



**THE IMPACT OF THE LOCAL GOVERNMENT SUPPORT ON THE
SUSTAINABILITY OF CO-OPERATIVES AND ITS ROLE ON
POVERTY ALLEVIATION IN THE ETHEKWINI MUNICIPAL REGION**

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September 2020

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DECLARATION 2: PUBLICATION

Katambwe, L. 2013. *Development in practice: a reader friendly manual for public and private development practitioners*. Germany: Lap Lambert Publishing.

Public Infrastructure: An Assessment of the Development Impact of Road Infrastructure A Case Study of the Mzinyathi Access Road in the Durban Municipal Region”, Development Studies, UKZND, 2008.

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ABSTRACT

It has been accepted that sustainable co-operatives create job opportunities and have become a source of income for many people worldwide. The concept and philosophy of co-operatives is deeply embedded in the traditional culture of many human societies, especially within African communities. There are many examples where individual members of communities work together in improving their socio-economic welfare and that of their communities.

In this context, the KwaZulu-Natal (KZN) Province has committed to promoting co-operatives through the establishment of a division that focuses on the establishment and promotion of co-operatives. The Department of Economic Development Tourism and Environmental Affairs (EDTEA) in KZN has put in place a Co-operative Development Programme which started from February 2005; and since then, the programme has attracted more than sixty thousand individuals, who constitutes approximately six thousand co-operatives.

Since 2001 the eThekweni Municipality developed a co-operative programme aimed at eradicating poverty by empowering people who were living below the poverty line to step into the mainstream of the economy. As a result, ninety six co-operatives were formed with an average of twenty members each, resulting in about 720 people being employed, thus enabling them to look after their respective families.

However, although the preceding cases have been successful in terms of facilitating the establishment of new co-operatives, there are some challenges that still need to be addressed. Unfortunately, the government investment in co-operatives and the substantial increase in the registration of co-operatives have not been accompanied by a related increase in the contribution of co-operatives to poverty alleviation and growth of the economy.

The rationale behind this research is to establish the impact of the local government support on the sustainability of co-operatives and its role in poverty alleviation in the eThekweni Municipality. The research aim is to understand the role of the local government's support on co-operatives' sustainability and its impact on poverty

alleviation in the eThekweni Municipality. Such an understanding will lead to the development of an inclusive and sustainable approach/model for supporting co-operatives in the eThekweni Municipality that will take local co-operatives into a sustainable growth path to alleviate poverty. In terms of the literature review, a theoretical outlook was formulated around the study with three chapters detailing the perspectives of co-operatives at the international, African, South African and eThekweni Municipality levels were presented. The rationale was tested in the form of questionnaires and interviews with key stakeholders involved in the support of co-operatives from the provincial to the municipal levels. A target sample was selected with co-operatives supported by the local government. The case study approach was utilised with the eThekweni Municipal Region having been selected as the study area, as it is one of the many local municipalities which have programmes aimed at supporting co-operatives in the country.

The major findings from the research may be gravitated towards the co-ordination of support, monitoring of the outcome and the overall approach used during the support.

Co-operatives in the eThekweni Municipality have been provided with both financial and non-financial support. However, the provision of support to co-operatives has been undertaken without a clearly set up mechanism for a regular assessment and review of their impact. The study also found that the financial support to co-operatives has resulted in increased economic activities in the eThekweni Municipality, such as an increase in business volume (production), employment opportunities, additional gross value added (GVA), and the generation of personal income for co-operative members.

However, co-operatives are still facing a number of challenges after being assisted and supported. Therefore, the government and other stakeholders will need to continue with the provision of support services to make them sustainable.

This study recommended the reduction of the promotional support; the increase of the aftercare support; the improvement of the holistic support through a fifteen-year co-operative support package with an exit strategy; the provision of the incubation support

for co-operatives; and the establishment of a co-operative sustainable and development model (CSDM).

TABLE OF CONTENTS

DECLARATION 1: PLAGIARISM	I
DECLARATION 2: PUBLICATION	II
ACKNOWLEDGEMENTS	III
ABSTRACT	IV
TABLE OF CONTENTS	V
LIST OF TABLES.....	VI
LIST OF FIGURES.....	VII
LIST OF PHOTOS.....	VIII
LIST OF ABBREVIATIONS	IX
CHAPTER 1: BACKGROUND TO THE STUDY	1
1.1 INTRODUCTION	1
1.2 PROBLEM STATEMENT.....	1
1.3 Aim and Objectives of the Study	3
1.3.1 The aim of the study.....	3
1.3.2 The Study Objectives	3
1.3.2.1 The main objectives.....	3
1.3.2.2 Supporting Objectives:	4
1.4 RATIONALE OF THE STUDY	4
1.5 RESEARCH METHODOLOGY	4
1.5.1 Targeted Population	5
1.5.2 Sampling Technique	6
1.5.3 Measuring Instrument	6
1.5.4 Theory Search.....	6
1.5.5 Data Analysis	7
1.5.5.1 The thematic coding	7
1.5.5.2 Input-Output Modelling	7
1.5.6 Research Themes.....	8
1.5.7 Delimitation of the Study	10
1.6 THESIS STRUCTURE	11

1.7 SUMMARY	13
CHAPTER 2: INTERNATIONAL PERSPECTIVES OF CO-OPERATIVES.....	15
2.1 INTRODUCTION	15
2.2 THE INTERNATIONAL EVOLUTION OF CO-OPERATIVES	16
2.2.1 Background	16
2.3 THE EVOLUTION OF CO-OPERATIVES IN AFRICA.....	20
2.3.1 Co-operatives in Pre-colonial Africa	20
2.3.2 Co-operatives in Colonial Africa	23
2.3.3 Co-operatives in Post-colonial Africa	26
2.3.4 Co-operatives in Liberal Economic System in Africa	30
2.4 INTERNATIONAL CO-OPERATIVE POLICIES	33
2.4.1 Public international co-operative law: Recommendation 193 of the International Labour Organisation 90th Session on 3 June 2002.....	33
2.4.2 Blueprint for a Co-operative Decade	34
2.4.3 India Multi State Co-operatives Societies Act No 39 of 2002	36
2.4.4 Kenyan Co-Operative Development Policy 2017	37
2.5 INTERNATIONAL SERVICE PROVIDERS AND SUPPORT	41
2.5.1 International services providers.....	41
2.5.2 International support	43
2.5.3 International success stories	49
2.5.3.1 Tenant takeovers of abandoned housing in New York	49
2.5.3.2 Dairy Co-operatives in Bangladesh	50
2.5.3.3 Italian Social Co-operatives	51
2.5.3.4 The National Co-operative Union of India.....	52
2.6 AFRICAN SERVICE PROVIDERS AND SUPPORT	54
2.6.1 African service providers	54
2.6.2 African co-operative support	55
2.6.3 African success stories	57
2.6.3.1 The Uganda Shoe-Shiners Industrial Co-operative Society.....	57
2.6.3.2 Kenya	58
2.7 SUMMARY	60
CHAPTER 3: CO-OPERATIVES WITHIN A SOUTH AFRICAN CONTEXT.....	62

3.1 INTRODUCTION	62
3.2 EVOLUTION OF CO-OPERATIVES IN SOUTH AFRICA.....	63
3.2.1 Background	63
3.2.2 The Co-operative Sector: 1922 – 1994	67
3.2.3 The Co-operative Sector: Period after 1995.....	71
3.3 SOUTH AFRICAN NATIONAL CO-OPERATIVE POLICIES.....	73
3.3.1 The Constitution of the Republic of South Africa Act 108 of 1996.....	73
3.3.2 The Co-operative Societies Act 91 of 1981	75
3.3.3 The Co-operatives Act 14 of 2005.....	76
3.3.4 Co-operative Banks Act No 40 of 2007	80
3.3.5 The National Co-operative Development Strategy 2004-2014.....	82
3.3.6 National Co-operative Development Strategy 2012-2022	86
3.3.7 The Co-operative Amendment Act No 06 of 2013.....	88
3.3.8 KZN Co-operative Development Strategy (2010).....	90
3.4 SOUTH AFRICAN NATIONAL SERVICE PROVIDERS AND SUPPORT	94
3.4.1 South African National Service Providers	94
3.4.2 South African National Support Services	95
3.4.3 South African Success Stories	96
3.4.3.1 Maletswai Waste & Recycling Co-operative	96
3.4.3.2 Sasekani Co-operative	97
3.4.3.3 Rule Slate and Tile Co-operative	99
3.4.3.4 Insimu Yami Agricultural Co-operative.....	100
3.5 KWAZULU-NATAL SERVICE PROVIDERS AND SUPPORT	101
3.5.1 KwaZulu-Natal Service Providers.....	101
3.5.1.1 The KZN EDTEA	101
3.5.1.2 Ithala Development Finance Corporation	102
3.5.2 KwaZulu-Natal Support Services	103
3.5.3 KwaZulu-Natal Success Stories	104
3.5.3.1 Thuthukamzizi Bakery Co-operative	104
3.5.3.2 Amaphikomsinga Primary Co-operative	105
3.6 SUMMARY	107
CHAPTER 4: CO-OPERATIVE IN LOCAL GOVERNMENT CONTEXT: ETHEKWINI MUNICIPALITY.....	110

4.1 INTRODUCTION	110
4.2 eTHEKWINI MUNICIPALITY OVERVIEW	111
4.2.1 Background	111
4.2.2 Poverty in eThekwini	113
4.3 EVOLUTION OF CO-OPERATIVE IN THE eTHEKWINI MUNICIPALITY	117
4.4 eTHEKWINI CO-OPERATIVE POLICY FRAMEWORK	118
4.4.1 The eThekwini Co-operative Development Strategy (2019).....	118
4.4.2 eThekwini Co-operative service providers and support.....	122
4.4.2.1 Business Support, Tourism and Market Unit	123
4.4.2.2 SED A-eThekwini	123
4.4.2.3 Other stakeholders within the eThekwini Municipality	124
4.4.3 eThekwini Success Stories	128
4.4.3.1 Bakers Creationz Co-operative.....	128
4.4.3.2 Celusiphate Vesankosi Primary Co-operative	129
4.4.3.3 Perfect Rock Co-operative.....	130
4.5 SUMMARY	132
CHAPTER 5: RESEARCH METHODOLOGY	133
5.1 INTRODUCTION	133
5.2 RESEARCH CONTEXT	133
5.3 RESEARCH METHODS.....	134
5.4 DATA COLLECTION	137
5.4.1 Sampling	137
5.4.2 Documentation or Secondary Sources.....	138
5.4.3 Structured face-to-face in-depth interview.....	140
5.4.3.1 Questionnaire completed by key stakeholders involved in the support of co-operatives	141
5.4.3.2 Structure and content questionnaire completed by key stakeholders involved in the support of co-operatives	143
5.4.4 The Survey Approach	143
5.4.4.1 Questionnaire completed by co-operative members	144
5.4.3.2 Structure and content of questionnaire completed by co-operative members	145
5.5 DATA ANALYSIS	145

5.5.1 Qualitative Analysis	146
5.5.2 Quantitative Analysis	147
5.5.2.1 Microsoft Excel 365 Analysis	147
5.5.2.2 Input-Output Analysis	147
5.6 LIMITATIONS	149
5.7 RELIABILITY AND VALIDITY	150
5.7.1 Sector Representation	150
5.7.2 Location Representation	151
5.8 ANONYMITY AND CONFIDENTIALITY	153
5.9 ETHICAL CONSIDERATIONS	153
5.10 SUMMARY	153
CHAPTER 6: FINDINGS AND DISCUSSIONS	156
6.1 INTRODUCTION	156
6.2 INSTITUTIONS FINDINGS' AND DISCUSSIONS	157
6.2.1 Services offered by departments/organisations to co-operatives	159
6.2.2 Types of support provided to co-operatives	161
6.2.3 Approach used to provide the support to co-operatives	165
6.2.4 Self rating of the level of the support provided to co-operatives	167
6.2.5 Status of the supported co-operatives	168
6.2.6 Socio-economic impacts of the sustainable co-operatives	171
6.2.7 Lack of support to co-operatives	173
6.3 CO-OPERATIVE MEMBERS' FINDINGS AND DISCUSSIONS	175
6.3.1 Motivation to start the co-operative	175
6.3.2 Duration of the business	175
6.3.3 Main activities/services provided by co-operative	175
6.3.4 Supports benefited from the government	175
6.3.5 Approach used by the government with the support	175
6.3.6 Satisfaction levels of the support received	175
6.3.7 Key institutions that provided the support	175
6.3.8 Current challenges faced by co-operative	175
6.3.9 The status of co-operative after receiving support	175
6.3.10 The status of co-operative in the absence of support	175

