stage recommends evaluating the partnering process. This stage involves systematic and objective assessment of an ongoing or completed partnering process - the policy, its design, implementation, and results. The purpose is to ascertain the applicability and accomplishment of partnering goals, developmental efficiency, effectiveness, impact and sustainability. An assessment must offer data that is reliable, valid, and valuable, allowing the inclusion of experiences about partnering process of PACs as well as FRCs.

The sixth stage recommends the partnering process review. A review is a structured opportunity for reflection to identify key issues and concerns, and make informed decisions for effective project/programme implementation. During the Post-Implementation Review (PIR) stage, the completed working solution is assessed and reviewed (International Federation of Red Cross (IFRC 2017: 3).

As the partnering process evolves, a need may arise to review the completed working solution about partnering implementation, and, if it needs be, to delete those that are no longer relevant, and replace those with the more relevant information needs and indicators. A PIR is conducted as soon as the project is done. The PIR's aims are:

- to ensure the level of achievement from the partnering process, especially, the degree to which it met its purpose, provided intended targets of benefit, and tackled the explicit conditions as pre-determined;

- to explore the effectiveness of all factors of the functioning business solution to ascertain whether additional modifications can be effected to improve the benefit intended, and

- to gain knowledge from the partnering process, which can be applied by the partners and by the stakeholders to enhance future partnering work and solutions.

The conceptual framework for effective partnering between PACs and FRCs (Figure 7.1) has been outlined, and a narrative about the conceptual framework has been presented. The next section highlights the contribution of the study.

7.6 THE CONTRIBUTION OF THE STUDY TO THE BODY OF KNOWLEDGE

The literature on partnering between PACs and FRCs in South Africa is scant. This study adds to the body of knowledge by adopting an innovative approach, wherein the mixed methodology survey design was applied to address the research questions.

The contribution of the study is original because this study is not just about partnering in general, but rather a study about the partnering between PACs and FRCs as it applies in the South African context. The study was based on a premise that if partnering as a process can be researched deeply, it can be refined for application on a wider scale.

This research is new and beneficial to PACs and FRCs in South Africa. By clarifying the role and goals of partnering, the stage is set for a more focused and purposeful study of other

key aspects of partnering. A review of the literature has identified the gap with regard to partnering knowledge. This partnering framework will, hopefully, guide initiatives aimed at uplifting PACs, with a view to ensuring partnering sustainability, and also contribute to the formulation of policies in this regard.

Thus, the results from this study can be applied for future use by practitioners. This compendium of knowledge about partnering between the PACs and FRCs will also offer insights amongst academia, policy makers, practitioners and students which, in turn, will inspire further research between PACs and FRCs in future.

In the next section, limitations of the study are mentioned.

7.7 LIMITATIONS OF THE STUDY

Some of the primary data was collected using self-administered mail questionnaires, and there is a possibility that some of the data reported may be biased. Due to time and cost considerations, the empirical study was conducted in only three provinces in South Africa; hence, the results may not necessarily be applicable to all the provinces in the country.

In the following section, directions for future research regarding partnering between PACs and FRCs in South Africa are proposed.

7.8 DIRECTIONS FOR FURTHER RESEARCH

The study concentrated on partnering between FRCs and PACs in KwaZulu-Natal; Limpopo, and the Eastern Cape Provinces in South Africa. This was motivated by the fact that South Africa is the researcher's country of residence, as well as by logistical and financial considerations.

The thesis chronicles the connection amongst the socio-economic benefits of PACs; the levels of knowledge, attitudes, and practices among PACs and FRCs with regard to partnering; the challenges faced by PACs; the strategies employed by both the FRCs and

PACs to overcome the constraints to sustainable partnering, as well as the key success factors (KSFs) influencing the sustainability of partnering between PACs and FRCs with regard to partnering. However, in order to prove these connections definitively, studies that include more specific measures of the partnering concept are necessary. Also, this thesis has revealed that future research on partnering should use the PACs' knowledge, attitudes, and practices as variables in order to accurately capture the centrality of these issues in shaping the partnering concept between PACs and FRCs in South Africa.

Strategic partnerships between FRCs and PACs are at an early stage of development, and are still limited in their scope and impact. The potential of such strategic partnerships, however, is substantial. This partnering framework provides some useful indications on the direction of such research. Moreover, further research is needed to develop explicit methods for analysing the impact of partnering on the performance of both PACs and FRCs.

Future studies could also examine partnering among PACs and FRCs in other provinces in South Africa, for the purposes of undertaking a comparative analysis. Future research could further investigate issues relevant to the proposed partnering framework and expand its application in different situations.

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Appendix I: Letter of Information and Consent - Durban University of Technology

DUT DURBAN UNIVERSITY OF TECHNOLOGY

FACULTY OF MANAGEMENT SCIENCES

From: Dr S. Chetty

Senior Lecturer

Department of Entrepreneurial Studies & Management

Faculty of Management Sciences

Durban University of Technology

P.O. Box 1334, Durban, 4000

Date: 18 February 2013

To: Whom it may concern

Dear Sir/Madam

PERMISSION TO CONDUCT RESEARCH AMONG FOOD RETAILERS AND PRIMARY AGRICULTURAL COOPERATIVES IN SOUTH AFRICA

This letter serves to acknowledge that Mr Moses Nhlanhla Nene (student no. 21143606) is a registered Doctor of Technology: Business Administration student at Durban University of Technology. His research project is entitled: *Partnering between primary agricultural cooperatives and food retail companies in South Africa*. In order for him to fulfil the aims and objectives of his study he needs to administer a questionnaire and/or conduct interviews among primary agricultural cooperatives and major food retail companies in South Africa.

A sincere appeal is made to you to please assist Mr Nene by completing the questionnaire and/or accepting to be interviewed by him.

Thank You

[redacted]

e-mail address: chettys@dut.ac.za

Telephone: 27 31 373 5395/5147

Appendix II: Letter of Information and Consent -The Shoprite-Checkers Group

18th March 2013

For attention: Ms A. Liebenberg

aliebenberg@shoprite.co.za

The Head
Shoprite Head Office
PO Box 215
BRACKENFELL
7561

Dear Madam

PERMISSION TO CONDUCT AN ACADEMIC RESEARCH STUDY

My name is Moses Nhlanhla Nene. I am a Doctor of Technology (DTech: Business Administration) student at the Department of Entrepreneurial Studies & Management, Faculty of Management Sciences, Durban University of Technology, and I am conducting a research study designed to investigate partnering between food retail companies (FRCs) and primary agricultural co-operatives (PACs), in order to develop a framework for optimal provision of skills, opportunities for innovation, resources and access to markets that the FRCs and PACs would otherwise be unable to obtain if it were not partnering.

Although primary agricultural co-operatives/food retail companies play a very important role in South Africa's economy, there is very little information on these entities' partnering aspects. This research study will make a meaningful contribution towards expanding the body of knowledge in this area, not only nationally, but internationally as well. Regarding the above, I need to undertake a survey, and I humbly request permission from your Department to conduct a study amongst primary agricultural co-operatives (PACs) within your area of jurisdiction.

The researcher undertakes to assure you and each organisation surveyed of the following:

- to present information and transcripts used in this research in such a way as to maintain the organisation's dignity, and if in doubt to first consult with the organisation to be surveyed or to you, before the actual survey takes place;
- to make available to you the final copy of this research publication;
- the organisation is free to withdraw from this research at any time, if need should arise;
- no manipulation or withholding of information is involved in this study.
- the survey results will be pooled for the thesis project and individual results of this study will remain absolutely confidential and anonymous;
- should this study be published, only pooled results will be documented;
- no costs will be incurred by your Department or the individual participants; and
- there will be no costs to participants as a result of taking part in this study, nor will participants be reimbursed for their participation in this study.

If you seek further information or clarification please contact me or my supervisor. My contact details are as follows - telephone: 034-969 2914; cell. no.: 072-471 1829; e-mail address: uluntu@yahoo.com; fax. no.: 086-212 1318.

The contact details of my supervisor/promoter are as follows: Dr S. Chetty, telephone: 031-373 5395; cell. no.: 084-659 2200; e-mail address: chettys@dut.ac.za.

Your approval to conduct this study will be greatly appreciated.

Yours sincerely

[redacted]

Moses Nhlanhla Nene
Doctoral Candidate: Durban University of Technology

Appendix III: Letter of Information and Consent - The Pick n Pay Group

19th March 2013

For attention: C. Barnard

cbarnard@pnp.co.za

The Head
Pick n Pay Head Office
101 Rosmead Avenue
KENILWORTH

Dear Sir

PERMISSION TO CONDUCT AN ACADEMIC RESEARCH STUDY

My name is Moses Nhlanhla Nene. I am a Doctor of Technology (DTech: Business Administration) student at the Department of Entrepreneurial Studies & Management, Faculty of Management Sciences, Durban University of Technology, and I am conducting a research study designed to investigate partnering between food retail companies (FRCs) and primary agricultural co-operatives (PACs), in order to develop a framework for optimal provision of skills, opportunities for innovation, resources and access to markets that the FRCs and PACs would otherwise be unable to obtain if it were not partnering.

Although primary agricultural co-operatives/food retail companies play a very important role in South Africa's economy, there is very little information on these entities' partnering aspects. This research study will make a meaningful contribution towards expanding the body of knowledge in this area, not only nationally, but internationally as well. Regarding the above, I need to undertake a survey, and I humbly request permission from your Department to conduct a study amongst primary agricultural co-operatives (PACs) within your area of jurisdiction.