6.3.11 Tangible positive changes that happened to co-operative as a result of the support from the government	175
6.3.12 Analysing the positive changes and impacts.....	175
6.3.13 Economic impact assessment of the co-operatives	175
6.3.1 Motivation to start the co-operative	176
6.3.2 Duration of the business	177
6.3.3 Main activities/services provided by co-operatives.....	178
6.3.4 Support services from the government	179
6.3.5 Approach used by the government with the support	180
6.3.6 Satisfaction level of the support received.....	181
6.3.7 Key institutions that provide the support	182
6.3.8 Current challenges faced by co-operatives	184
6.3.9 The status of co-operatives after receiving supports.....	186
6.3.10 The status of co-op in the absence of support	188
6.3.11 Tangible positive changes that happened to co-operative as a result of the support from the government	190
6.3.12 Analysing the positive changes and impacts.....	190
6.3.12.1 Income Availability	190
6.3.12.2 Employment.....	191
6.3.12.3 Community Improvement.....	191
6.3.12.4 Human Peace, Stability and Security.....	192
6.3.12.5 Other impacts	193
6.3.13 eThekweni macro-economic impact	194
6.3.13.1 Economic Impact Results	194
6.3.13.2 Impact on General Business Sales.....	195
6.3.13.3 Impact on Employment and Job Creation.....	195
6.3.13.4 Impact on Gross value added.....	196
6.3.13.5 Impact on Incomes	196
6.4 SUMMARY	196
CHAPTER 7: CONCLUSIONS AND RECOMMENDATIONS	198
7.1 INTRODUCTION	198
7.2 SUMMARY OF THE STUDY	198
7.3 RECAPPING THE FINDINGS	201

7.3.1 Motivation to start the co-operative	201
7.3.2 Services offered / received.....	201
7.3.3 Types of support	201
7.3.4 Approaches used to provide support.....	202
7.3.5 Status of the supported co-operatives.....	203
7.3.6 Lack of support.....	203
7.3.7 Socio-economic impacts / poverty alleviation and development of the municipality	204
7.3.7.1 Economic impact	205
7.3.7.2 Impact on General Business Sales.....	205
7.3.7.3 Impact on Employment and Job Creation.....	206
7.3.7.4 Impact on Gross value added.....	206
7.3.7.5 Impact on Incomes	206
7.4 MAPPING THE FINDINGS TO THE OBJECTIVES AND THEMES OF THE STUDY	207
7.5 RECOMMENDATIONS	208
7.5.1 Reduce the promotional support	209
7.5.2 Increase the aftercare support	210
7.5.3 Improve the holistic support through a fifteen-year co-operative support package with an exit strategy	211
7.5.4 Incubation support for co-operatives	211
7.5.5 Establishment of co-operative sustainable and development model (CSDM)	215
7.5.5.1 Co-operative Establishment Phase: top-down and bottom-up approaches.....	215
7.5.5.2 Provision of support services.....	217
7.5.5.3 Monitoring and evaluation of the sustainability of the supported co- operatives.....	219
7.6 CONTRIBUTIONS TO NEW KNOWLEDGE	221
7.7 SUGGESTIONS FOR FUTURE RESEARCH.....	222
7.8 SUMMARY	223
BIBLIOGRAPHY.....	225
ANNEXURE 1: QUESTIONNAIRES	240

1. 1 QUESTIONNAIRES FOR INTERVIEW WITH CO-OPERATIVE STAKEHOLDERS.....	240
1.2 QUESTIONNAIRES FOR INTERVIEW WITH CO-OPERATIVE MEMBERS ...	244

LIST OF TABLES

Table 1: Targeted Stakeholders	5
Table 2: Co-operative Summary of Policy Framework	39
Table 3: International service providers.....	41
Table 4: Socio-Economic benefits of sustainable co-operatives	53
Table 5: Co-operative Summary of Policy Framework	91
Table 6: eThekweni Metropolitan Municipality Demographic Overview	111
Table 7: Co-operative Summary of Policy Framework	122
Table 8 Key eThekweni's co-operative service providers.....	124
Table 9: Co-operatives versus other businesses	126
Table 10: Co-operatives and their respective sectors	151
Table 11: Co-operatives and their respective regions	152
Table 12: Main themes and findings from stakeholders' interviews	158
Table 13: Support Services offered to co-operatives	159
Table 14: Rating Level of Support.....	167
Table 15: Main themes and findings from stakeholders' interviews	175
Table 16: Motivation to start Co-operative.....	176
Table 17 Main Activities and Services.....	178
Table 18: Support Services Received	179
Table 19: Stakeholders and Service Providers	183
Table 20: Current Challenges faced by Co-operatives.....	184
Table 21: Co-operatives' Sector Specific Challenges.....	184
Table 22: Impact of co-operatives' funding on production (in millions of Rands; 2017 prices)	194
Table 23: Mapping the Objectives of the study to the findings	207
Table 24: Support Programmes	218

LIST OF FIGURES

Figure 1: International co-operative Support Stakeholders _____	43
Figure 2: Co-operative Values _____	44
Figure 3: International co-operative Support Stakeholders _____	54
Figure 4: Vertical and Horizontal Expansions _____	80
Figure 5: Elements of the Theory of Change or Outcomes Approach _____	93
Figure 6: KZN Co-operative Programme Management _____	102
Figure 7: Types of Support used to provide services _____	162
Figure 8 Modes Used to provide services _____	163
Figure 9: Approaches used to reach co-operatives with support _____	165
Figure 10: Status of the sustainable co-operatives _____	169
Figure 11: Socio-Economic Impacts of sustainable co-operatives _____	172
Figure 12: Status of Co-operatives if not supported _____	174
Figure 13 Business Duration _____	177
Figure 14: Approaches used by co-operatives to access support _____	180
Figure 15: Satisfaction level of the support received _____	181
Figure 16: Most frequently cited support providers _____	182
Figure 17: The status of co-operatives after receiving government supports _____	187
Figure 18: The status of co-operatives in the absence of support _____	189
Figure 19: Tangible Impacts from the Support Received _____	190

LIST OF PHOTOS

Photo 1: Maletswai Waste and Recycling Co-operative	97
Photo 2: Sasekani Co-operative.....	98
Photo 3: Rule Slate and Tile Co-operative	99
Photo 4: Insimu Yami Agricultural Co-operative	100
Photo 5: Thuthukamzizi Bakery Co-operative Members	105
Photo 6: Amaphikomsinga Primary Co-operative Activities.....	107
Photo 7: Bakers Creationz Co-operative equipment and products.....	129
Photo 8: the Celusiphate Vesankosi Primary Co-operative working tools.....	130
Photo 9: Perfect Rock Co-operative Activities.....	131

LIST OF ABBREVIATIONS

ABBREVIATION	DESCRIPTION
ABC	Agricultural Business Chamber
ACCA	Alberta Community and Co-operative Association
AFRA-CA	African Rural and Agricultural Credit Association
BCCA	BC Co-operative Association
BCCM	Business Council of Co-operatives and Mutuals
BEE	Black Economic Empowerment
CBD	Central Business District
CCA	Canadian Co-operative Association
CCUL	Cape Credit Union League
CDCs	Co-operative development centres
CDP	Co-operative Development Programme
CIDA	Canadian International Development Agency
CIDB	Construction Industry Development Board
CIPC	Companies and Intellectual Property Commission
CMC	Co-operatives and Mutuals Canada
COPAC	Committee for the Promotion and Advancement of Co-operatives
CQCM	Conseil québécois de la coopération et de la mutualité
CSI	Corporate Social Investment
CSIR	Council for Scientific and Industrial Research
DANIDA	Danish International Development Agency
DBSA	Development Bank of Southern Africa
DTI	Department of Trade and Industry
EACB	European Association of Co-operative Banks
FAO	Food and Agriculture Organisation
FET	Further Education and Training
GDP	Gross Domestic Product
GDS	Growth and Development Strategy
GGP	Gross Geographic Product
GVA	Gross value-added

ICA-AP	International Co-operative Alliance Asia-Pacific
IDC	Industrial Development Corporation
IFAD	International Fund for Agricultural Development
ILO	International Labour Organisation
ISO	International Organisation for Standardisation
IT	Information Technology
KZN DRDLR	KwaZulu-Natal Department of Rural Development and Land Reform
KZN EDTEA	KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs
KZN SBGE	KwaZulu-Natal Small Business Growth Enterprise
LED	Local Economic Development
MOCD&M	Kenyan Ministry of Co-operative Development and Marketing
NAFU	National African Farmers Union
NARYSEC	National Rural Youth Service Corps
NCASA	National Co-operative Association of South Africa
NCR	Nationale Coöperatieve Raad
NCUI	National Co-operative Union of India
NEF	National Empowerment Fund
NGO	Non-Governmental Organisation
NRECA	National Rural Electric Co-operative Association
NUM	National Union of Mineworkers
NUMSA	Union of Metalworkers of South Africa
NYDA	National Youth Development Agency
PIC	Public Investment Corporation
REID	Rural Enterprise and Industrial Development
SABS	South African Bureau of Standards
SACCOL	Savings and Credit Co-operative League
SALGA	South African Local Government Association
SANACO	South African National Apex Co-operative
SAQI	South African Quality Institute
SAWA	South African Women's Association
SAWCO	Sarmcol Workers Co-operative

SBDD	Small Business Development Department
SEDA	Small Enterprise Development Agency
SETA	Skills Education Training Authorities
SMMEs	Small Medium and Micro Enterprises
TBDC	Thekwini Business Development Centre
TETA	Transport Education Training Authority
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organisation

CHAPTER 1: BACKGROUND TO THE STUDY

1.1 INTRODUCTION

Co-operatives can operate like other businesses, but the core foundation of this type of business lies in the fact that co-operatives have to meet the common needs of their members and communities. This becomes one of the main differences between co-operatives and other types of businesses which exist to generate profit for shareholders. Therefore, the sustainability of co-operatives is crucial as they form part of a process of empowering the marginalised and previously disadvantaged groups of individuals; and assist in poverty alleviation and the creation of employment in municipalities.

Therefore, this thesis seeks to establish the impact of local government support on the sustainability of co-operatives, and its role on poverty alleviation in the eThekweni Municipal Region. In other words, the study undertakes an empirical analysis to gain insight into the impact of the local government support in transforming the lives of people through the sustainability of co-operatives.

1.2 PROBLEM STATEMENT

Sustainable co-operatives create job opportunities and have become a source of income for many people worldwide (100 million people), as depicted by the following examples: in Bolivia, around 9.2% of the economical working population, directly or indirectly work in co-operatives (534,000 jobs); in Kenya, many people (63%) live directly or indirectly from co-operative related work; in the European continent, 5.4 million jobs have been generated by co-operatives from a variety of sectors; while 3.5% of the economically active population in France is employed by co-operatives. This represents around one million people, and two million jobs have been generated in the United States by co-operative businesses (Hertig 2012:2).

The sustainable co-operatives address the needs of members in a long-term manner to make them economically stable and resilient. Since co-operatives are in quest of long-term economic gains, their focus is on the improvement of their services, the building of long-term values as well as the sustainability of their projects for the benefit

of their members. It is from such values and principles of co-operatives that large numbers of households and community members have been prevented from sliding back into a poverty cycle (Hertig 2012:4).

Additionally, Hertig (2012:7) says that co-operatives are more successful in countries that strongly adhere to human rights and freedom of association, and being people-centred movements, they respect and actively promote these universal values which help in the realisation of co-operatives' members shared goals. They also play the role of civil society organisations by being the voice of communities and representing the interests of individuals and local groups.

In this context, the KwaZulu-Natal province has committed to promoting co-operatives through the establishment of a division that focuses on the development and promotion of co-operatives. Furthermore, all provincial districts have offices dedicated to the support and promotion of co-operatives. This demonstrates how governmental support is among the important prerequisites for the success and sustainability of co-operatives (DTI 2012:35).

Secondly, a study by Katambwe (2013:77) indicates that the Department of Economic Development Tourism and Environmental Affairs (EDTEA) in KZN has put in place a Co-operative Development Programme which started in February 2005; and since then, the programme has attracted more than sixty thousand individuals, who constitute approximately six thousand co-operatives. From the inception of this programme, EDTEA used an inclusive approach to integrate the available capacity, skills, infrastructure from other line departments and public entities including the Department of Education through Further Education and Training (FET) Colleges and the Ithala Development Finance Corporation.

Thirdly, the local government in the eThekweni Municipality developed a co-operative programme in 2001 aimed at eradicating poverty by empowering people who were living below the poverty line to step into the mainstream economy. As a result, ninety-six co-operatives were formed with an average of twenty members each resulting in about 720 people employed, thus enabling them to look after their respective families (eThekweni Co-op Strategy 2015:4).

However, although the KZN example has been successful in terms of facilitating the establishment of new co-operatives, there are some challenges that still need to be addressed (DTI 2012:35). Such challenges stem from the mobilisation of co-operatives using the top-down approach which has led to the establishment of many premature co-operatives that are not yet ready for the business (eThekweni BSMTU 2019:56). This suggests that the local government support to date has not realised the expected results to create sustainable and self-reliant co-operatives.

In this regard, it has been stated that while there has been government investment in co-operatives and a substantial increase in the registration of co-operatives, this has not been accompanied by a related increase in the contribution of co-operatives to the growth of the economy. In other words, although co-operatives' registration has boomed, their mortality rate remains very high and their value contribution to the South African economy remains minimal at best (Ndumo 2019:41).

Therefore, the eThekweni Municipal local government must ensure that support services provided to co-operatives have to bear positive fruit, making co-operatives self-reliant to grow the economy and alleviate poverty.

1.3 Aim and Objectives of the Study

1.3.1 The aim of the study

The research aim is to understand the role of local government support on the sustainability of co-operatives as well as the impact of sustainable co-operatives on poverty alleviation in the eThekweni Municipality. This will assist in understanding the type and size of supports the eThekweni Municipality is currently providing to local co-operatives and whether that support has an impact on the sustainability of co-operatives and in changing lives of people in the municipality.

1.3.2 The Study Objectives

1.3.2.1 The main objectives

The main study objectives are:

- to establish the impact of local government support and interventions, such as the financial and non-financial support on the sustainability of co-operatives;

and

- to establish the importance of sustainable co-operatives in alleviating poverty.

1.3.2.2 Supporting Objectives:

The supporting objectives include the following:

- to establish the types and size of the support provided to co-operatives by the local government;
- to assess whether the support from the local government is adequate; and
- to identify the socio-economic consequences that may arise if co-operatives are not sustainable.

1.4 RATIONALE OF THE STUDY

It is imperative to indicate that the current co-operatives' value chain in the eThekweni Municipality provides several valuable services to co-operatives, including access to finance, training and capacity building, and access to markets. However, such services run a risk of being wasted as long as co-operatives are not sustainable.

In this regard, this research is needed to understand the co-operatives' value chain and processes in eThekweni, to discover possible challenges faced by stakeholders within the value chain and suggest efficient recommendations that address all shortcomings, and to improve the processes and systems that should lead to sustainable co-operatives.

Additionally, this study is needed to assist government and other stakeholders to make an informed choice on the approach to use when promoting and establishing co-operatives to alleviate poverty.

1.5 RESEARCH METHODOLOGY

This study that explores and describes the impact of local government support on the sustainability of co-operatives was grounded on the use of the mixed methods approach. The qualitative approach in this study led to a more nuanced and comprehensive understanding as to whether local government support to co-operatives has an impact on their sustainability. It proved to be constructive as it

assisted to collect a considerable amount of data during the interview process which contributed to the findings and recommendations of this study. Numerical figures to understand local government support and its role on poverty alleviation in the eThekweni Municipality collected from the survey were analysed quantitatively through a Microsoft Excel 365.

Additionally, this research employed a “case study approach”. The eThekweni Municipal Region was selected as the study area as it is one of many local municipalities which has programmes aimed at supporting co-operatives in the country.

1.5.1 Targeted Population

In establishing the impact of local government support on the sustainability of co-operatives, information was collected from a population that included the following stakeholders as per table 1:

Table 1: Targeted Stakeholders

No	Levels	Departments
1	Province	<ul style="list-style-type: none"> • KwaZulu-Natal Department of Economic Development Tourism and Environmental Affairs (KZN EDTEA) co-operative development unit manager • KwaZulu-Natal Department of Rural Development and Land Reform (KZN DRDLR) provincial co-operative manager • KwaZulu-Natal Department of Rural Development and Land Reform (KZN DRDLR) co-operative district coordinators
2	Municipality	<ul style="list-style-type: none"> • The eThekweni Business Support, Market and Tourism Unit • Ithala Development Finance Corporation, Co-operative Unit • Small Enterprise Development Agency (SEDA)

No	Levels	Departments
		eThekwini Co-operative Manager
3	Others / Private sector	<ul style="list-style-type: none"> Stakeholders involved in the support and development of co-operatives including local economic development (LED) managers, and private consultants and development economists.
4	Co-operatives	<ul style="list-style-type: none"> Members from 134 co-operatives from the eThekwini Municipal Region.

Source: Table generated by the researcher (2019)

1.5.2 Sampling Technique

The number of co-operatives that have been supported by the local government in the eThekwini Municipal region stands at 134 co-operatives, and the co-operatives surveyed, in this study, were randomly selected from that database. A sample size of 100% was sought and 90.3% return rate was achieved meaning that 121 co-operatives were surveyed out of 134.

1.5.3 Measuring Instrument

To collect the information required for this research, mixed methods was supported by the following:

- Secondary sources:
 - Documentary analysis; and
 - Internet sources;
- In-depth interviews with key stakeholders in the field of co-operatives; and
- Survey approach with co-operatives.

1.5.4 Theory Search

The collection of the data involved primary and secondary sources. The study commenced with a thorough review of the literature relevant to this study. The literature review provided the necessary literary knowledge to enable identification of the theories as well as the generally accepted principles that underpin the concept of co-operatives.

The data collection methods adopted during the course of the study included reviewing both empirical and non-empirical studies to extract relevant information. Useful sources of information proved to be a number of South African government reports and policy documents; co-operative strategies and plans, articles in scholarly journals; books; unpublished theses, and data available on various internet websites, such as the International Co-operative Alliance, the Department of Trade and Industry, and Department of Agriculture, Forestry and Fisheries, and the Companies and Intellectual Property Commission (CIPC).

1.5.5 Data Analysis

1.5.5.1 The thematic coding

The thematic coding was undertaken to analyse the data collected qualitatively through the in-depth face-to-face interviews. Several steps were undertaken in this thematic analysis, including the following:

- Transcribing the conversations from some direct quotes or common ideas;
- Developing patterns of experiences;
- Identifying information related to the existing and classified patterns;
- Combining all patterns into sub-themes; and
- Building effective cases from the themes.

With regard to the quantitative data collected through surveys, first, data were tabulated on MS Excel and analysed through the pivot tables.

1.5.5.2 Input-Output Modelling

The economic modelling through the input-output model was used to establish the macro-economic impact of the support in the eThekweni Municipality. It should be noted that the input-output model determined the direct economic impact, indirect economic impact as well as the induced economic impact of the support on the eThekweni Municipal economy.

1.5.5.2.1 Direct Economic Impact

These types of impacts are those changes that occur to local business activity as a direct result of the provision of funding to co-operatives. An example of such an impact

is the establishment of a new co-operative which was made possible by the provision of funding to purchase needed equipment (an exogenous shock). Following the establishment of the co-operative, the members employ two new staff members to work and manage the co-operative on a day-to-day basis. The direct impact of this exogenous shock would be the two employment opportunities that were created as well as the income that will be earned by these new employees.

1.5.5.2.2 Indirect Economic Impact

Indirect economic impacts are those changes that occur as a result of a direct economic impact. For example, this new co-operative requires additional inputs from local businesses to supply it with the necessary consumables. This will result in an increase in demand for these products from local suppliers which will lead to a corresponding increase in these suppliers' sales. This may encourage local suppliers to employ additional staff, resulting in further employment opportunities in the local economy and, subsequently, an increase in these employees' incomes.

1.5.5.2.3 Induced Economic Impact

Induced economic impacts are those changes that result from both a direct and an indirect economic impact. An example of this would be that the new employees of the co-operative and/or their suppliers will now have additional disposable income available to spend on household goods and services. This additional income would cause a corresponding increase in the demand for consumer commodities and lead to a further expansion in the local economy.

After both thematic coding and input-output model analysis, all results were integrated into the report during the interpretation stage.

1.5.6 Research Themes

The dominant themes that are discussed in this study include the following:

Local Government Support: There are three spheres of government in South Africa as per the Constitution of the Republic of South Africa Act 108 of 1996. These include national government, provincial government and local government. Local government is one of the spheres of government which is close to the people and responsible for

the delivery of services and support (South Africa, the Presidency 1996a:21).

Poverty Alleviation: is about releasing the community of the poor from the poverty trap so that they can take responsibility of their own destiny, in other words, to relieve the impact of poverty and to assist people to escape the cycle of poverty and indigence (Alkire 2010:24). In this regard, it is necessary that, when considering the impact that the support provided by the government has had on co-operatives, a multi-dimensional approach is adopted. This multi-dimensional approach seeks to reflect the contribution of co-operatives towards both economic production and social goals, as well as quantify their ability to improve the quality of life of their members and the community at large.

Co-operative Sustainability: is about co-operatives becoming self-reliant and self-sufficient to provide a variety of services to their members as well as to communities at large that suffer from the lack of them. Beyond providing employment and skills development opportunities for its members, sustainable co-operatives serve a broader role in the economic development of an area. As observed by Foster (2013), co-operatives are vehicles for economic and social development due to their strong multiplier effects as well as their ability to effectively retain income within a local community.

Co-operative: co-operation is derived from the Latin word 'co-opari'. Co means 'with' and opari means 'to work'. Hence co-operation means working together with others for a common purpose (Ndumo 2019:30). Co-operatives are frequently framed on standards of self-improvement, majority rule government, self-duty, correspondence and solidarity. Partisanship is accessible to anyone who fulfils unprejudiced membership requirements, even though many co-operatives are based on common goals or sector-specific interests. In joining a co-operative, one needs to either donate resources or purchase shares, which accords the new member the right to vote and determine the management of the co-operative. As any formal institution of this nature, they are democratically structured and follow the democratic principle of one-member, one-vote. The co-operative invests its consolidated resources, governed by the will of the majority of shareholders, and then returns earnings to its members and to the co-operative reserves for future investments (International Co-operative Alliance 1995).

Co-operatives are unique in relation to different organisations and are described in the Co-operatives Act, No. 6 of 2013:4 as follows:

“A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise organised and operated on co-operative principles”.

1.5.7 Delimitation of the Study

The scope of the study is delineated or restricted to the eThekweni Municipal Region in the KZN Province. As presented in map 1, the province comprises of ten district municipalities namely iLembe, Amajuba, Ugu, Harry Gwala, uMkhanyakude, uThukela, uMzinyathi, King Cetshwayo, Zululand, uMgungundlovu and one metropolitan municipality, eThekweni.