The researcher undertakes to assure you and each organisation surveyed of the following:

[redacted]

- to present information and transcripts used in this research in such a way as to maintain the organisation's dignity, and if in doubt to first consult with the organisation to be surveyed or to you, before the actual survey takes place;
- to make available to you the final copy of this research publication;
- the organisation is free to withdraw from this research at any time, if need should arise;
- no manipulation or withholding of information is involved in this study.
- the survey results will be pooled for the thesis project and individual results of this study will remain absolutely confidential and anonymous;
- should this study be published, only pooled results will be documented;
- no costs will be incurred by your Department or the individual participants; and
- there will be no costs to participants as a result of taking part in this study, nor will participants be reimbursed for their participation in this study.

If you seek further information or clarification please contact me or my supervisor. My contact details are as follows - telephone: 034-969 2914; cell. no.: 072-471 1829; e-mail address: uluntu@yahoo.com; fax. no.: 086-212 1318.

The contact details of my supervisor/promoter are as follows: Dr S. Chetty, telephone: 031-373 5395; cell. no.: 084-659 2200; e-mail address: chettys@dut.ac.za.

Your approval to conduct this study will be greatly appreciated.

Yours sincerely

[redacted]

Moses Nhlanhla Nene
Doctoral Candidate: Durban University of Technology

Appendix IV: Letter of Information and Consent - The Spar Group

19th March 2013

For attention: Ms V. Bosch

vivienne.bosch@spar.co.za

The Head
SPAR Head Office
Chancery Lane
DURBAN
4000

Dear Madame

PERMISSION TO CONDUCT AN ACADEMIC RESEARCH STUDY

My name is Moses Nhlanhla Nene. I am a Doctor of Technology (DTech: Business Administration) student at the Department of Entrepreneurial Studies & Management, Faculty of Management Sciences, Durban University of Technology, and I am conducting a research study designed to investigate partnering between food retail companies (FRCs) and primary agricultural co-operatives (PACs), in order to develop a framework for optimal provision of skills, opportunities for innovation, resources and access to markets that the FRCs and PACs would otherwise be unable to obtain if it were not partnering.

Although primary agricultural co-operatives/food retail companies play a very important role in South Africa's economy, there is very little information on these entities' partnering aspects. This research study will make a meaningful contribution towards expanding the body of knowledge in this area, not only nationally, but internationally as well. Regarding the above, I need to undertake a survey, and I humbly request permission from your Department to conduct a study amongst primary agricultural co-operatives (PACs) within your area of jurisdiction.

The researcher undertakes to assure you and each organisation surveyed of the following:

- to present information and transcripts used in this research in such a way as to maintain the organisation's dignity, and if in doubt to first consult with the organisation to be surveyed or to you, before the actual survey takes place;
- to make available to you the final copy of this research publication;
- the organisation is free to withdraw from this research at any time, if need should arise;
- no manipulation or withholding of information is involved in this study.
- the survey results will be pooled for the thesis project and individual results of this study will remain absolutely confidential and anonymous;
- should this study be published, only pooled results will be documented;
- no costs will be incurred by your Department or the individual participants; and
- there will be no costs to participants as a result of taking part in this study, nor will participants be reimbursed for their participation in this study.

If you seek further information or clarification please contact me or my supervisor. My contact details are as follows - telephone: 034-969 2914; cell. no.: 072-471 1829; e-mail address: uluntu@yahoo.com; fax. no.: 086-212 1318.

The contact details of my supervisor/promoter are as follows: Dr S. Chetty, telephone: 031-373 5395; cell. no.: 084-659 2200; e-mail address: chettys@dut.ac.za.

Your approval to conduct this study will be greatly appreciated.

Yours sincerely

[redacted]

Moses Nhlanhla Nene
Doctoral Candidate: Durban University of Technology

Appendix V: Letter of Information and Consent - PACs (Limpopo Province)

30th January 2013

For attention: Ms S.Y. Ledwaba

Ledwabasy@ledet.gov.za

The Director
Enterprise Development Unit
Limpopo Department of Economic Development, Environment and Tourism
20 Hans van Rensburg Street
Private Bag X9486
POLOKWANE
0700

Dear Madam

PERMISSION TO CONDUCT AN ACADEMIC RESEARCH STUDY

My name is Moses Nhlanhla Nene. I am a Doctor of Technology (DTech: Business Administration) student at the Department of Entrepreneurial Studies & Management, Faculty of Management Sciences, Durban University of Technology, and I am conducting a research study designed to investigate partnering between food retail companies (FRCs) and primary agricultural co-operatives (PACs), in order to develop a framework for optimal provision of skills, opportunities for innovation, resources and access to markets that the FRCs and PACs would otherwise be unable to obtain if it were not partnering.

Although primary agricultural co-operatives/food retail companies play a very important role in South Africa's economy, there is very little information on these entities' partnering aspects. This research study will make a meaningful contribution towards expanding the body of knowledge in this area, not only nationally, but internationally as well. Regarding the above, I need to undertake a survey, and I humbly request permission from your Department to conduct a study amongst primary agricultural co-operatives (PACs) within your area of jurisdiction, especially at the following Districts:

(a) Mopani District;
(b) Waterberg District, and
(c) Sekhukhune District.

The researcher undertakes to assure you and each organisation surveyed of the following:

- to maintain the participating organisations' confidentiality - the final report will not mention any respondents by name;
- to protect the organisation's rights and welfare, that is, to ensure that no harm comes to the organisation as a result of the organisation's participation in this research;
- to present information and transcripts used in this research in such a way as to maintain the organisation's dignity, and if in doubt to first consult with the organisation to be surveyed or to you, before the actual survey takes place;
- to make available to you the final copy of this research publication;
- the organisation is free to withdraw from this research at any time, if need should arise;
- no manipulation or withholding of information is involved in this study.
- the survey results will be pooled for the thesis project and individual results of this study will remain absolutely confidential and anonymous;
- should this study be published, only pooled results will be documented;
- no costs will be incurred by your Department or the individual participants, and
- there will be no costs to participants as a result of taking part in this study, nor will participants be reimbursed for their participation in this study.

If you seek further information or clarification please contact me or my Supervisor/Promoter.

My contact details are as follows - telephone: 034-969 2914; cell. no.: 072-471 1829; e-mail address: uluntu@yahoo.com; fax. no.: 086-212 1318.

The contact details of my supervisor/promoter are as follows: Dr S. Chetty, telephone: 031-373 5395; cell. no.: 084-659 2200; e-mail address: chettys@dut.ac.za.

Your approval to conduct this study will be greatly appreciated.

Yours sincerely

[redacted]

Moses Nhlanhla Nene (Mr)
Doctoral Candidate: Durban University of Technology

Appendix VI: Letter of Information and Consent - PACs (Eastern Cape Province)

30th January 2013

For attention: Mr Monde Sotana

Monde.Sotana@agr.ecprov.gov.za

The Manager
Co-operatives Development Unit
Department of Agriculture, Rural Development and Agrarian Reform
Private Bag
BISHO
5605

Dear Madam

PERMISSION TO CONDUCT AN ACADEMIC RESEARCH STUDY

My name is Moses Nhlanhla Nene. I am a Doctor of Technology (DTech: Business Administration) student at the Department of Entrepreneurial Studies & Management, Faculty of Management Sciences, Durban University of Technology, and I am conducting a research study designed to investigate partnering between food retail companies (FRCs) and primary agricultural co-operatives (PACs), in order to develop a framework for optimal provision of skills, opportunities for innovation, resources and access to markets that the FRCs and PACs would otherwise be unable to obtain if it were not partnering.

Although primary agricultural co-operatives/food retail companies play a very important role in South Africa's economy, there is very little information on these entities' partnering aspects. This research study will make a meaningful contribution towards expanding the body of knowledge in this area, not only nationally, but internationally as well. Regarding the above, I need to undertake a survey, and I humbly request permission from your Department to conduct a study amongst primary agricultural co-operatives (PACs) within your area of jurisdiction, especially at the following Districts:

(a) Cacadu District;
(b) Amathole District; and
(c) O.R. Tambo District.

The researcher undertakes to assure you and each organisation surveyed of the following:

- to maintain the participating organisations' confidentiality - the final report will not mention any respondents by name;
- to protect the organisation's rights and welfare, that is, to ensure that no harm comes to the organisation as a result of the organisation's participation in this research;
- to present information and transcripts used in this research in such a way as to maintain the organisation's dignity, and if in doubt to first consult with the organisation to be surveyed or to you, before the actual survey takes place;
- to make available to you the final copy of this research publication;
- the organisation is free to withdraw from this research at any time, if need should arise;
- no manipulation or withholding of information is involved in this study.
- the survey results will be pooled for the thesis project and individual results of this study will remain absolutely confidential and anonymous;
- should this study be published, only pooled results will be documented;
- no costs will be incurred by your Department or the individual participants, and
- there will be no costs to participants as a result of taking part in this study, nor will participants be reimbursed for their participation in this study.

If you seek further information or clarification please contact me or my Supervisor/Promoter.

My contact details are as follows - telephone: 034-969 2914; cell. no.: 072-471 1829; e-mail address: uluntu@yahoo.com; fax. no.: 086-212 1318.

The contact details of my supervisor/promoter are as follows: Dr S. Chetty, telephone: 031-373 5395; cell. no.: 084-659 2200; e-mail address: chettys@dut.ac.za.

Your approval to conduct this study will be greatly appreciated.