Map 1: eThekweni in KwaZulu-Natal Context



Source: eThekweni LED Unit (2018)

1.6 THESIS STRUCTURE

The thesis is divided into seven chapters. The chapters are organised as follows:

CHAPTER 1: BACKGROUND TO THE STUDY

The first chapter introduces the study and outlines the research problem, its rationale and objectives. The methodology and the demarcation or delineation of the study are also discussed in this chapter. Key themes of the study, including local government, co-operative sustainability and poverty alleviation were highlighted in this chapter.

CHAPTER 2: INTERNATIONAL PERSPECTIVES OF CO-OPERATIVE

The second chapter starts the literature review of the research and describes the international perspectives of co-operatives. It presents a historical narrative of the origins of co-operatives and explains how conditions, such as poverty, unemployment and exploitation motivated the emergence of collaborative initiatives, such as co-operatives at the international level. In this chapter, specific reference is made to the international policy framework and service providers in support of co-operatives.

CHAPTER 3: CO-OPERATIVE WITHIN A SOUTH AFRICAN CONTEXT

Chapter three is the continuation of the literature review and presents the perspectives of co-operatives in South Africa. The chapter highlights the evolution of co-operatives in South Africa during two distinct eras: the first era predates the democratic dispensation and the second started with democratic South Africa at the end of the apartheid regime in 1994. In both eras, the role of local government in supporting co-operatives is under scrutiny as well as the impact of sustainable co-operatives on poverty alleviation.

CHAPTER 4: CO-OPERATIVES IN LOCAL GOVERNMENT: ETHEKWINI MUNICIPALITY

The fourth chapter concludes the literature review and outlines the perspectives of co-operatives in the eThekweni Municipality. The overview of the eThekweni Municipality is presented, including the municipal level of poverty. The role of the eThekweni Municipality in the support of co-operatives, as a local government, is highlighted in this chapter. The impact of the support of the eThekweni Municipality on poverty alleviation and economic growth is presented in this chapter by highlighting the best-case examples of co-operatives that have changed the lives of their members for the better.

CHAPTER 5: RESEARCH METHODOLOGY

Chapter five presents the methodology and techniques employed in the collection of information. An account of the qualitative and quantitative methods used in the study are described. It also discusses research design, the study target population, the sampling technique, reliability and validity of research instruments and data collection procedures.

CHAPTER 6: FINDINGS AND DISCUSSIONS

The sixth chapter presents, discusses and analyses the findings from the information collected, during the study, from co-operatives and departments located within the eThekweni Municipality. The chapter considers the findings from the empirical component of the research alongside the theoretical premises raised in the literature review chapters. Discussions in this chapter are focussed on the main themes of the study, including the role of local government, sustainability of co-operatives and the poverty alleviation.

CHAPTER 7: CONCLUSIONS AND RECOMMENDATIONS

The seventh chapter brings this study to its closure with conclusions, which are drawn based on the findings from the study. Based on the interpretations of the results, this chapter offers a set of recommendations pertaining to the improvement of the role of local government in the support of co-operatives; it defines the required support for the eThekweni Municipality to make co-operatives sustainable to alleviate poverty.

1.7 SUMMARY

This chapter has provided an outline for the study by introducing the impact of the local government support on the sustainability of co-operatives, and its role on poverty alleviation in the eThekweni Municipal Region. Co-operatives can operate like other businesses; however, the core foundation of this type of business lies in the fact that co-operatives have to meet the common needs of their members and communities. This is one of the main differences between co-operatives and other types of

businesses which exist to generate profit for shareholders. By meeting the needs of members and communities in eThekweni, co-operatives are a process of empowering and uplifting the marginalised and previously disadvantaged groups of individuals in this municipality. The following chapter will provide a detailed overview of the literature review of the study.

CHAPTER 2: INTERNATIONAL PERSPECTIVES OF CO-OPERATIVES

2.1 INTRODUCTION

This chapter is the beginning of the literature review related to the study and it presents the perspectives of co-operatives at the international level. The chapter has the following objectives:

- to locate the local government and its role on the development, support and initiation of co-operatives at the international level;
- to understand and analyse the relationships between co-operatives and poverty alleviation;
- to provide the policy and legislative basis for the development, support and sustainability of co-operatives through local government; and
- to provide a theoretical framework related to local government's role in co-operatives and the resultant impact on poverty alleviation.

By achieving the preceding objectives, there is an integration and synthesis of what has been investigated in the area of the impact of local government support on co-operatives and the importance of sustainable co-operatives on poverty alleviation. This helps to connect the scope of the study with the acquired knowledge. It also demonstrates competence in information sourcing, presents the knowledge of the subject area and highlights a deeper insight into the problem to justify the research design and methodology (Hart 2008).

Further, by achieving those objectives, the current study will be placed in the context of relevant studies that have been conducted in terms of local government support on co-operatives' sustainability and poverty alleviation. This context also allows comparisons to be drawn while providing a framework for further research to be undertaken (Blaxter 1996)

Apart from the introduction and the concluding summary, the chapter comprises of the following five sections:

- > the second section presents the evolution of co-operatives at the international

level;

- > the third section presents the evolution of co-operatives in Africa;
- > the fourth section presents the international co-operative policy framework;
- > the fifth section presents the international co-operative stakeholders and support;
- and
- > the sixth section presents the African co-operative stakeholders and support.

The final section of this chapter is the conclusion.

2.2 THE INTERNATIONAL EVOLUTION OF CO-OPERATIVES

The section provides the international historical context and insight into the evolution of co-operatives. It shows how past practices shaped the current nature and operations of co-operatives.

2.2.1 Background

A review of the history of organised co-operatives presents a picture of efforts and attempts that had been made in the formation of co-operative societies. Such notable efforts were made by the Shore Porters Society, founded in Aberdeen in 1498, and the Fenwick Weavers Society, founded in Scotland in 1761 (Mazzarol 2009). The most important turning point in the history of the co-operatives was the Rochdale Society of Fair Pioneers (now the Rochdale Society), which was established in 1844. It is often regarded as the starting point for today's co-operatives (Mazzarol 2009; Satgar 2011; Towsey 2010). During the industrial revolution in England, the Rochdale Society came into being (Mazzarol 2009; Satgar 2007a).

The emergence of modern co-operatives at this historical moment has been seen as a response to the unkind socio-economic conditions caused by the industrial revolution's imperatives (Okem 2016). The industrial revolution brought about the mechanisation of production, which was accompanied by the loss of jobs by both skilled artisans and unskilled labourers. Moreover, the capital concentration in the hands of a few industrialists was the reason behind many of the small-scale farmers and artisans turning into paupers (Jarka et al. 2003; Tchami 2007). There were no organisations for these people to oppose the exploitation of the capitalist system. These factors constituted, among others, the “macro level factors” which precipitated

the “wide-spread proletarianization in Europe during the 19th and early 20th century” in both rural and urban areas (Okem 2016).

It has been argued that in this context co-operatives have emerged as a collective response from the poor to adapt and mitigate the negative impact of the industrial revolution (International Co-operative Alliance 2010). In this respect, it is clear that the disadvantaged position of small-scale producers and the loss of jobs by factory workers were key factors that stirred the establishment of co-operatives. According to the Co-operative Development Institute (2011), the co-operative has been seen as the only viable way of protecting the collective interests of the poor and vulnerable. Likewise, Jarka et al. (2003) state that, as a “counter-reaction to capitalistic exploitation”, co-operatives brought together underprivileged farmers who pooled together their resources. This was their way of having a bargaining power. In this context, De Peuter and Dyer-Witthof (2010) observe that, in the late 19th century, co-operatives emerged as an opposition to the capitalist exploitative system (Okem 2016).

Further, the ideas advancing the ideals of co-operative societies are credited to Robert Owen whose seminal works were central in the advancement of the co-operative movement (Ajayi 2012; Satgar 2007a). His thinking was informed by his desire to create a utopian society based on equality (Mazzarol 2009). This ideological point of view enabled the rapid development of the co-operative movement in Europe in the 19th century. The Rochdale Society, which began with the operation of small consumer shops where members purchased basic supplies, such as flour and sugar, extended to other sectors, such as housing and finance (Zeuli and Cropp 2004). Since their emergence, co-operatives have greatly improved the lives of their members through uplifting their socio-economic status (Okem 2016:16).

As presented above, co-operatives emerged in this era, not by any support from the local government; which is seen in many places as one of the spheres of government which is close to the people and responsible for the delivery of services and support. The industrial revolution was the main catalyst in the emergence of co-operatives because, in trying to respond to the severe socio-economic environment that was prompted by the negative impact of the industrial revolution, which resulted in people

forming co-operatives. Worth noting here is that the bottom-up approach was the model used to establish co-operatives in this period where decision-making and process to form co-operatives originated from co-operative members themselves.

It was during the industrial revolution that mechanisation became a trend in different sectors and resulted in the loss of employment for both skilled craftsmen and unqualified workers. This prompted the amalgamation of capital in the hands of a couple of industrialists leading to the pauperisation of small-scale planters and artisans or craftsmen who were not able to cope in the industrial phase. Additionally, this led as well to the “wide-spread proletarianization in Europe during the 19th and early 20th century” both in rural and urban areas. From this perspective, people were in constant search for alternatives to those brutalising and super-exploitative conditions of industrial capitalism.

Therefore, co-operatives developed as an aggregate reaction by poor people and disadvantaged peasants to adapt and lessen the adverse effects of the industrial revolution. Co-operatives became a poverty alleviation method that could protect and address the collective needs and interests of the poor and the vulnerable and release them from the poverty trap so that they can take responsibility of their own destiny.

In this regard, it should be noted that one of the underlying theories that accompanied the formation of co-operatives in this era was that of “collective action”. The view of co-operatives as a form of collective action is informed by the notion of co-operation as a human attribute. Zeuli et al. (2004:3) describe collective action “as the coordinated behaviour of groups toward a common interest or purpose”. Collective action in this view is a planned action among groups of individuals or organisations. Such actions are geared towards the attainment of a common goal. Shared interests that elicit collective action are often beyond the control of any one individual in achieving them.

According to Ostrom (2002), human history is punctuated by various attempts aimed at resolving communal challenges through collective efforts. Similarly, Dick et al. (2004) note that there is historical evidence showing that people of ancient Greece, Egypt, Africa and America exhibited various forms of co-operative behaviour before

even the emergence of the current form of co-operatives. The work of scholars, such as Hill, Walker and Božičević (2012) and Mathew and Boyd (2011) demonstrate that collective activities were quintessential for the success of primitive hunter-gatherer societies and early agricultural activities.

The review of co-operatives as a form of collective action highlights two important arguments. Firstly, co-operatives are formed by members, primarily to address their needs and aspirations through collective action. This view is directly linked to the International Co-operative Association's (ICA) definition that sees a co-operative as an organisation formed to address members' financial, social and community needs (Mazzarol 2009:6).

The second argument derived from the review of co-operatives as a form of collective action is that, while collective action has potential benefits, there are several factors that could affect its success. One such factor is group composition. Group demographics, such as sexual orientation, age, level of education and size of the group, directly affect the collective activity's success. In addition, previous experiences of co-operation determine the success/failure of collective action because individuals that previously engaged in collective activities have relevant experiences and expertise about its dynamics. These individuals bring their experiences to subsequent collective actions, thus creating conditions for success (Zeuli et al. 2004:3).

Further, while forming co-operatives to alleviate poverty and fight capitalism, co-operatives fought for their sustainability so as to continually provide a variety of services to their members as well as to communities at large, including access to various commodities and services. It should be noted that one of the universal roles of co-operatives is to provide security to its members. Security here means taking measures to reduce the defencelessness of the poor and destitute to dangers. Natural risks, such as flash floods, desertification or earthquakes, epidemic health risks, physical injuries or the implications of advanced age, social potential risks from crime, domestic violence, civil unrest or war, political risks from riots and military coups, and environmental concerns from pollution or deforestation are present. They can happen at a small or large scale levels, influencing people, towns or whole nations (Birchall 2003).

Additionally, it should be noted that one of the main values of co-operatives is equity, and co-operatives, as highlighted by Robert Owen (Ajayi 2012; Satgar 2007a) above, emerged as a desire to create a society based on equity. In this regard, co-operatives relate to how their members are considered and treated. They are altogether treated similarly regarding how they are compensated for their partaking in a co-operative. This is done by paying dividends, allocating reserves of capital in their name or reducing additional charges (International Co-operative Alliance 2003).

2.3 THE EVOLUTION OF CO-OPERATIVES IN AFRICA

In Africa, the co-operative movement has seen an evolution over the years. This development can be placed in four historical periods: pre-colonial Africa; colonial Africa; post-colonial Africa; and the liberal capitalist era as described below (Okem 2016:17).

2.3.1 Co-operatives in Pre-colonial Africa

The first era of co-operatives corresponds with pre-colonial Africa. During this period, self-help was the focus of co-operatives. In pre-colonial Africa, the attainment of shared goals was at the forefront of communal activities in recognition of the interdependence of people in society. The idea of ubuntu in African societies is expressed in Mbiti's maxim "I am because we are. And since we are, therefore, I am" (Mbiti 1969:14). This maxim implies that co-operation is an inevitable reality in African societies since everyone sees and realises him/herself through others. Seen from this angle, co-operation could be construed as a necessary component of African life. Through co-operation, members of pre-colonial African societies shared scarce resources and were able to cater for some of their needs through shared efforts and resources. This concept, although divergent from co-operatives according to the definition, is based on similar principles and values (Okem 2016:17).

In pre-colonial Africa, co-operatives undertook many forms. These included collective farm management as well as pasture fields. In Africa today, certain elements of pre-colonial forms of co-operatives are still evident and manifest themselves in various forms of communal and collective activities. Some examples of such traditional

practices were noted by Braverman et al. (1991:12), including:

rotating savings and credit associations (also known as “tontines” or “esusu” in West Africa) that include an element of mutual social assistance in addition to the savings and credit aspect; burial societies, which can be considered as a form of micro-insurance; and mutual work-sharing schemes for large, labour-intensive ventures such as house construction, land clearing or crop harvesting.

Notwithstanding the prevalence of co-operatives which was introduced by the colonial powers in Africa, co-operatives with traits of pre-colonial forms still exist. A remnant of pre-colonial forms of co-operatives, such as a traditional saving practice known as otataje (a collective local saving society) and collective farming practices called oluma, can be found among the Idoma people of central Nigeria (Okem 2016:18). Oluma is a practice by which an organised group of people, such as people from similar clans or age spend hours in each other's farms to work (Okem 2016:36).

This practice has assisted farmers to possess and manage large farms beyond what they could own and manage individually. In addition to working together on farms, the concept of Oluma also offers various forms of social assistance for its members in the ebbs and flows of life, like childbearing, support of the sick or loss of a loved one. In this way, Oluma plans to achieve its members' socio-economic needs. This displays its close practical resemblance in strengths, values and principles to those of co-operatives that are formally recognised (Okem 2016:18).

The emergence of co-operatives in pre-colonial Africa was neither related to local government support, nor to the notion of co-operative sustainability, not even to that of poverty alleviation. In this era, the idea of ubuntu, as expressed in Mbiti's maxim, “I am because we are, and since we are, therefore I am”, was the main motive to develop co-operatives for social assistance of members. Co-operative members believe that individual capacity building development can only take place in association or co-operation with others. Co-operation is derived from the Latin word ‘co-opari’. Co means ‘with’ and opari means ‘to work’. Hence co-operation means working together with others for a common purpose. Aristotle, a philosopher of Ancient Greece, recognised the social nature of human beings when he stipulated: ‘Man is a social

animal'. Human beings cannot lead a happy and contented life if they live in isolation. Therefore, there is a need for co-operation, which can be considered a basic principle underlying human life (Ndumo 2019:30).

However, it should be noted that this was in conformity with one of the universal values of co-operatives, namely "Solidarity". Co-operative Solidarity ensures that co-operative action is not just a disguised form of limited self-interest. A co-operative is more than an association of members; it is also a collectivity. All members, including the employees and the non-members who are closely associated with the co-operative, should be treated fairly. This also means that the co-operative has a responsibility to the collective interest of its members; it has historical roots; co-operators and co-operatives stand together. Solidarity is the very cause and consequence of self-help and mutual help – two of the fundamental concepts at the heart of co-operative philosophy. It is this philosophy which distinguishes co-operatives from other forms of economic organisations (ICA 2003).

In the pre-colonial Africa, one of the underlying theories that shaped the evolution of co-operatives was that of social capital. Ostrom (2000:162) defines social capital as "the shared knowledge, understandings, norms, rules, and expectations about patterns of interactions that groups of individuals bring to a recurrent activity". Underlying this definition is the view that social capital is the unwritten rule that guides social interactions and co-operation. It, thus, can be hypothesised that the level of social capital in a given community plays a vital role in the formation and success of a co-operative.

Social capital produces non-economic benefits, such as emotional support and increased teamwork (Dlamini 2010). As individuals engage in repeated interactions, they become more engaged at the personal level with one another. The engagement builds trust that makes individuals become more comfortable to share personal experiences as well as the provision of emotional support to one another. It, therefore, can be hypothesised that co-operatives are more likely to emerge and operate successfully in contexts where social capital is high. This is because social capital plays an important role in galvanising people to work collectively. Besides helping in the formation of co-operatives, it can also be argued that social capital is important in

the sustainability of co-operatives, primarily because their presence consolidates trust among members of the co-operative. Increased trust enables members to work together and eliminates problems, such as free-riding, that often characterises co-operatives (Okem 2016:18).

2.3.2 Co-operatives in Colonial Africa

The advancement of co-operatives in the second era coincides with the colonial era which characterises the introduction of contemporary co-operatives (Braverman et al. 1991). The pushing factor or force for co-operatives during this period was the advancement of colonial economic interests, and co-operatives were used as the driving vehicles for their agendas (Nyagah 2012). During the colonial period, the colonials gave preference to farming by having Africans concentrate on cash crops which were exported to their countries of origin. This was at the sacrifice of subsistence farming produce for the locals (Satgar 2007b; Wanyama 2009). Therefore, the structure and form of co-operatives' support in colonial Africa stimulated the production of lucrative crops destined for export, including cocoa, cotton, tea, and coffee (Okem 2016:18).

In colonial Africa, co-operatives owned by Whites were heavily supported and subsidised (Van Niekerk 1998). The subsidies were aimed at ensuring that co-operatives had monopolistic or anti-competitive control of the sector in which they worked. They also encouraged Europeans to settle in the colonies. The aim was to strengthen the control of colonial authorities over such colonies (Wanyama 2009). In former British colonies, for example, the British Government encouraged the development of White settlers' co-operatives. This was to assist in generating income for managing the colonies and to provide their growing industries with raw materials.

The formation and extension of co-operatives in colonial Kenya had nothing to do in developing the locals but was aimed at benefiting the White settlers and Great Britain, in particular (Gyllström 1991; Muthuma 2011; Nyagah 2012). The Kenyan scenario shows that co-operatives were being established exclusively for the benefit and advancement of the socio-economic interest of British colonists (Nyagah 2012). Basically, the co-operative movements in colonial Africa were not established as bottom-up organisations to meet the collective interests of the members (Okem

2016:18).

In the preceding context, Develtere et al. (2008:11) detect that colonial Africa's co-operatives were not considered an independent socio-economic movement based on self-management. Co-operatives and the co-operative sector, as a whole, were used as tools of spreading policies of the colonial powers. In this context, members joined co-operatives as subjects of public policy rather than the products of shared goals or addressing individual collective needs. Members turn to a co-operative to avoid problems with colonial authorities or to access certain services, such as the marketing of their products via the only channel available. They did not foresee themselves as the proprietors of the co-operatives (Okem 2016:19).

While the foregoing discussion presents an overall picture of co-operatives in Africa, it should be noted that the colonial approach to co-operatives has not been homogeneous. In view of the various colonial systems operating in Africa, the nature and structure of co-operatives across the continent differed (Develtere et al. 2008). The structure and manner of operations of co-operatives were influenced by the colonialists' approach to the operations and objectives of co-operatives. For example, in French colonial territories, the socio-economic model predominated, while the British adopted a unified approach to co-operatives. In Portuguese colonies, in contrast to the social movement model in Belgian colonies, the producer model was implemented. People in Egypt, South Africa and Ethiopia have adopted an indigenous system for implementing co-operatives (Develtere et al. 2008; Okem 2016:19).

During this time period, the main driving force for co-operatives was the enhancement of the economic self-interest of the colonial powers and not poverty alleviation. Instead of releasing African poor communities from the poverty trap to take responsibility of their own destiny; colonial masters established co-operatives for cash crops, such as tea, cocoa, coffee and cotton, for export to their countries of origin.

Based on this finding, it is clear that co-operatives established during this period could not be differentiated from other companies; they were just as state-owned. The approach used to establish co-operatives in this period was the top-down mechanism where the government pushes the establishment of co-operatives based on its own

agenda. It should be noted that co-operative entities diverge in three key ways from other companies: by their purpose; their control structure; and their system of the allocation of surplus.

Distinctive Purpose: co-operatives must meet their members' shared needs and requirements, while most entrepreneur-owned companies actually exist to benefit their investors (Schoeman 2006), as was the case during the colonial era.

Distinctive Control Structure: co-operatives utilise a framework of one-member/one-vote, not one-vote-per-share. This makes a difference for them to serve a common interface and to guarantee that individuals, not capital, control the association (Schoeman 2006), which was not the case during the colonial period where co-operatives served the interest of the colonial powers.

Distinctive system of the allocation of surplus: co-operatives share the overflow between their members on the basis of how much they use the association and not how many offers they offer (Schoeman 2006), and this was not the case during the colonial era where the overflow was taken by colonial masters without associating co-operative members. Values, standards, morals and trade competence constitute the co-operative advantage for individuals and for the communities in which they work. Co-operatives eventually put their current members' interests first. Members are the owners and run their organisation under democratic-based standards.

In colonial Africa, only co-operatives owned by Whites were heavily supported and subsidised (Van Niekerk 1998). This subsidy was not to be considered as local government support where the closest sphere of government to the people delivers services and support to communities. In fact, the subsidies were aimed at ensuring that co-operatives had monopolistic or anti-competitive control of the sector in which they worked (Van Niekerk 1998); which is in contrast to the theories of collective action and social capital, as alluded above.

The so-called positive side of this model was that it created sustainable White co-operatives in the country, which, in one or another-way, alleviated poverty for the White community. However, as presented above, this model failed to distinguish co-

operatives from state-owned companies.

2.2.3 Co-operatives in Post-colonial Africa

The third period of the advancement of co-operatives in Africa came about as a result of the fall of colonialism in the African continent. During this period, co-operatives were used by the leaders and pioneers of the autonomous African nations as an instrument of enhancing social attachment and optimising economic improvement in their particular countries (Getnet and Anullo 2012). From this ideological angle, co-operatives in post-colonial Africa were used by their governments to propagate their policies and agendas (Satgar 2007a). In this regard, the concept of co-operatives promoted by African leaders of the first generation was similar to that of the colonial period. African leaders of the first generation did not try to change the organisational forms of co-operatives (Okem 2016:20).

Amid the third period of the advancement of co-operatives in Africa, states were effectively associated with supporting the improvement of co-operatives (Satgar 2007b). As expansions of the state, co-operatives in this period were not seen as autonomous organisations aiming to enhance members' advantages. Somewhat, they were exposed to the control of state institutions. In Kenya, for instance, the Co-operative Societies' Act (CAP 490 of 1966) set the co-operative development immovably under government rule. Great financial support into the nation's co-operative sector and the creation of a co-operative department to encourage and deal with the advancement of co-operatives were altogether co-ordinated towards government control of co-operatives. Based on the focus on agricultural co-operatives over this period, government approaches converted into the provision of massive support services to agricultural-related co-operatives (Okem 2016:20).