Yours sincerely

[redacted]

Moses Nhlanhla Nene (Mr)
Doctoral Candidate: Durban University of Technology

Appendix VII: Letter of Information and Consent - PACs (KwaZulu-Natal Province)

30th January 2013

For attention: Mr Harry Strauss

Harry.Strauss@kzndae.gov.za

The Head of Department
KZN Department of Agriculture, Environmental Affairs, and Rural Development
HILTON
3245

Dear Sir

PERMISSION TO CONDUCT AN ACADEMIC RESEARCH STUDY

My name is Moses Nhlanhla Nene. I am a Doctor of Technology (DTech: Business Administration) student at the Department of Entrepreneurial Studies & Management, Faculty of Management Sciences, Durban University of Technology, and I am conducting a research study designed to investigate partnering between food retail companies (FRCs) and primary agricultural co-operatives (PACs), in order to develop a framework for optimal provision of skills, opportunities for innovation, resources and access to markets that the FRCs and PACs would otherwise be unable to obtain if it were not partnering.

Although primary agricultural co-operatives/food retail companies play a very important role in South Africa's economy, there is very little information on these entities' partnering aspects. This research study will make a meaningful contribution towards expanding the body of knowledge in this area, not only nationally, but internationally as well. Regarding the above, I need to undertake a survey, and I humbly request permission from your Department to conduct a study amongst primary agricultural co-operatives (PACs) within your area of jurisdiction, especially at the following Districts:

(a) uMgungundlovu District;
(b) Zululand District; and

The researcher undertakes to assure you and each organisation surveyed of the following:

- to maintain the participating organisations' confidentiality - the final report will not mention any respondents by name;
- to protect the organisation's rights and welfare, that is, to ensure that no harm comes to the organisation as a result of the organisation's participation in this research;
- to present information and transcripts used in this research in such a way as to maintain the organisation's dignity, and if in doubt to first consult with the organisation to be surveyed or to you, before the actual survey takes place;
- to make available to you the final copy of this research publication;
- the organisation is free to withdraw from this research at any time, if need should arise;
- no manipulation or withholding of information is involved in this study.
- the survey results will be pooled for the thesis project and individual results of this study will remain absolutely confidential and anonymous;
- should this study be published, only pooled results will be documented;
- no costs will be incurred by your Department or the individual participants; and
- there will be no costs to participants as a result of taking part in this study, nor will participants be reimbursed for their participation in this study.

If you seek further information or clarification please contact me or my Supervisor/Promoter. My contact details are as follows - telephone: 034-969 2914; cell. no.: 072-471 1829; e-mail address: uluntu@yahoo.com; fax. no.: 086-212 1318.

The contact details of my supervisor/promoter are as follows: Dr S. Chetty, telephone: 031-373 5395; cell. no.: 084-659 2200; e-mail address: chettys@dut.ac.za.

Your approval to conduct this study will be greatly appreciated.

Yours sincerely

[redacted]

Moses Nhlanhla Nene (Mr)
Doctoral Candidate: Durban University of Technology

Appendix VIII: Letter of Information and Consent - PACs (KwaZulu-Natal)

30th January 2013

For attention: Ms S. D. Manzi

manzis@kznded.gov.za

The Manager
Co-operatives Unit
KZN Department of Economic Development
PIETERMARITZBURG
3201

Dear Madam

PERMISSION TO CONDUCT AN ACADEMIC RESEARCH STUDY

My name is Moses Nhlanhla Nene. I am a Doctor of Technology (DTech: Business Administration) student at the Department of Entrepreneurial Studies & Management, Faculty of Management Sciences, Durban University of Technology, and I am conducting a research study designed to investigate partnering between food retail companies (FRCs) and primary agricultural co-operatives (PACs), in order to develop a framework for optimal provision of skills, opportunities for innovation, resources and access to markets that the FRCs and PACs would otherwise be unable to obtain if it were not partnering.

Although primary agricultural co-operatives/food retail companies play a very important role in South Africa's economy, there is very little information on these entities' partnering aspects. This research study will make a meaningful contribution towards expanding the body of knowledge in this area, not only nationally, but internationally as well. Regarding the above, I need to undertake a survey, and I humbly request permission from your Department to conduct a study amongst primary agricultural co-operatives (PACs) within your area of jurisdiction, especially at the following Districts:

(a) uMgungundlovu District;
(b) Zululand District; and
(c) uThungulu District.

The researcher undertakes to assure you and each organisation surveyed of the following:

- to maintain the participating organisations' confidentiality - the final report will not mention any respondents by name;
- to protect the organisation's rights and welfare, that is, to ensure that no harm comes to the organisation as a result of the organisation's participation in this research;
- to present information and transcripts used in this research in such a way as to maintain the organisation's dignity, and if in doubt to first consult with the organisation to be surveyed or to you, before the actual survey takes place;
- to make available to you the final copy of this research publication;
- the organisation is free to withdraw from this research at any time, if need should arise;
- no manipulation or withholding of information is involved in this study.
- the survey results will be pooled for the thesis project and individual results of this study will remain absolutely confidential and anonymous;
- should this study be published, only pooled results will be documented;
- no costs will be incurred by your Department or the individual participants; and
- there will be no costs to participants as a result of taking part in this study, nor will participants be reimbursed for their participation in this study.

If you seek further information or clarification please contact me or my Supervisor/Promoter. My contact details are as follows - telephone: 034-969 2914; cell. no.: 072-471 1829; e-mail address: uluntu@yahoo.com; fax. no.: 086-212 1318.

The contact details of my supervisor/promoter are as follows: Dr S. Chetty, telephone: 031-373 5395; cell. no.: 084-659 2200; e-mail address: chettys@dut.ac.za.

Your approval to conduct this study will be greatly appreciated.

Yours sincerely

[redacted]

Moses Nhlanhla Nene (Mr)
Doctoral Candidate: Durban University of Technology

Appendix IX: Permission letter - The Spar Group

THE SPAR GUILD OF SOUTHERN AFRICA
(ASSOCIATION INCORPORATED UNDER SECTION 21)

SPAR

11th April 2013

Dear Retailer

This serves to confirm that we have given Nhlanhla Nene, a Doctoral student from the Durban University of Technology approval to conduct his research in SPAR stores.

If you have any queries please do not hesitate to contact me

Yours sincerely

[redacted]

for. ROELF VENTER

22 Chancery Lane, Firestown 3610 Tel: 031 719 1900 Fax: 031 719 1990
P.O. Box 1589, Firestown 3600 Website: http://www.spar.co.za

SUPERSPAR SPAR KWIKSPAR

Appendix X: The survey instrument

Dear Sir/Madam

Partnering Between Primary Agricultural Co-operatives and Food Retail Companies in South Africa

My name is Moses Nhlanhla Nene. I am a Doctoral student in the Department of Entrepreneurial Studies & Management at the Durban University of Technology, and I am conducting a doctoral research study entitled "Partnering between primary agricultural co-operatives and food retail companies". The aim of my research is to investigate partnering between food retail companies (FRCs) and primary agricultural co-operatives (PACs) in order to develop a framework for partnering sustainability. Although primary agricultural co-operatives/food retail companies, such as yours, play a very important role in the South African economy, there is very little information on the above-mentioned aspects.

In the above regard, I need to undertake a survey, and your organization, which is involved or about to be involved in some form of partnering, has been identified as one of the research participants. Your participation in the survey will make a meaningful contribution towards expanding the body of knowledge in this area, not only in South Africa, but globally as well.

All responses will be kept completely anonymous, and therefore cannot be traced to you or your organisation. I am sincerely appealing to you to please take a few minutes to complete the attached questionnaire, and post it as soon as possible in the enclosed reply-paid envelope.

Thank you for your serious consideration of the survey items, and for your comments, suggestions and ideas.

Yours sincerely

Moses Nhlanhla Nene
e-mail: uluntu@yahoo.com
telephone: (034) 969 2914 (h);
cell: (072-471 1829
fax: 086-212 1318

Supervisor: Dr S. Chetty
e-mail:chettys@dut.ac.za
telephone: 031-373 5395
cell: 084-659 2200
fax: 031-373 5475

Instruction on how to complete the questionnaire:

1. To complete the questionnaire, please use a BLUE or BLACK ink pen. Be sure to read all the answer choices before marking your answer. If you are completing the questionnaire electronically, answer each question by placing a legible "X" in the first column to the left of your answer, like this:

X	☐	KwaZulu-Natal

2. If you are completing the questionnaire manually, answer each question by placing a legible "X" in the box to the left of your answer, like this:

	☒	KwaZulu-Natal

3. Please answer the survey questions and return the survey to me in the enclosed envelope before [date] for inclusion in the research results.

4. You may FAX your completed surveys to: 086-212 1318 or email the electronic questionnaire to: uluntu@yahoo.com

5. Do not put your name or title on the survey. All research participants will be kept completely anonymous.

6. If you have any questions about this survey, contact the sender at 072-471 1829

7. Please be honest - say anything you feel is important. Please answer each question to the best of your knowledge. If unsure, please try to give what you think is the best answer.