Propagation and advancement of government policies and agendas defined the co-operatives in the post-colonial era in Africa. The focus was mainly on socio-economic growth (Hartley and Johnson 2014). For example, Julius Nyerere's social programme in Tanzania eventually put co-operatives under government control. Accordingly, Wanyama (2012) sees Nyerere using co-operatives as a perfect means for the execution of his Ujamaa strategy. Therefore, government support of co-operatives was basically reliant on the co-operatives capacity to execute the government's theory of

progress (Satgar et al 2008). In doing so, the regime dissolved the independence of co-operatives. Also, the activities of co-operatives were never again adapted towards accomplishing members' shared goals, but the attainment of the government's vision for co-operatives and their members (Okem 2016:20).

The pattern and structure of the co-operative movement in Ethiopia mirrors that of other African countries in the continent, even though the country was not under any institutional colonialism. From 1975 to 1991, the military regime gave broad institutional help, prompting the expansion of co-operatives. These co-operatives were not based on the enthusiasm to address members' shared objectives. However, they were aggregate reactions to government financial impetuses. Consequently, the collapse of the military regime and the end to the financial sector's support saw the failure of those co-operatives that depended on the government bolster for their activities (Japan Association for International Collaboration of Agriculture and Forestry 2008). As Okem (2016:20) posits, the collapse of those co-operatives indicates that they were not based on the co-operative movement's core principles and values; however, they were just as state-owned enterprises or some of the wings of the government.

Government control of co-operatives in Africa had harmful effects on their growth throughout the continent. Along with many other things, the strategy taken by the State was characterised by a number of abuses of the co-operative. Such abuses involve subverting co-operative autonomy, strong patronage system creation that made co-operatives extensions of government institutions, privation of democratic member control as well as government dominance and its formalities (Satgar et al 2008). This is in contrast to the internationally documented and accepted principles and values of the co-operative movement (International Co-operative Alliance 1995). Co-operatives, in post-colonial Africa, have not subscribed to principles, such as economic participation of members or community concern. When viewed as state extensions, members of co-operatives had little motivation and incentive to move in the direction of promoting and sustaining co-operatives (Okem 2016:21).

Co-operatives, during this period, relied on government support, such as finances, administration, marketing, and training of their members. Extensive reliance on

government support implied that the collapse of government institutions habitually had a direct impact on the collapse of co-operatives since they were basically linked to institutional bureaucracies, most of which suffered from inefficiency and a lack of accountability (Wanyama et al. 2009). This explains the paradox of co-operatives in Africa. While co-operatives promote the value of freedom and shared responsibilities, they frequently depend on the government for their continued operations and existence. This dependence involves the creation of government support systems and structures for co-operatives. In this situation, the distinction between control and support by the government is often questionable (Okem 2016:21; Wanyama et al. 2009).

Newly independent African countries' leaders saw co-operatives as a vehicle to promote governments' policies and agendas. In this regard, poverty alleviation, which is about releasing the community of the poor from the poverty trap so that they can take responsibility of their own destiny, was not on the agenda (Okem 2016).

Secondly, co-operative self-sustainability was not on the agenda of the independent African countries, where co-operatives are doomed to provide a variety of services to their members as well as to communities at large, including access to various commodities and services in regions and areas that suffer from the lack of them (Okem 2016).

The agenda to form co-operatives during this period was merely to satisfy the government's policies; consequently, as pointed above, the collapse of the majority of post-colonial regimes that came together with the end to financial sector's support, saw the failure of those co-operatives that depended on government to strengthen their activities (Japan Association for International Collaboration of Agriculture and Forestry 2008). The approach used in this era is similar to the one used during the colonial era to establish co-operatives.

While many governments provided massive institutional care, which steered toward the widespread of co-operatives, the underlying issue is that they were not backed by the enthusiasm to tackle the collective goals of the members and to alleviate poverty in communities. Somewhat, co-operatives were just aggregated reactions to

government financial-related motivations. As a result, the end of the support contributed to the collapse of most of them (Okem 2016).

Further, the government in this era undertook what is called promotional support where support involves all the steps and activities undertaken by key stakeholders in the promotion of the establishment of new potential co-operatives in the region just for the sake of promoting an agenda. In this regard, the three main roles the co-operatives have to play to meaningfully contribute to development and poverty alleviation were not part of the agenda. Internationally, co-operatives have to play three main developmental roles, including opportunities, empowerment and security (Birchall 2003:20).

Opportunity means that the underprivileged have the opportunity to raise their quality of life and many other forms of impoverishment. Opportunities are actually created on the supply side when economic growth is stirred, and markets are created to benefit the poor. On the demand side, deprived people must be able to take advantage of the opportunities, which means building self-esteem through education, training and self-organisation. Hence, co-operatives have a role to play on both the supply and demand sides. They open markets through the organisation of input supplies and the branding of products. They also provide a means by which loans can be made available to members when desperately needed and a safe way to invest the savings of poor people. Since they tend to federate into larger bodies through natural extension, domestic and foreign markets can be opened (Birchall 2003; CICOPA 2014).

Empowerment means developing the resources and capacities of the disadvantaged to participate, to organize, to influence, to control and to hold responsible institutions that actually influence their lives. It implies extending the flexibility of choice and activity to shape one's life. Within the improvement process, it implies that, wherever conceivable, destitute individuals ought to have as much control over the assets being contributed, and over the decision-making handle. Four aspects that generally contribute to the successful empowerment of the underprivileged include access to information, inclusiveness and active participation, transparency and accountability and local organisational capacity (Birchall 2003; DTI 2012).

Security means taking measures to reduce the defencelessness of the poor and destitute to dangers. Natural risks, such as flash floods, desertification or earthquakes, epidemic health risks, physical injuries or the implications of advanced age, social potential risks from crime, domestic violence, civil unrest or war, political risks from riots and military coups, and environmental concerns from pollution or deforestation are present. They can happen at small or large-scale levels, influencing people, towns or whole nations (Birchall 2003; CICOPA 2014; the dti 2012).

2.3.4 Co-operatives in Liberal Economic System in Africa

Among the reasons for the collapse of many co-operatives has been the failures and inefficiency of government institutions that had been mandated in providing support to co-operatives. This has its underlying foundations from the late 1980s and mid-1990s (Wanyama et al. 2009). In this era, making co-operatives autonomous of the state was enlightened by the conviction that they are increasingly effective if they work freely of government institutions or norms (Wanyama et al. 2009). Additionally, delinking co-operatives from the government displays a dedication to institutionalising the core principles and values of the co-operative movement (Okem 2016:21).

The push for the independence of African co-operatives sought to reinforce the values and beliefs of co-operation in the pre-colonial period when the value of self-help was underpinned in the absence of formal state support. From pre-colonial Africa to this period, co-operatives have advanced from self-improvement to state control, and state dependence. Despite these changes, the goal remained that of social and financial improvement although the nature thereof was diverse at various occasions - subsistence in the pre-colonial time, extractive in colonial periods to serve colonisers, and state-focused after autonomy or freedom to support state leaders or pioneers (Okem 2016:21). The demand for self-governing, autonomous, people-focused co-operatives in the late 1980s and mid-1990s was tied in with empowering co-operatives to understand the significances of their reality and being.

Berolsky (2000) and William (2003) concur that such reasoning fits into the more extensive strategy intercession of the Bretton Woods Institutions, such as the Structural Adjustment Programs (SAPs) of the 1990s. SAPs supported a proficient state instead of an expansive and enlarged state. It also actively encouraged the

introduction of a market-driven *laissez-faire* system in which the government possesses limited participation in the economic sphere. The enactment of the neo-liberal economic approach prompted the fast privatisation of state-possessed companies and businesses, deregulation of different segments of the economy and negligible state intercession in the economic field (Berolsky 2000; Okem 2016:22).

Liberalisation brought about the removal of price controls and subsidies by governments, and the restructuring of public service and privatisation of government corporations. This was as a result of implementing the structural adjustment programmes (SAPs). The aim was to promote free market economies and increase efficiency and transparency in public institutions. The correlating reduction in the size of bureaucracies limited the government support systems for co-operatives. The socio-economic considerations of the SAPs stimulated the resurgence of the fourth phase of co-operative development in Africa. What was evident amid this period was less state impedance in the exercises of co-operatives. This era was characterised by the design and delivery of policies and norms which saw co-operatives become more independent from state institutions (Okem 2016:22; Wanyama et al. 2009).

Additionally, the role of co-operatives in advancing the shared interests of their members was prioritised above that of the government. As opposed to being viewed as wings of the government, co-operatives are seen as “democratically and professionally managed, self-controlled and self-reliant” entities (Wanyama et al. 2009:4). Even though the independence of co-operatives from the state was seen as a worthwhile strategy in the expansion of the co-operative movement, co-operatives in many countries in Africa did not perform well during this period. (Ajayi 2012; Hartley and Johnson 2014). For example, an examination by Wanyama et al. (2009) discovered that economic deregulation had an extensive negative effect on co-operatives on the grounds that, for a long time, they depended intensely on government bolster and were not set up for the new economic condition created by the SAPs (Okem 2016:23; Theron 2019:125).

This saw the collapse of those co-operatives that could not continue operating after the withdrawal of government subsidies they used to enjoy. For instance, in East Africa, the liberalisation and deregulation of the coffee industry allowed the passage

and penetration of global enterprises into the local market. This led to the unsustainability of co-operatives operating in the coffee industry (Ponte 2002). Regardless of this collapse, Wanyama et al. (2009) claim that the implementation of the SAPs was a positive move as it helped eliminate ineffective co-operatives that relied heavily on government support for their sustenance. It has additionally prompted the development of new institutional co-operatives that give market support to home-grown co-operatives in nations, for example, Ethiopia and Kenya (Okem 2016:23).

Except the attempt to eliminate wasteful government spending (one of the basic methods of insight of the SAPs), liberalisation was an impetus that pushed co-operatives into finding imaginative and more approaches to adjust to the new economic and financial atmosphere. Furthermore, it spawned a condition wherein the formation of co-operatives was no longer oriented towards the aspirations of receiving government grants. Rather, co-operatives were viewed as associations for propelling members' social and economic interests (Wanyama et al. 2009). In addition, Satgar et al (2008) state that the achievement and success of the co-operatives in Africa were partly driven by the people's great passion for the co-operative movement despite the introduction of a neo-liberal strategy. Therefore, this period assumed a precious role in guaranteeing that co-operatives in Africa encapsulated the standards, principles and estimations of the co-operative movement. However, even after the implementation of SAPs, the government's way of dealing with co-operatives continued to impact on the operations and relations with co-operatives in Africa. Be that as it may, the degree to which co-operatives work freely of government obstruction varies crosswise over nations (Okem 2016:23; Theron 2019:125).

The implementation of the Structural Adjustment Programs (SAPs) during the liberalisation period, brought about the removal of government supports to co-operatives. Therefore, in this period, the notion of local government support was non-existent, where the closest sphere of the government to the people delivers services and support to co-operatives. In this regard, and especially with no support from local government, co-operative sustainability was a major challenge. A sustainable co-operative provides a variety of services to their members as well as to communities at large, including access to various commodities and services in regions and areas that suffer from the lack of them. Since co-operatives are doomed to fail, poverty alleviation

in communities is likely to take place. As pointed above, poverty alleviation is about assisting poor people to escape the cycle of poverty and indigence (Alkire 2010:24).

The social and economic considerations of the SAPs stimulated the creation of the fourth phase of co-operative development in Africa. What was evident amid this time was less state impedance in the exercises of co-operatives. This period was portrayed by the detailing and usage of approaches that saw co-operatives as a movement autonomous of government institutions.

Based on the above discussion, it should be noted that there is a similarity between the creation of co-operatives during the industrial revolution and the neo-liberal system in Africa. During the industrial revolution, co-operatives developed as an aggregate reaction by poor people and disadvantaged peasants to adapt and lessen the adverse effects of the industrial revolution; while during the neo-liberalism, poor people were pushed to form co-operatives to survive the harsh socio-economic considerations and conditions brought up by the structural adjustment programmes. In both cases, the underlying theory that pushed community members and marginalised individuals to form co-operatives was “collective action”. Moreover, the approach used in establishing co-operatives was the bottom-up approach where the decision-making process to form co-operatives originates from co-operative members themselves.