Quantitative Questionnaire

Date: -------/-------/ 201--- **Time:**----h----

Part 1: Information about the background, history and nature of the respondent:

001	**Where does your organization operate?**				
KwaZulu-Natal	uMgungundlovu (DC22)	0011		☐	uMsunduzi Municipality (KZN225)
		0012		☐	Umngeni Municipality (KZN222)
		0013		☐	Mpofana Municipality (KZN223)
	Zululand (DC26)	0014		☐	Pongola Municipality (KZN262)
		0015		☐	AbaQulusi Municipality (KZN263)
		0016		☐	Ulundi Municipality (KZN266)
	uThungulu (DC28)	0017		☐	uMhlathuze (KZN282)
		0018		☐	uMlalazi Municipality (KZN284)
		0019		☐	Nkandla Municipality (KZN286)

Limpopo	Mopani (DC33)	00110		☐	Greater Giyani (NP331)
		00111		☐	Greater Letaba (NP332)
		00112		☐	Greater Tzaneen (NP333)
	Waterberg (DC36)	00113		☐	Thabazimbi (NP361)
		00114		☐	Lephalalle (NP362)
		00115		☐	Bela-Bela (NP366)
	Sekhukhune (DC47)	00116		☐	Ephraim Mogale (NP471)
		00117		☐	Elias Motsoaledi (NP472)
		00118		☐	Greater Tubatse (NP475)

Eastern Cape	Cacadu (DC10)	00119		☐	Ndlambe Municipality (EC105)
		00120		☐	Makama Municipality (EC104)
		00121		☐	Sundays Rivers Valley Municipality (EC106)
	Amathole (DC12)	00122		☐	Nkonkobe Municipality (EC127)
		00123		☐	Mbashe Municipality (EC121)
		00124		☐	Nxuba Municipality (EC128)
	OR Tambo (DC15)	00125		☐	King Sabata Dalindyebo Municipality (EC157)
		00126		☐	Port St Johns Municipality (EC154)
		00127		☐	Mhlontlo Municipality (EC156)

002	Type of organisation		
0021		☐	Food Retail Company
0022		☐	Primary Agriculture Co-operative
0023		☐	Other (specify)

003	How many years has your organisation been operating?												
0031			0032			0033			0034			0035	
	☐	0-3 years		☐	3-4 years		☐	4-5 years		☐	5-6 years		☐	More than 6 (Specify) .....

004	How many people (voluntary/paid) work for your organisation?												
0041			0042			0043			0044			0045	
	☐	0-5		☐	5-10		☐	10-15		☐	15-20		☐	More than 20

Part 2: Information about the socio-economic benefits of PACs.

Objective 1:

To determine the socio-economic benefits of PACs

005	Please rank, in order of importance what you regard as the most important statement about the socio-economic benefits of the local primary agricultural co-operatives (PACs)		
0051		☐	PACs stimulate social integration
0052		☐	PACs stimulate social cohesion
0053		☐	PACs provide distinctive services to society
0054		☐	PACs provide economic empowerment to the community
0055		☐	PACs provide women and youth with assets protection services
0056		☐	PACs help create income generation and employment
0057		☐	PACs contribute directly to the eradication of poverty

Part 3: Information about knowledge, attitudes, and practices among PACs and FRCs with regard to partnering

Objective 2:

To ascertain the knowledge, attitudes, and practices among PACs and FRCs with regard to partnering.

006	Is your organisation currently involved in any form of partnering with local primary agricultural co-operatives?		
0061		☐	Yes
0062		☐	No
0063		☐	No comment

007	*If yes*, **please specify what type of partnering is your organisation involved in?**							
0071		0072		0073		0074		
	☐ Planning		☐ Production		☐ Processing		☐ Distribution	
0075		0076		0077		0078		
	☐ Marketing		☐ Training		☐ Financing		☐ Researching	

008	*If yes,* **for has your organisation been partnering?**												
0081		0082		0083		0084		0085					
	☐	0-3 years		☐	3-4 years		☐	4-5 years		☐	5-6 years		☐	6 years and more (Specify) .....

009	*If yes*, **please specify when did this organisation start to partner with local primary agricultural co-operatives?**												
0091		0092		0093		0094		0095					
	☐	0-2 years		☐	2-3 years		☐	3-4 years		☐	4-5 years		☐	5 years and more (Specify) .....

010	**Has your organisation been involved in any form of partnering in the past?**		
0101		☐	Yes
0102		☐	No
0103		☐	No comment

011	*If yes,* **for how long has your organisation been partnering in the past?**												
0111		0112		0113		0114		0115					
	☐	0-2 years		☐	2-3 years		☐	3-4 years		☐	4-5 years		☐	5 years and more (Specify) .....

012	**What form of partnering is your organisation currently has with the local primary agricultural co-operatives?**		
0121		☐	Contract farming
0122		☐	Management contract
0123		☐	Tenant farming and sharecropping
0124		☐	Joint venture agreement
0125		☐	Farmer-owned business
0126		☐	Full merger of the two organisations

Attitudes about partnering

013	How comfortable are you with the way decisions are made in the partnership?		
0131		☐	Extremely comfortable
0132		☐	Very comfortable
0133		☐	Somewhat comfortable
0134		☐	A little comfortable
0135		☐	Not at all comfortable

014	How often do you support the decisions made by the partnership?		
0141		☐	All of the time
0142		☐	Most of the time
0143		☐	Some of the time
0144		☐	Almost none of the time
0145		☐	None of the time

015	How often do you feel that you have been excluded from the decision making process?		
0151		☐	All of the time
0152		☐	Most of the time
0153		☐	Some of the time
0154		☐	Almost none of the time
0155		☐	None of the time

Please answer Questions 016 to 026 if your organisation is in any form of partnering. If not, please go to Question 027.

The following statements are about benefits that may result from collaborating in a partnership. Please state your view about each statement.

016	Partnering enhances organisation's ability to address important issues about customer service		
0161		☐	Strongly disagree
0162		☐	Disagree
0163		☐	Neutral
0164		☐	Agree
0165		☐	Strongly Agree

017	Partnering enhances development of new skills		
0171		☐	Strongly disagree
0172		☐	Disagree
0173		☐	Neutral
0174		☐	Agree
0175		☐	Strongly Agree

018	Partnering increases public profile of an organisation in partnership		
0181		☐	Strongly disagree
0182		☐	Disagree
0183		☐	Neutral
0184		☐	Agree
0185		☐	Strongly Agree

019	Partnering increases utilization of organisation's expertise and/or services		
0191		☐	Strongly disagree
0192		☐	Disagree
0193		☐	Neutral
0194		☐	Agree
0195		☐	Strongly Agree

020	Partnering encourages acquisition of useful knowledge about production, processing, and marketing of agricultural produce		
0201		☐	Strongly disagree
0202		☐	Disagree
0203		☐	Neutral
0204		☐	Agree
0205		☐	Strongly Agree

021	Partnering allows for enhanced ability to effect collaboration procedures		
0211		☐	Strongly disagree
0212		☐	Disagree
0213		☐	Neutral
0214		☐	Agree
0215		☐	Strongly Agree

022	Partnering allows for the development of valuable relationships between collaborating organisations		
0221		☐	Strongly disagree
0222		☐	Disagree
0223		☐	Neutral
0224		☐	Agree
0225		☐	Strongly Agree

023	Partnering allows for enhanced ability to meet the needs of the customers and the market in general		
0231		☐	Strongly disagree
0232		☐	Disagree
0233		☐	Neutral
0234		☐	Agree
0235		☐	Strongly Agree

024	Partnering allows for a partnering organisation to have a greater impact than it could have if it was operating on its own		
0241		☐	Strongly disagree
0242		☐	Disagree
0243		☐	Neutral
0244		☐	Agree
0245		☐	Strongly Agree

025	Partnering enable partnering organisations to make more contribution to the community		
0251		☐	Strongly disagree
0252		☐	Disagree
0253		☐	Neutral
0254		☐	Agree
0255		☐	Strongly Agree

026	Partnering facilitates acquisition of additional financial support		
0261		☐	Strongly disagree
0262		☐	Disagree
0263		☐	Neutral
0264		☐	Agree
0265		☐	Strongly Agree

The following statements are about satisfaction that may result from collaborating in a partnership. Please state your view about each statement.

027	How satisfied are you with the manner individuals and firms collaborate in a partnership?		
0271		☐	Completely satisfied
0272		☐	Mostly satisfied
0273		☐	Somewhat satisfied
0274		☐	A little satisfied
0275		☐	Not at all satisfied

028	How satisfied are you with your contribution in the partnering process?		
0281		☐	Completely satisfied
0282		☐	Mostly satisfied
0283		☐	Somewhat satisfied
0284		☐	A little satisfied
0285		☐	Not at all satisfied

029	How satisfied are you with your participation in the partnership?		
0291		☐	Completely satisfied
0292		☐	Mostly satisfied
0293		☐	Somewhat satisfied
0294		☐	A little satisfied
0295		☐	Not at all satisfied

030	How satisfied are you with the partnership's plans for achieving its goals?		
0301		☐	Completely satisfied
0302		☐	Mostly satisfied
0303		☐	Somewhat satisfied
0304		☐	A little satisfied
0305		☐	Not at all satisfied

031	How satisfied are you with the way the partnership is implementing its plans?		
0311		☐	Completely satisfied
0312		☐	Mostly satisfied
0313		☐	Somewhat satisfied
0314		☐	A little satisfied
0315		☐	Not at all satisfied

032	How satisfied are you with the partnership's plans for achieving its goals?		
0321		☐	Benefits greatly exceed the drawbacks
0322		☐	Benefits exceed the drawbacks
0323		☐	Benefits and drawbacks are about equal
0324		☐	Drawbacks exceed the benefits
0322		☐	Drawbacks greatly exceed the benefits

Part 4: Information about the challenges faced by PACs in South Africa.

Objective 3:

To investigate the challenges faced by PACs in South Africa.

033	What, in your opinion, do you regard as constraint(s) to successful partnering?		
0331		☐	Legislative and regulatory environment
0332		☐	Institutional constraints
0333		☐	Supply chain constraints
0334		☐	Financial constraints
0335		☐	Contract-related constraints
0336		☐	Capacity and skills constraints
0337		☐	Partner selection constraints
0338		☐	Perception about partnering
0339		☐	No answer
03310		☐	Other (Specify)

The following statements are about your experiences of collaborating in a partnership. Please state your views about each statement. For each of the following, please indicate whether or not you have or have not experienced any problem(s) as a result of participating in this partnership.