2.4 INTERNATIONAL CO-OPERATIVE POLICIES

2.4.1 Public international co-operative law: Recommendation 193 of the International Labour Organisation 90th Session on 3 June 2002

Co-operative law is composed of all national, international, normative, administrative and judicial acts and the practices universally accepted by the co-operators in the formation, organisational structure, business operations and disintegration of co-operatives (Henry 2005). Public international co-operative law states that initiatives to help promote the capability of co-operatives in all countries, regardless of their level of development, should still be taken to help them and their membership to:

- create and develop income-generating activities and viable meaningful employment;
- develop human resources' capacity and the knowledge, through education and

training, of the values, benefits and perks of the co-operative movement;

- develop their industry potential, such as entrepreneurial and organisational ability;
- reinforce their ability to compete and achieve access to markets and institutional finance;
- to increase savings and investment;
- to improve socio-economic well-being, keeping in mind the need to always eliminate all types of discrimination;
- contribute to sustainable human improvement; and
- maintain and expand a viable and robust economic sector that involves co-operatives and meets the social and economic needs of the community (Henrÿ 2005).

The relevance of the Public International Co-operative Law: Recommendation 193 of the International Labour Organisation 90th Session on 3 June 2002 is that it promotes the sustainability of co-operatives by making sure that countries create a conducive environment for the development of income-generating activities and viable meaningful employments.

By making sure that countries create a conducive environment for the development of income-generating activities and viable meaningful employments, the Public International Co-operative Law, in this sense, contributes to the notion of poverty alleviation to relieve people from poverty traps.

2.4.2 Blueprint for a Co-operative Decade

The aspiring arrangement in this Blueprint - the "2020 Vision" - is for the co-operative type of business, by 2020, to turn into:

- the recognized leader in economic, social and environmental sustainability;
- the desired business model for people;
- the world's fastest growing type of business (Mills et al. 2013; eThekwini BSMTU 2019:4).

In summary, Mills et al. (2013) state that the focus is on:

- elevating participation and governance within the membership to a new level;
- positioning co-operatives as sustainability builders;
- building the co-operative message and trying to secure their identity;
- making sure that co-operative overall growth has supportive legal frameworks; and
- obtaining reliable co-operative investment capital while insuring member control (Mills et al. 2013; eThekweni BSMTU 2019:4).

Co-operatives are way better since:

- they grant people interest through proprietorship, which makes them intrinsically more locked in, more productive, and both more valuable and more significant within the modern world. The point is to move forward enrolment of members inside co-operative structures;
- their business model makes more noteworthy financial, social and environmental sustainability;
- they are a way of doing business which places people at the core of economic decision-making and gives the global economy a greater sense of fairness; and
- if they need to be established, grow and flourish, co-operatives need access to capital. The objective is to secure reliable and consistent co-operative capital while ensuring that its operations are controlled by members (Mills et al. 2013).

The relevance of the blueprint for a co-operative decade is that it wants to elevate co-operatives to the highest level of business by considering them as the economic sustainability builders with a sound and secure identity, as well as supportive legal frameworks. Such elevation goes hand in hand with the fourth principle of co-operatives that deals with autonomy and independence of co-operatives. This principle states that co-operatives are independent, self-help associations and overseen by the individuals. In case they enter into any arrangement with other associations, governments, or raise capital from outside sources, they do so on terms that ensure that all members' views and concerns were taken into consideration (South Africa, the Presidency 20137).

However, the role of local government to support co-operatives is not highlighted in

this framework. Further, the role of co-operatives in alleviating poverty, both for their members and the community at large, is not highlighted by the Blueprint Policy. This goes against the seventh principle of co-operatives that deals with concern for the community. By concentrating on members' needs, co-operatives work for the economic advancement of their communities through approaches acknowledged by their individuals (South Africa, the Presidency 2013:7; the dti 2012:19).

2.4.3 India Multi State Co-operatives Societies Act No 39 of 2002

This is an Act to solidify and correct the law relating to co-operative social orders. It aims to serve co-operatives in more than one state and to encourage the voluntary formation of co-operatives. The Act also ensures that co-operatives act as people's institutions based on self-help and mutual support (Republic of India, Department of Agriculture, Cooperation and Farmers' Welfare 2002:1).

The purpose of the Multi-State Co-operative Societies Act 2002 is to facilitate the organisation and operation of co-operative societies with jurisdiction in more than one state. The Act facilitates the mandatory emergence and democratic operating of multi-state co-operative societies as member organisations based on self-help and mutual assistance and enables them to facilitate their economic and social improvement and ensure their functional autonomy (Republic of India, Department of Agriculture, Cooperation and Farmers' Welfare 2002:1).

The relevance of the Multi-State Co-operative Societies Act 2002 of India is that it promoted co-operatives as a vehicle for social development ensuring that they are based on self-help and mutual assistance. Foster (2013) points out that social development can be summarised as the process of increasing the human potential while reducing imbalances and selfish desires. It should be noted that societies that are characterised by racial or ethnically defined wealth disparities and imbalances are not likely to be socially and politically stable.

Further, the Multi-State Co-operative Societies Act 2002 of India advocates for the autonomy of co-operatives, which goes hand in hand with the fourth universal principle of co-operatives, namely autonomy and independence. This principle states that co-operatives are independent, self-help associations and overseen by the individuals.

They enter into any arrangement with other associations, counting governments, or raise capital from outside sources, and they do so on terms that ensure that all members' views and concerns were taken into consideration (South Africa, the Presidency 20137). Autonomy and independence of co-operatives are good as long as it makes it sustainable to provide a variety of services to their members as well as to communities at large, including access to various commodities and services in regions and areas that suffer from the lack of them. Consequently, it should be noted that co-operatives have to work hard because they can only develop as autonomous self-help organisations when they are able and allowed to operate as business institutions geared to survive in free market competition (Uganda Ministry of Trade, Industry and Co-operatives 2017).

In this regard, co-operatives will be able to alleviate the poverty of their members from a situation where incomes are so low that even a minimum standard of nutrition, shelter and personal necessities cannot be maintained.

2.4.4 Kenyan Co-Operative Development Policy 2017

The theme of this policy is "Promoting co-operative enterprises for industrialization" as a way of ensuring that co-operative societies participate effectively in making Kenya an industrialized country, as envisaged in Kenya Vision 2030. The Kenyan government identifies the significant role played by the co-operative movement in pursuit of Kenya's national, social and economic purposes, which are rapid economic growth, and equitable and sustainable development. This policy on the promotion of co-operative enterprises for industrialization aims at transforming the co-operative sector into viable and vibrant social and commercial entities through co-operative support services, education and training, co-operative marketing and research, external audit services, co-operative credit and banking services and the advancement of good co-operate governance (Kenya Co-operative Development Policy 2017).

The main objective of this policy is "to promote a sustainable co-operative enterprises development for enhanced role in industrialization and improved social-economic development" (Republic of Kenya Co-operative Development Policy 2017:16).

Specific objectives of this policy are the following:

- 1) Re-aligning the co-operative development policy with the 2010 constitution and Kenya Vision 2030 government development master plan for greater effectiveness of co-operative regulatory framework and participation in industrialization;
- 2) Redefining the co-operative movement structure and strengthening the management of co-operative enterprises to encourage integration in the sector for enhanced service delivery;
- 3) Promoting the development and integration of ICT in co-operative enterprises' operations and marketing to improve market access and marketing efficiency by co-operatives;
- 4) Promoting the viability of co-operative enterprise investments, value addition, processing and manufacturing and enhancing the capacity of co-operatives to conduct research; and
- 5) Encouraging co-operatives to take part in joint ventures with other local and international agencies. This aims at acquiring resources and skills to enhance their strategic competitiveness and skills transfer (Kenya Co-operative Development Policy 2017).

The relevance of the Kenyan Co-operative Development Policy 2017 is that, by promoting sustainable co-operative enterprises development for industrialization and improved social-economic development, they will be sustainable, meaning that co-operatives will be able to provide a variety of services to their members as well as to communities at large, including access to various commodities and services in regions and areas that suffer from the lack of them. Both the Copenhagen Declaration (Commitment 9 h) and Programme of Action (paragraph 51 e) recognize the potential and contribution of co-operatives for the generation of productive employment. A report of the International Labour Office (ILO) confirms that "Co-operatives continue to play an important role in employment promotion and poverty alleviation, both as production enterprises – mainly of the self-employed – and as providers of services to members" (Committee for the promotion and advancement of cooperatives (COPAC) 1999:2). Although co-operatives are not instruments of employment promotion, they do so effectively by creating and maintaining employment in both urban and rural areas around the world, thus providing income to both members and employees in the form of shares of surplus, wages and salaries or profits. This depends on the type of the co-operative (COPAC 1999).

Co-operatives provide and create employment for the millions of worker-owners of production and service co-operatives. The financial co-operatives mobilize capital for productive investment and provide people with secure institutions for the deposit of their savings, while the consumer co-operatives provide households with affordable goods and services which help in reducing the proportion of income used for basic living costs. Similarly, user-owned co-operatives, such as housing, utility, health and social care co-operatives provide affordable access to basic services. However, co-operatives are also good employers in their own right as they provide security of employment (COPAC 1999).

Table 2: Co-operative Summary of Policy Framework

Policies	Potential benefits to co-operatives
Public international co-operative law: Recommendation 193 of the International Labour Organisation 90th Session on 3 June 2002,	Creating income-generating activities; developing human resource capacities and knowledge through education and training; developing entrepreneurial and managerial capacities; Strengthening competitiveness and facilitate access to markets and finance;
Blueprint for a Co-operative Decade January 2013	Making co-operatives as builders of economic sustainability; supportive legally the growth of co-operatives; securing reliable co-operative capital while guaranteeing member control.
India Multi-State Co-operatives Societies Act of 2002	An Act to consolidate and amend the law relating to co-operative societies; to facilitate the voluntary formation and democratic functioning of co-operatives as people's institutions based on self-help and mutual aid and to enable them to promote their economic and social betterment and to provide functional autonomy.
Kenya Co-operative	Promoting a sustainable co-operative enterprises

Policies	Potential benefits to co-operatives
Development Policy, 2017	development for enhanced role in industrialization and improved social-economic development.

Source: Table generated by the researcher 2019

The policies presented in table 2 are relevant to co-operatives' economic development as their combination promotes the following:

- Poverty reduction: co-operative policies build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to extreme situations and other economic, social and environmental shocks and disasters. Policies advocate for the empowerment of people who once lived below the poverty line to help them step into the mainstream of their local and national economies.
- Employment creation: policies promote co-operative development as one of the mechanisms of generating employment in communities since employment is correlated to poverty alleviation. The impact of unemployment on the development of a community is severe both at micro and macro-economic levels. At the micro level, the lack of employment aggregates the following; psychological harm, loss of work motivation, skills and self-confidence, increase in ailments and morbidity (and even mortality rates), disruption of family relations and social life, hardening of social exclusion and accentuation of racial tensions and gender asymmetries (Sen 2001). At the macro level, it provokes the following to society: lack of school enrolment and participation; decreasing child malnutrition; and decreasing social instability. Therefore, employment creation can reverse the above harmful micro and macro impacts of unemployment (McCord 2002).
- Sustainability of co-operatives: co-operative policies advocate for the sustainability of co-operatives, aiming at addressing the needs of members in a long-term manner to make them economically stable and resilient and to prevent them from sliding back into the poverty trap (Hertig 2012:4).

Worth noting is that policy support for co-operative development as one of the

important elements in the establishment, regulation and development of co-operatives is appreciated. However, this should be limited to the creation of an enabling environment that will facilitate their growth. Otherwise, if policies go over the enabling environment mandate, they will infringe on the independence and rights of co-operative members.