034	Partnering may result in diversion of time and resources away from other priorities or obligations		
0341		☐	Strongly disagree
0342		☐	Disagree
0343		☐	Neutral
0344		☐	Agree
0345		☐	Strongly Agree

035	Partnering may result in insufficient influence in partnership activities		
0351		☐	Strongly disagree
0352		☐	Disagree
0353		☐	Neutral
0354		☐	Agree
0355		☐	Strongly Agree

036	My organisation is viewed negatively by others because of its association with the current partner(s) or the partnership		
0361		☐	Strongly disagree
0362		☐	Disagree
0363		☐	Neutral
0364		☐	Agree
0365		☐	Strongly Agree

037	Insufficient credit is given to my organisation by others because it is partnering		
0371		☐	Strongly disagree
0372		☐	Disagree
0373		☐	Neutral
0374		☐	Agree
0375		☐	Strongly Agree

038	There is at time conflict between my organisation and the partnership		
0381		☐	Strongly disagree
0382		☐	Disagree
0383		☐	Neutral
0384		☐	Agree
0385		☐	Strongly Agree

Part 5: Information about the strategies employed by PACs in South Africa to overcome the constraints to sustainable partnering with FRCs

Objective 4:

To establish the strategies employed by PACs in South Africa to overcome the constraints to sustainable partnering with FRCs

039	What, in your opinion, do you regard as key for successful partnering?		
0391		☐	Existence of a profitable market
0392		☐	Commitment and support from top management
0393		☐	Mutual trust
0394		☐	Long-term commitment
0395		☐	Adequate resources
0396		☐	Innovation capacity
0397		☐	Effective communication
0398		☐	Efficient coordination
0399		☐	Skills and capacity
03910		☐	Ability to compete
03911		☐	Productive conflict resolution
03912		☐	No answer
03913		☐	Other (Specify)

Training and institutional support received

040	Which of the following qualities best describe most of your members?										
0401			0402			0403			0404		
Can read		☐ 1	Can write		☐ 2	Can read and write		☐ 3	Cannot read and write		☐ 4

041	Have any of your members received any training in partnering and/or partnering management?		
0411		☐	Yes
0412		☐	No
0413		☐	No answer
0414		☐	Other (Specify)

042	*If yes*, where did most of your members receive training in partnering and/or partnering management?											
0421			0422			0423			0424			
On-site		☐ 1	Off-site		☐ 2	College		☐ 3	Other		☐ 4	(Specify)

043	*If yes*, who gave you training in partnering and/or partnering management?											
0431			0432			0433			0434			
FRC		☐ 1	Training provider		☐ 2	Government official		☐ 3	Other		☐ 4	(Specify)

044	*If yes*, was the training full-time or part-time?								
0441			0442			0443			
Full-time		☐ 1	Part-time		☐ 2	Other		☐ 4	(Specify)

Part 6: Information about the key success factors (KSFs) influencing the sustainability of partnering between PACs and FRCs

Objective 5:

To determine the key success factors (KSFs) influencing the sustainability of partnering between PACs and FRCs

Please think about all of the people who provide either formal or informal leadership in this partnership. Please rate the total effectiveness of your partnership's leadership in each of the following areas:

046	Taking responsibility for the partnership		
0461		☐	Excellent
0462		☐	Very good
0463		☐	Good
0464		☐	Fair
0465		☐	Poor
0466		☐	Do not know

047	Inspiring or motivating people involved in the partnership		
0471		☐	Excellent
0472		☐	Very good
0473		☐	Good
0474		☐	Fair
0475		☐	Poor
0476		☐	Do not know

048	Empowering people involved in the partnership		
0481		☐	Excellent
0482		☐	Very good
0483		☐	Good
0484		☐	Fair
0485		☐	Poor
0486		☐	Do not know

049	Communicating the vision of the partnership		
0491		☐	Excellent
0492		☐	Very good
0493		☐	Good
0494		☐	Fair
0495		☐	Poor
0496		☐	Do not know

050	Working to develop a common language within the partnership		
0501		☐	Excellent
0502		☐	Very good
0503		☐	Good
0504		☐	Fair
0505		☐	Poor
0506		☐	Do not know

051	Fostering respect, trust, inclusiveness, and openness in the partnership		
0511		☐	Excellent
0512		☐	Very good
0513		☐	Good
0514		☐	Fair
0515		☐	Poor
0516		☐	Do not know

052	Creating an environment where differences of opinion can be voiced		
0521		☐	Excellent
0522		☐	Very good
0523		☐	Good
0524		☐	Fair
0525		☐	Poor
0526		☐	Do not know

053	Resolving conflict among partners		
0531		☐	Excellent
0532		☐	Very good
0533		☐	Good
0534		☐	Fair
0535		☐	Poor
0536		☐	Do not know

054	Combining the perspectives, resources, and skills of partners		
0541		☐	Excellent
0542		☐	Very good
0543		☐	Good
0544		☐	Fair
0545		☐	Poor
0546		☐	Do not know

055	Helping the partnership be creative and look at things differently		
0551		☐	Excellent
0552		☐	Very good
0553		☐	Good
0554		☐	Fair
0555		☐	Poor
0556		☐	Do not know

056	Recruiting diverse people and organizations into the partnership		
0561		☐	Excellent
0562		☐	Very good
0563		☐	Good
0564		☐	Fair
0565		☐	Poor
0566		☐	Do not know

Part 7: The biographic data:

057	Are you male or female?		
0571		☐	Male
0572		☐	Female

058	What position do you hold in this organisation?
0581	

059	For how many years have you been in your current position?														
0591			0592			0593			0594			0595			
	☐	0-3 years		☐	3-4 years		☐	4-5 years		☐	5-6 years		☐	More than 6 (specify)	

Part 8: The information about perceived recommendations:

060	What do you think are the principles that make a successful partnership?
0601	

061	Do you have any other comments or suggestions about your project?		
0611		☐	Yes
0612		☐	No
0613		☐	No comment

062	*If yes*, **please state comments or suggestions.**
0621	

063	Are the proposed subject areas appropriate and is there anything missing that you think should be included?		
0631		☐	Yes
0632		☐	No
0633		☐	No comment

064	*If yes*, **please state anything missing that you think should be included.**
0641	

Section C: Interview

**** This section is optional****

Please indicate your name, email address and/or your contact telephone number if you are willing to participate in an interview. You will only be contacted for an interview if clarity/more information is required regarding your responses on this questionnaire.
Please be assured that:

- Only my research promoter and I will have access to your personal details.
- The information you provide below will remain completely confidential.
- This page will be removed before I send the questionnaire for analysis.

Your name:
Your email address:
Your contact telephone number:

This completes the interview. Thank you for your co-operation.

Appendix XI: The Focus Group Interview Schedule

The interviews covered the following thematic issues:

- how each of the research participants plan, organise, direct and control their operations;
- practices about partnering that went well, and the dynamics that contributed to those successes;
- practices about the partnering that did not go well, and why they did not;
- actions taken when partnering were not going well;
- obstacles to successful partnering between FRCs-PACs;
- are partnering activities continuing, and in what form? If they are not continuing or continuing unsatisfactorily, why is this happening?
- what factors would allow partnering that is continuing unsatisfactorily to improve;
- does the type of organizational structure impact upon successful partnering with PACs? Is the degree of FRCs' organizational sophistication significant for successfully working with PACs?
- the contribution that FRC-PAC partnerships make to the development of respondent's organization. Strategies for maximizing that contribution, and
- major obstacles for partnering with PACs, and strategies for overcoming these obstacles.

Appendix XII: The Focus Group Interview Questionnaire

The interviews covered the following questions:

- How do you plan, organise, direct and control your operations?
- If you have partnered before, what went well?
- If you have partnered before, what contributed to the successful partnering?
- If you have partnered before, what did not go well, and why it did not go well?
- If you have partnered before, what actions did you take when partnering was not going well?
- If you have partnered before, what do you regard as the main obstacles to successful partnering between FRCs-PACs?
- are partnering activities continuing, and in what form? If they are not continuing or continuing unsatisfactorily, why is this happening?
- what factors would allow partnering that is continuing unsatisfactorily to improve?
- does the type of your organizational structure impact upon successful partnering with PACs?
- Is the degree of FRCs' organizational sophistication significant for successfully working with PACs?
- the contribution that FRC-PAC partnerships make to the development of respondent's organization.
- What do you regard as the main strategies for maximizing partnerships, and
- What do you regard as the major obstacles for partnering with PACs?
- What do you regard as the main strategies for overcoming the obstacles to effective partnering?

Appendix XIII: The Key-Informant Interview Guide

The key-informant interviews covered the following thematic issues:

- the form of partner organization involvement in partnering design and implementation;
- perceived obstacles, benefits, and challenges to participation;
- perceived best practices in partnering;
- opinions about elements that make for partnering success, and
- opinions about typical practices around partnering.

The researcher also gave each key informant the opportunity to discuss pertinent issues about partnering.

Appendix XIV: The qualitative survey responses (PACs)

Item	Inductive Categories	Participant Responses
1	Planning, decision making, organising, directing, and control of partnering process	– train subordinates in partnering, and – orientate directors in partnering models.
2	The challenges faced by PACs in South Africa	– many producers do not have enough money to produce quality products; – producers are not trained on how to produce for supermarkets; – the general partnering trend is declining; – PACs are hard hit by globalization and price increases; – PACs have to find ways to meet the cost of complying with various regulations or exit certain lines of business; – PACs are expected to provide low-cost services to members and still generate sufficient earnings to redeem old equity, return substantial cash patronage refunds to members, and generate all the new equity the association needs; – lack of capital resources; – inadequate training, extension and education programmes; – lack of communication and participation among members; – feudalistic characteristics of society; – unclear and inadequate government policies on the development of PACs; – high fragmentation of land holdings, and – weak linkages among the activities of the co-operatives e.g., production, credit, and marketing.
3	The strategies employed by PACs in South Africa to overcome the constraints to sustainable partnering with FRCs	– development of marketing and agro-processing, implementation of self-reliance projects; – re-assessment and improvement of farm policies – development of commercial partnership and joint ventures with private enterprises; – we terminated the contract;

		– diversification of agricultural products including the development of export-oriented crops through contract farming; – promotion of universal membership, and strengthening of legal framework of co-operatives; – provide capital to improve productivity; – customs of mutual help and assistance in rural areas; – trust is the foundation for partnerships; – introduction of new crops and technology to increase productivity; – active participation of women members in PACs, and – employment of capable and professional managers.
4	The obstacles to successful partnering	– lack of trust; – poor perception about partnering; – PACs are not committed; – the government is not supporting partnering; – there are no mechanism to promote partnering; – our mind-set is not geared to partnering; – partnering is not easy; – HIV/AIDS is a problem to partnering; – management lacks of co-operative focus; – the political past is still haunting the retail sector; – more needs to be done to improve partnering, and – PACs are poorly compensated.
5	Sustaining partnering	– partnering is continuing, in a way; – the government must support partnering; – provide production skills to PACs; – train the producers; – create more jobs to increase spending; – government programs influence the structure and success of co-operatives, and – Strengthen co-operative leadership.

6	The key success factors to partnering	– members' participation in co-operatives' administrative affairs; – there is a room for commitment; – trust; – training; – quality of training programs offered; – managers' interpersonal human skills; – availability of capital; – managers' technical skills; – number of training programs attended; – resources; – Effective boards of directors are critical to co-operative success; – communication is necessary to educate members, and – on the need for partnering.
7	The partnering environment	– the organizational structure is not conducive for partnering; – FRCs are not ready to embrace partnering as a strategy; – transform the banking sector; – PAC directors often make decisions based on internal politics rather than sound economic principles, and – decisions by PAC directors are made to curry popularity (e.g., to keep an unprofitable facility open) may get the directors re-elected but the decisions may be bad for the business.

Appendix XV: The qualitative survey responses (FRCs)

Item	Inductive Categories	Participant Responses
1	Planning, decision making, organising, directing, and control of partnering process	– include partnering in the operational plan; – train subordinates in partnering, and – orientate directors in partnering models.
2	The challenges faced by FRCs in partnering with PACs	– some PACs defaulted; – the quality was not good; – PACs are dependent on the government for support; – producers are not trained on how to produce for supermarkets; – the general partnering trend is declining; – inadequate training, extension and education programmes; – lack of communication and participation among members, and – high fragmentation of land holdings, and weak linkages among the activities of the co-operatives e.g., production, credit, marketing.
3	The strategies employed by FRCs in South Africa to overcome the challenges to sustainable partnering with PACs	– development of marketing and agro-processing, implementation of self-reliance projects; – we arranged for a mentor for which the PAC paid; – re-assessment and improvement of farm policies; – our company is a leader in buying from black farmers; – we terminated the contract; – diversification of agricultural products including the development of export-oriented crops through contract farming; – we train local producers; – We buy fresh produce (spinach, cabbages, tomatoes, etc.) from the local producers; – we sponsor training in quality production; – we advise local producers on how to produce for our market; – provide capital to improve productivity;

		– employment of capable and professional managers, and – acquisition of operational facilities and linking credit with marketing.
4	The obstacles to successful partnering	– lack of trust; – poor perception about partnering; – PACs are not committed; – the government is not supporting partnering; – there are no mechanism to promote partnering, and – FRCs will lose if they adopt partnering (as a strategy for retailing)
5	Sustaining partnering	– partnering is continuing, in a way, and – train the producers.
6	The key success factors to partnering	– trust; – training; – availability of capital; – managers' technical skills; – number of training programs attended; – resources; – communication is necessary to educate members, and – on the need for partnering
7.	The partnering environment	– the organizational structure is not conducive for partnering; – PAC directors often make decisions based on internal politics rather than sound economic principles, and – decisions by PAC directors are made to curry popularity (e.g., to keep an unprofitable facility open) may get the directors re-elected but the decisions may be bad for the business.
8	The perceived benefits to partnering	partnering guarantees the market for PACs

Appendix XVI: The Cronbach's alpha score for all of the ordinal items

	Number of Items	Cronbach's Alpha
Part 2: Attitudes about partnering	-	-
Part 3: Information about the the socio-economic benefits of PACs	-	-
Part 4: Information about the challenges faced by PACs in South Africa.	4 out of 5	0.518
Part 5: Information about the challenges faced by FRCs in partnering with PACs	-	-
Part 6: Information about the strategies employed by PACs in South Africa to overcome the constraints to sustainable partnering with FRCs	-	-
Part 7: Information about the strategies employed by FRCs in South Africa to overcome the challenges to sustainable partnering with PACs	-	-
Part 8: Information about the key success factors (KSFs) influencing the sustainability of partnering between PACs and FRCs	11 of 11	0.829

Appendix XVII: The Communalities

Communalities – Part 2		
	Initial	**Extraction**
How comfortable are you with the way decisions are made in the partnership?	1.000	.876
How often do you support the decisions made by the partnership?	1.000	.869
How often do you feel that you have been excluded from the decision making process?	1.000	.867
Partnering enhances organisation's ability to address important issues about customer service	1.000	.934

Partnering enhances development of new skills	1.000	.817
Partnering increases public profile of an organisation in partnership	1.000	.648
Partnering increases utilization of organisation's expertise and/or services	1.000	.873
Partnering encourages acquisition of useful knowledge about production, processing, and marketing of agricultural produce	1.000	.919
Partnering allows for enhanced ability to effect collaboration procedures	1.000	.593
Partnering allows for the development of valuable relationships between collaborating organisations	1.000	.787
Partnering allows for enhanced ability to meet the needs of the customers and the market in general	1.000	.770
Partnering allows for a partnering organisation to have a greater impact than it could have if it was operating on its own	1.000	.737
Partnering enable partnering organisations to make more contribution to the community	1.000	.755
Partnering facilitates acquisition of additional financial support	1.000	.782
How satisfied are you with the manner individuals and firms collaborate in a partnership?	1.000	.718
How satisfied are you with your influence in the partnering process?	1.000	.771
How satisfied are you with your participation in the partnership?	1.000	.637
How satisfied are you with the partnership's plans for achieving its goals?	1.000	.801
How satisfied are you with the way the partnership is implementing its plans?	1.000	.902

Appendix XVIII: The Pearson Chi-Square Tests: PAC Group

		How comfortable are you with the way decisions are made in the partnership?	How often do you support the decisions made by the partnership?	How often do you feel that you have been left out of the decision making process?	Partnering enhances organisation's ability to address important issues about customer service	Partnering enhances development of new skills	Partnering increases public profile of an organisation in partnership	Partnering increases utilization of organisation's expertise and/or services
How comfortable are you with the way decisions are made in the partnership?	Correlation Coefficient							
	Sig. (2-tailed)							
	N	54	52	54	51	53	51	54
How often do you espouse the decisions made by the partnership?	Correlation Coefficient		1,000	-0,017	-0,036	-0,105	0,125	-0,248
	Sig. (2-tailed)			0,902	0,808	0,463	0,393	0,076
	N	52	52	52	49	51	49	52
How often do you feel that you have been left out of the decision making process?	Correlation Coefficient		-0,017	1,000	.430**	0,073	-0,227	0,100
	Sig. (2-tailed)		0,902		0,001	0,606	0,099	0,461
	N	54	52	57	54	53	54	57
Partnering enhances organisation's ability to address important issues about customer service	Correlation Coefficient		-0,036	.430**	1,000	-0,083	-0,071	-0,067

	Sig. (2-tailed)		0,808	0,001		0,513	0,530	0,543
	N	51	49	54	85	64	80	84
Partnering enhances development of new skills	Correlation Coefficient		-0,105	0,073	-0,083	1,000	0,022	0,057
	Sig. (2-tailed)		0,463	0,606	0,513		0,859	0,649
	N	53	51	53	64	68	65	67
Partnering increases public profile of an organisation in partnership	Correlation Coefficient		0,125	-0,227	-0,071	0,022	1,000	0,075
	Sig. (2-tailed)		0,393	0,099	0,530	0,859		0,504
	N	51	49	54	80	65	83	82
Partnering increases utilization of organisation's expertise and/or services	Correlation Coefficient		-0,248	0,100	-0,067	0,057	0,075	1,000
	Sig. (2-tailed)		0,076	0,461	0,543	0,649	0,504	
	N	54	52	57	84	67	82	89
Partnering encourages acquisition of useful knowledge about production, processing, and marketing of agricultural produce	Correlation Coefficient		-0,125	0,161	-0,065	0,128	-0,038	-0,031
	Sig. (2-tailed)		0,382	0,237	0,557	0,306	0,735	0,775
	N	53	51	56	83	66	81	87
Partnering allows for enhanced ability to effect collaboration procedures	Correlation Coefficient		0,024	0,047	-0,035	-0,034	-0,134	.324**
	Sig. (2-tailed)		0,870	0,738	0,761	0,788	0,244	0,003
	N	50	48	53	80	64	78	84
Partnering allows for the development of valuable relationships between collaborating organisations	Correlation Coefficient		-.297*	-0,017	0,080	0,002	0,047	0,081
	Sig. (2-tailed)		0,048	0,909	0,512	0,985	0,704	0,492
	N	47	45	47	70	59	68	74
Partnering allows for enhanced ability to meet the needs of the customers and the market in general	Correlation Coefficient		.337*	-0,192	-0,034	-0,160	0,065	-0,122
	Sig. (2-tailed)		0,021	0,178	0,769	0,217	0,583	0,284
	N	49	47	51	75	61	74	79
	Correlation Coefficient		0,080	0,061	0,054	-0,003	-0,095	-0,126

Partnering allows for a partnering organisation to have a greater impact than it could have if it was operating on its own	Sig. (2-tailed)		0,579	0,665	0,664	0,979	0,454	0,306
	N	52	50	52	66	60	65	68
Partnering enable partnering organisations to make more contribution to the community	Correlation Coefficient		-0,015	-0,154	0,045	0,154	-0,057	0,024
	Sig. (2-tailed)		0,917	0,272	0,730	0,248	0,663	0,849
	N	52	50	53	60	58	60	63
Partnering facilitates acquisition of additional financial support	Correlation Coefficient		0,061	-0,125	-0,016	-0,156	0,150	0,202
	Sig. (2-tailed)		0,707	0,426	0,900	0,263	0,236	0,093
	N	41	40	43	68	53	64	70
How satisfied are you with the way the people and organizations in the partnership work together?	Correlation Coefficient		0,179	-0,162	0,135	0,067	-0,037	-0,050
	Sig. (2-tailed)		0,209	0,242	0,281	0,613	0,768	0,683
	N	53	51	54	66	59	66	70
How satisfied are you with your influence in the partnering process?	Correlation Coefficient		0,016	-0,001	0,020	-0,015	0,106	-0,011
	Sig. (2-tailed)		0,922	0,997	0,879	0,917	0,419	0,933
	N	43	41	45	61	51	60	64
How satisfied are you with your role in the partnership?	Correlation Coefficient		0,140	-0,038	-0,102	-0,055	0,197	-0,070
	Sig. (2-tailed)		0,395	0,806	0,428	0,700	0,119	0,576
	N	41	39	44	63	52	64	67
How satisfied are you with the partnership's plans for achieving its goals?	Correlation Coefficient		-0,117	0,110	0,149	0,163	-0,014	-0,048
	Sig. (2-tailed)		0,433	0,447	0,296	0,258	0,922	0,727
	N	49	47	50	51	50	52	56
How satisfied are you with the way the partnership is implementing its plans?	Correlation Coefficient		-0,117	-0,015	-0,079	-0,046	0,088	.348**
	Sig. (2-tailed)		0,454	0,919	0,569	0,752	0,532	0,008
	N	45	43	46	54	50	53	57
	Correlation Coefficient		-0,199	-0,179	-0,067	-0,091	0,085	0,230

Please choose the statement that best describes how well your partnership uses the partners' financial resources.	Sig. (2-tailed)		0,158	0,196	0,640	0,518	0,553	0,094
	N	54	52	54	51	53	51	54
Please choose the statement that best describes how well your partnership uses the partners' in-kind resources (eg.skills, expertise, information, data, connections, influence, space, equipment, goods).	Correlation Coefficient		-.355*	-0,035	0,141	0,052	-0,021	-0,090
	Sig. (2-tailed)		0,013	0,809	0,343	0,724	0,887	0,533
	N	50	48	50	47	49	47	50
Please choose the statement that best describes how well your partnership uses the partners' time.	Correlation Coefficient		-0,075	-0,139	0,049	-0,023	-0,082	0,006
	Sig. (2-tailed)		0,595	0,316	0,732	0,868	0,565	0,966
	N	54	52	54	51	53	51	54
Partnering may result in diversion of time and resources away from other priorities or obligations	Correlation Coefficient		-0,025	-0,032	0,046	-0,242	-0,025	-0,128
	Sig. (2-tailed)		0,866	0,821	0,683	0,052	0,830	0,246
	N	50	48	53	80	65	78	84
Partnering may result in insufficient influence in partnership activities	Correlation Coefficient		-0,170	-0,110	0,063	-0,060	-0,176	0,012
	Sig. (2-tailed)		0,239	0,430	0,576	0,637	0,123	0,910
	N	51	50	54	80	64	78	84
My organisation is viewed negatively by others because of its association with the current partner(s) or the partnership	Correlation Coefficient		-0,091	-0,106	0,110	-0,059	0,002	-.274*
	Sig. (2-tailed)		0,519	0,446	0,441	0,674	0,988	0,045
	N	54	52	54	51	53	51	54
Insufficient credit is given to my organisation by others because it is partnering	Correlation Coefficient		-0,180	0,069	.236*	-0,180	0,042	0,074
	Sig. (2-tailed)		0,202	0,611	0,030	0,142	0,709	0,493
	N	54	52	57	85	68	83	89
There is sometimes conflict between my organisation and the partnership	Correlation Coefficient		-0,162	-0,007	0,021	-0,001	-0,046	-0,014
	Sig. (2-tailed)		0,252	0,957	0,846	0,992	0,678	0,896
	N	54	52	57	85	68	83	89
Taking responsibility for the partnership	Correlation Coefficient		0,087	0,181	0,215	0,018	-0,118	0,022

	Sig. (2-tailed)		0,541	0,195	0,134	0,898	0,416	0,877
	N	53	52	53	50	52	50	53
Inspiring or motivating people involved in the partnership	Correlation Coefficient		-0,226	-0,082	0,016	0,120	-0,173	0,109
	Sig. (2-tailed)		0,127	0,573	0,915	0,418	0,244	0,458
	N	49	47	49	46	48	47	49
Empowering people involved in the partnership	Correlation Coefficient		0,155	-0,186	0,077	-0,064	0,097	-0,015
	Sig. (2-tailed)		0,272	0,183	0,597	0,650	0,503	0,917
	N	53	52	53	50	52	50	53
Communicating the vision of the partnership	Correlation Coefficient		-0,078	-0,160	0,231	-.299*	-0,016	0,009
	Sig. (2-tailed)		0,581	0,254	0,107	0,031	0,911	0,950
	N	53	52	53	50	52	50	53
Working to develop a common language within the partnership	Correlation Coefficient		0,213	-0,046	0,018	0,125	-0,001	-0,130
	Sig. (2-tailed)		0,133	0,742	0,901	0,376	0,996	0,355
	N	53	51	53	50	52	50	53
Fostering respect, trust, inclusiveness, and openness in the partnership	Correlation Coefficient		-.291*	-0,157	0,092	-0,203	0,179	-0,030
	Sig. (2-tailed)		0,036	0,263	0,527	0,150	0,214	0,832
	N	53	52	53	50	52	50	53
Creating an environment where differences of opinion can be voiced	Correlation Coefficient		-.308*	-.313*	-0,156	0,001	0,109	0,017
	Sig. (2-tailed)		0,028	0,023	0,280	0,993	0,452	0,902
	N	53	51	53	50	52	50	53
Resolving conflict among partners	Correlation Coefficient		-0,130	0,170	0,030	-0,004	-0,032	0,224
	Sig. (2-tailed)		0,362	0,223	0,833	0,979	0,823	0,107
	N	53	51	53	51	52	51	53
Combining the perspectives, resources, and skills of partners	Correlation Coefficient		0,096	-0,220	-0,027	0,060	0,070	0,010

	Sig. (2-tailed)		0,496	0,110	0,850	0,668	0,624	0,944
	N	54	52	54	51	53	51	54
Helping the partnership be creative and look at things differently	Correlation Coefficient		.326*	-0,154	0,052	-0,052	0,141	-0,158
	Sig. (2-tailed)		0,018	0,272	0,722	0,716	0,328	0,258
	N	53	52	53	50	52	50	53
Recruiting diverse people and organizations into the partnership	Correlation Coefficient		-0,049	-0,078	-0,104	0,005	0,142	0,029
	Sig. (2-tailed)		0,730	0,581	0,472	0,971	0,326	0,835
	N	53	52	53	50	52	50	53

Appendix XIX: The Pearson Chi-Square Tests: FRCs

		Province	District	Municipality	Type of organisation	How many years has your organisation been in operation?	How many people (volunteer/paid) work for your organisation?	Is your organisation currently involved in any form of partnering with PACs?
Has your organisation been in any form of partnering?	Chi-square							
	df							
	Sig.							
If yes, for how long has your organisation been partnering?	Chi-square	15,714	30,756	48,000		7,511	7,852	
	df	6	21	45		9	6	
	Sig.	.015*	0,078	0,352		0,584	0,249	
If yes, please specify when did this organisation start to partner?	Chi-square	13,507	34,222	64,000		25,524	5,989	
	df	8	28	60		12	8	
	Sig.	0,096	0,194	0,338		.013*	0,648	
Has your organisation been involved in any form of partnering in the past?	Chi-square	9,890	14,872	20,000		4,715	10,769	0,220
	df	2	8	19		3	2	1
	Sig.	.007*	0,062	0,395		0,194	.005*	0,639
If yes, for how long has your organisation been partnering in the past?	Chi-square	4,444	14,222	24,000		1,905	8,000	3,429
	df	3	9	21		3	3	3
	Sig.	0,217	0,115	0,293		0,592	.046*	0,33
How comfortable are you with the way decisions are made in the partnership?	Chi-square	9,905	32,917	60,000		11,094	5,625	
	df	8	24	56		12	8	
	Sig.	0,272	0,106	0,333		0,521	0,689	

How often do you espouse the decisions made by the partnership?	Chi-square	3,349	31,100	72,000		8,767	7,567	2,640
	df	8	28	68		12	8	4
	Sig.	0,911	0,313	0,347		0,723	0,477	0,62
How often do you feel that you have been left out of the decision making process?	Chi-square	3,578	27,571	54,000		5,202	9,429	2,229
	df	6	21	51		9	6	3
	Sig.	0,734	0,153	0,36		0,816	0,151	0,526
Partnering enhances organisation's ability to address important issues about customer service	Chi-square	17,190	34,833	57,000		8,814	13,722	3,332
	df	6	24	54		9	6	3
	Sig.	.009*	0,071	0,364		0,455	.033*	0,343
Partnering enhances development of new skills	Chi-square	2,087	22,985	38,000		8,080	1,794	4,710
	df	4	16	36		6	4	2
	Sig.	0,72	0,114	0,378		0,232	0,773	0,095
Partnering increases public profile of an organisation in partnership	Chi-square	11,154	19,792	57,000		10,328	5,806	2,454
	df	6	24	54		9	6	3
	Sig.	0,084	0,709	0,364		0,325	0,445	0,484
Partnering increases utilization of organisation's expertise and/or services	Chi-square	3,125	19,167	40,000		6,333	3,250	6,667
	df	4	16	38		6	4	2
	Sig.	0,537	0,26	0,381		0,387	0,517	.036*
Partnering encourages acquisition of useful knowledge about production, processing, and marketing of agricultural produce	Chi-square	5,005	33,433	63,000		5,736	3,650	16,275
	df	6	24	60		9	6	3
	Sig.	0,543	0,095	0,371		0,766	0,724	.001*
Partnering allows for enhanced ability to effect collaboration procedures	Chi-square	8,100	19,000	63,000		6,624	11,800	1,794
	df	6	24	60		9	6	3
	Sig.	0,231	0,752	0,371		0,676	0,067	0,616
Partnering allows for the development of valuable relationships between collaborating organisations	Chi-square	13,808	35,117	63,000		3,207	3,150	1,155
	df	6	24	60		9	6	3
	Sig.	.032*	0,067	0,371		0,956	0,79	0,764

Partnering allows for enhanced ability to meet the needs of the customers and the market in general	Chi-square	4,086	27,103	42,000		10,887	3,446	3,402
	df	4	16	40		6	4	2
	Sig.	0,395	.040*	0,384		0,092	0,486	0,182
Partnering allows for a partnering organisation to have a greater impact than it could have if it was operating on its own	Chi-square	7,050	24,000	42,000		5,327	9,600	3,675
	df	4	16	40		6	4	2
	Sig.	0,133	0,09	0,384		0,503	.048*	0,159
Partnering enable partnering organisations to make more contribution to the community	Chi-square	1,413	11,941	20,000		6,081	2,173	1,832
	df	2	8	19		3	2	1
	Sig.	0,493	0,154	0,395		0,108	0,337	0,176
Partnering facilitates acquisition of additional financial support	Chi-square	15,989	44,174	63,000		16,665	11,295	1,623
	df	6	24	60		9	6	3
	Sig.	.014*	.007*	0,371		0,054	0,08	0,654
How satisfied are you with the way the people and organizations in the partnership work together?	Chi-square	3,565	15,655	45,000		12,336	5,873	1,224
	df	6	21	42		9	3	3
	Sig.	0,735	0,789	0,347		0,195	0,118	0,747
How satisfied are you with your influence in the partnering process?	Chi-square	7,164	24,744	51,000		11,081	9,139	1,266
	df	6	24	48		9	6	3
	Sig.	0,306	0,42	0,357		0,27	0,166	0,737
How satisfied are you with your role in the partnership?	Chi-square	9,819	22,296	48,000		9,444	19,531	
	df	6	21	45		9	6	
	Sig.	0,132	0,383	0,352		0,397	.003*	
How satisfied are you with the partnership's plans for achieving its goals?	Chi-square	7,980	25,854	48,000		11,335	8,127	
	df	6	21	45		9	6	
	Sig.	0,24	0,212	0,352		0,253	0,229	
How satisfied are you with the way the partnership is implementing its plans?	Chi-square	5,325	28,690	60,000		9,848	3,929	6,384
	df	6	24	57		9	6	3
	Sig.	0,503	0,232	0,368		0,363	0,686	0,094

Please choose the statement that best describes how well your partnership uses the partners' financial resources.	Chi-square	7,425	17,778	32,000		6,267	5,541	
	df	4	14	30		6	4	
	Sig.	0,115	0,217	0,368		0,394	0,236	
Please choose the statement that best describes how well your partnership uses the partners' in-kind resources (eg.skills, expertise, information, data, connections, influence, space, equipment, goods).	Chi-square	9,567	27,810	64,000		19,429	5,503	
	df	8	28	60		12	8	
	Sig.	0,297	0,475	0,338		0,079	0,703	
Please choose the statement that best describes how well your partnership uses the partners' time.	Chi-square	2,329	8,254	32,000		11,032	0,079	
	df	4	14	30		6	2	
	Sig.	0,675	0,876	0,368		0,087	0,961	
Partnering may result in diversion of time and resources away from other priorities or obligations	Chi-square	3,985	28,795	63,000		21,995	4,105	2,333
	df	6	24	60		9	6	3
	Sig.	0,679	0,228	0,371		.009*	0,663	0,506
Partnering may result in insufficient influence in partnership activities	Chi-square	9,253	25,958	63,000		4,902	11,235	4,968
	df	6	24	60		9	6	3
	Sig.	0,16	0,355	0,371		0,843	0,081	0,174
My organisation is viewed negatively by others because of its association with the current partner(s) or the partnership	Chi-square	7,103	18,761	40,000		7,111	9,974	1,090
	df	4	16	38		6	4	2
	Sig.	0,131	0,281	0,381		0,311	.041*	0,58
Insufficient credit is given to my organisation by others because it is partnering	Chi-square	4,063	15,000	15,000		1,111	1,111	
	df	2	7	14		3	1	
	Sig.	0,131	.036*	0,378		0,774	0,292	
There is sometimes conflict between my organisation and the partnership	Chi-square	8,508	26,923	84,000		14,124	10,877	7,996
	df	8	32	80		12	8	4
	Sig.	0,386	0,721	0,358		0,293	0,209	0,092
Have any of your members received any training in partnering and/or partnering management?	Chi-square	14,538	24,837	42,000		5,571	6,219	2,766
	df	4	16	40		6	4	2
	Sig.	.006*	0,073	0,384		0,473	0,183	0,251

Taking responsibility for the partnership	Chi-square	8,334	36,313	84,000		16,264	7,875	16,406
	df	8	32	80		12	8	4
	Sig.	0,402	0,275	0,358		0,179	0,446	.003*
Inspiring or motivating people involved in the partnership	Chi-square	16,958	61,222	76,000		20,123	4,524	6,107
	df	8	32	72		12	8	4
	Sig.	.031*	.001*	0,351		0,065	0,807	0,191
Empowering people involved in the partnership	Chi-square	18,107	45,833	60,000		18,000	11,222	7,500
	df	6	24	57		9	6	3
	Sig.	.006*	.005*	0,368		.035*	0,082	0,058
Communicating the vision of the partnership	Chi-square	9,125	37,389	60,000		15,749	9,300	20,000
	df	6	24	57		9	3	3
	Sig.	0,167	.040*	0,368		0,072	.026*	.000*
Working to develop a common language within the partnership	Chi-square	13,273	64,667	84,000		13,598	8,440	13,125
	df	8	32	80		12	8	4
	Sig.	0,103	.001*	0,358		0,327	0,392	.011*
Fostering respect, trust, inclusiveness, and openness in the partnership	Chi-square	4,750	40,000	80,000		11,644	8,333	15,733
	df	8	32	76		12	8	4
	Sig.	0,784	0,157	0,355		0,475	0,402	.003*
Creating an environment where differences of opinion can be voiced	Chi-square	11,213	37,246	63,000		9,874	12,005	21,000
	df	6	24	60		9	6	3
	Sig.	0,082	.041*	0,371		0,361	0,062	.000*
Resolving conflict among partners	Chi-square	8,531	46,667	84,000		14,339	6,300	4,003
	df	8	32	80		12	8	4
	Sig.	0,383	.045*	0,358		0,28	0,614	0,406
Combining the perspectives, resources, and skills of partners	Chi-square	16,056	55,563	84,000		13,162	11,025	4,463
	df	8	32	80		12	8	4
	Sig.	.042*	.006*	0,358		0,357	0,2	0,347

Helping the partnership be creative and look at things differently	Chi-square	13,388	42,875	84,000		12,589	14,350	16,406
	df	8	32	80		12	8	4
	Sig.	0,099	0,095	0,358		0,4	0,073	.003*
Recruiting diverse people and organizations into the partnership	Chi-square	9,938	42,050	84,000		14,307	5,610	16,406
	df	8	32	80		12	8	4
	Sig.	0,269	0,11	0,358		0,282	0,691	.003*
What do you think are the principles that make a successful partnering?	Chi-square	16,429	49,714	135,000		18,539	4,000	7,875
	df	10	40	130		12	8	4
	Sig.	0,088	0,14	0,364		0,1	0,857	0,096
Do you have any other comments or suggestions about your project?	Chi-square	13,650	21,000	21,000		8,527	9,240	2,625
	df	2	8	20		3	2	1
	Sig.	.001*	.007*	0,397		.036*	.010*	0,105
If yes, please state comments or comments?	Chi-square	15,429	42,000	81,000		16,800	9,240	2,625
	df	6	24	78		9	6	3
	Sig.	.017*	.013*	0,386		0,052	0,161	0,453