One of the major gaps discovered in this area of the policy framework is that, while policies advocate for co-operative development and sustainability, they do not present clear monitoring and evaluation of the sustainability of co-operatives. In other words, no clear mechanisms are presented in policies that track the sustainability of co-operatives. Tlhomola et al. (2010) point out that, for a number of various reasons, 23.7% of new businesses dissolve within two years after inception, while 51.7% of businesses dissolve within four years and 62.7% within six years. Therefore, with this rate of failure, lacking a tracking mechanism or system to monitor the sustainability of co-operatives will just be another way of wasting scarce resources.

2.5 INTERNATIONAL SERVICE PROVIDERS AND SUPPORT

2.5.1 International services providers

As presented in table 3, many international stakeholders provide support to co-operatives. The following list is not exhaustive but presents the key service providers.

Table 3: International service providers

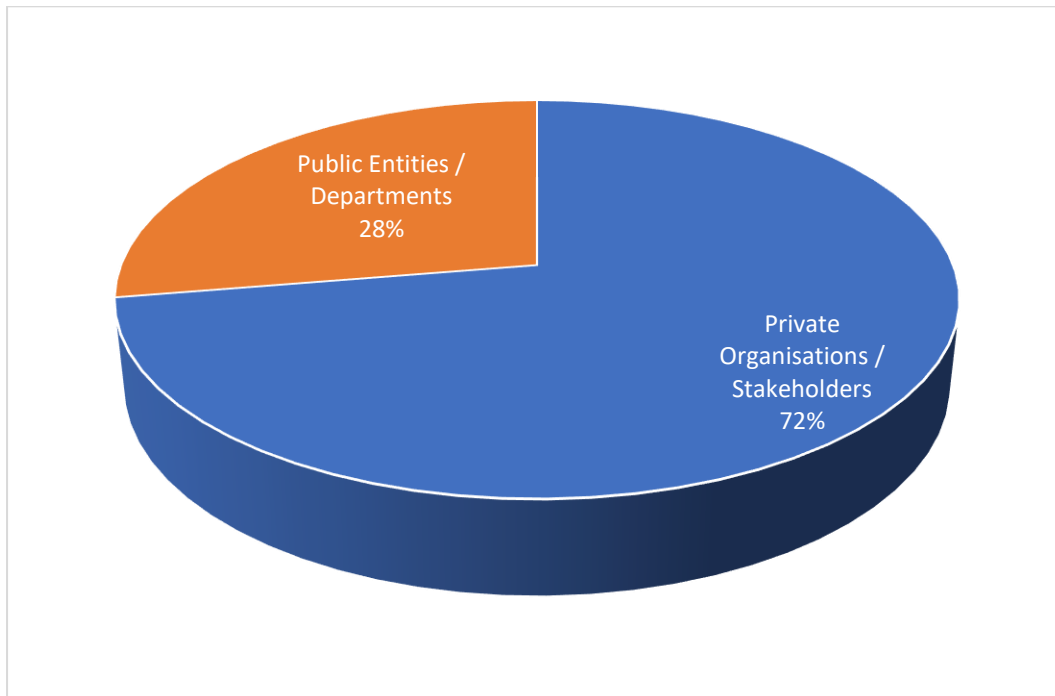
International service providers	
<ul style="list-style-type: none"> • The Committee for the Promotion and Advancement of Co-operatives (COPAC) • The International Co-operative Alliance (ICA) • The International Labour Organisation/co-operative ILOCO-OP • Ontario Co-operative Association • Co-operatives Europe 	<ul style="list-style-type: none"> • The Food and Agriculture Organisation (FAO) • International Fund for Agricultural Development (IFAD) • European Association of Co-operative Banks (EACB) • Co-operative Business New Zealand • Saskatchewan Co-operative Association • CICOPA

International service providers	
<ul style="list-style-type: none"> • Co-operatives and Mutuals Canada (CMC) • Conseil québécois de la coopération et de la mutualité (CQCM) • Nationale Coöperatieve Raad (NCR) • Alberta Community and Co-operative Association (ACCA) • National Rural Electric Co-operative Association (NRECA) • Italian department of labour • Spain department of labour • National Co-operative Union of India (NCUI) • Coop FR 	<ul style="list-style-type: none"> • Business Council of Co-operatives and Mutuals (BCCM) • Singapore National Co-operative Federation • BC Co-operative Association (BCCA) • Buldana Urban Co-operative Credit Society Ltd. • Malaysian National Co-operative Movement • Co-operative News • Co-operative Digest Magazine • MundoCoop • Canadian Co-operative Association (CCA)

Source: United Nations (2017:1), Pittella et al. (2017:1)

Figure 1 indicates that, at the international sphere, private sector stakeholders are the dominant factions (72%) that focus on advocating, promoting and supporting the growth and sustainability of co-operatives. However, other public entities also play a meaningful role in supporting co-operatives (27%). This finding indicates that local government plays a minimal supporting role at this sphere; although, as pointed above, the local government is one of the spheres of government which is close to the people and responsible for the delivery of services and support.

Figure 1: International co-operative Support Stakeholders



Source: Diagram constructed by the researcher (2018)

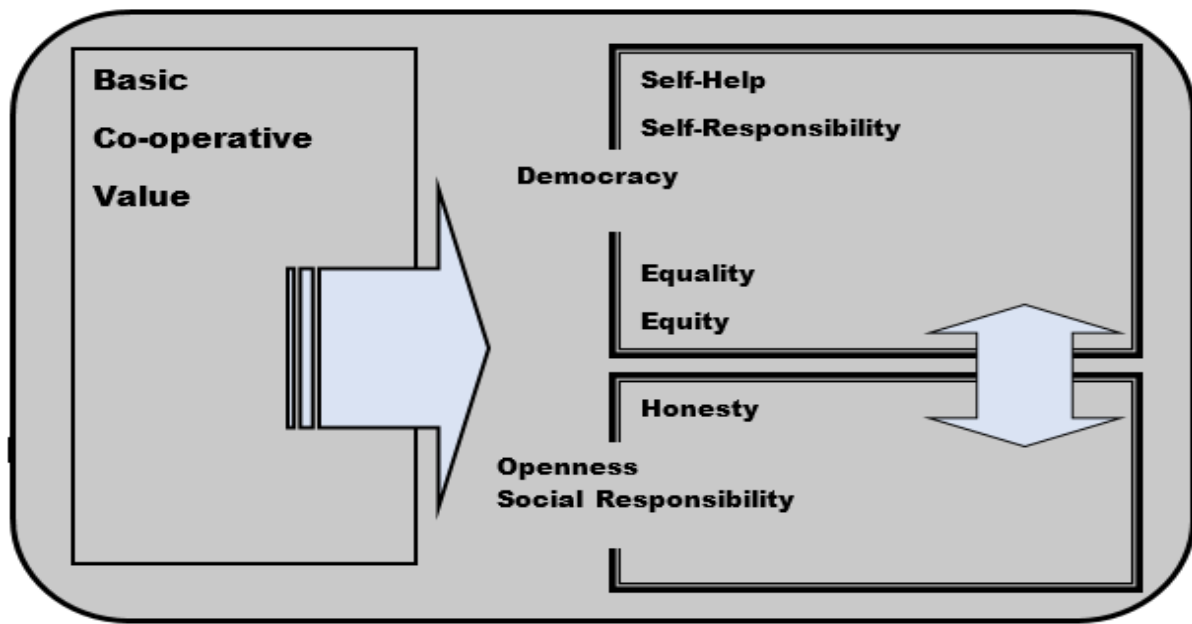
2.5.2 International support

A summary of the services provided by the preceding stakeholders is presented below:

- **They encourage the co-operative values.**

They encourage the promotion of co-operative values within the banking industry. It should be noted that co-operatives' founded values include "self-help, self-responsibility, democracy, equality, equity and solidarity". In the practice of their initiators, co-operative members have confidence in the ethical values of "honesty, openness, social responsibility and caring for others" (International Co-operative Alliance, 2003:14).

Figure 2: Co-operative Values



Source: ICA: (2003)

Co-operatives have a history that is deep and distinctive, centred on the following values.

‘Self-Help’ is centred on the conviction that every person can and should strive to control his/her own economic destiny. Those who are co-operative members believe that individual capacity building development can only take place in association with others. Individuals also develop their skills through co-operative action. Co-operatives are institutions that foster the continuing education and development of all those involved with them (ICA 2003).

‘Self-Responsibility’ implies that individuals accept accountability for their co-operative – for its foundation and its sustainability. Individual members have the duty of promoting and advancing their co-operative among their families, companions and colleagues. Members also ensure the independence of their co-operative is not interfered with in any manner or form (ICA 2003; the dti 2012).

Co-operatives are based on ‘equality’, meaning that members, whether an individual or a group, are all equal. It does not depend on the social and economic status of the individual members (ICA 2003; the dti 2012).

It is a continuous and never-ending task to achieve 'equity' in a co-operative. It also relates to how co-operative members are considered and treated. They are treated similarly regarding how they are compensated for their participation in a co-operative. This is done by paying dividends, allocating reserves of capital in their names, or reducing additional charges. (ICA 2003).

'Solidarity' guarantees that a co-operative activity is not a masked frame of constrained self-interest, but more than an affiliation of individuals. All individuals, counting the representatives and the non-members who are closely related with the co-operative, ought to be treated reasonably. This implies that a co-operative encompasses a duty for the collective intrigue of its individuals. It has authentic roots. Co-operators and co-operatives have a shared objective. Solidarity is the root cause and result of self-help and shared-help – two of the elemental concepts at the heart of co-operative reasoning. It is this reasoning, which recognises co-operatives from other shapes of financial associations (ICA 2003; the dti 2012).

Honesty, openness, social obligation and care for others are values, which may be discovered in all sorts of associations, but they are especially consistent and evident inside the co-operative segment (ICA 2003).

– **They raise awareness of co-operative principles.**

They raise awareness of co-operative principles while defending their interests with government authorities. It should be noted that co-operatives have seven standards or principles that frame the heart of co-operatives. Co-operatives ought not to be judged only on the premise of any one principle. The primary three principles basically address the inner elements ordinary of any co-operative, whereas the final four influence both the inside operations and the outside connections of co-operatives (Mills et al. 2013).

1st Principle: Voluntary and Open Membership

Co-operatives are deliberate associations open to all people without gender, social, racial, political, or devout separation who are able to utilise their services and

administrations and are willing to acknowledge the duties of membership (South Africa, the Presidency 2013:6; the dti 2012).

2nd Principle: Democratic Member Control

Co-operatives are democratic organisations which are supervised by their members and are actively involved in policy and decision-making (South Africa, the Presidency 2013:7; the dti 2012).

3rd Principle: Member Economic Participation

Co-operatives are formed with the aim of delivering services to their members or to create work for their adherents (ICA 2003; South Africa, the Presidency 2013:7). Any service provided by a co-operative must be for the benefit of its members (South Africa, the Presidency 2013:6; Mills et al. 2013).

4th Principle: Autonomy and Independence

Co-operatives are independent, self-help associations and overseen by the individuals. In case they enter into any arrangement with other associations, counting governments, or raise capital from outside sources, they do so on terms that ensure that all members' views and concerns were taken into consideration (ICA 2003; South Africa, the Presidency 2013:7).

5th Principle: Education, Training and Information

Co-operatives provide its members, elected leaders, managers and employees with education and skills development. This is done to empower them so that they can be in a better position to participate in the growth of their co-operatives (South Africa, the Presidency 2013:7; ICA 2003).

6th Principle: Co-operation among Co-operatives

Co-operatives serve their individuals most viably and reinforce the co-operative business by co-operating with local, national, and universal structures (South Africa, the Presidency 2013:7; the dti 2012).

7th Principle: Concern for Community

Whereas concentrating on members' needs, co-operatives work for the economic

advancement of their communities through approaches acknowledged by their individuals (the dti 2012, South Africa, the Presidency 2013:7).

They facilitate the promotion of co-operative institutions while assisting the member societies in resolving their problems and difficulties and formulation of programmes and their implementation and preserve and safeguard the democratic character of the co-operatives (the dti 2012)

- **International stakeholders further provide the following services:**

- they encourage governments in establishing an enabling environment for co-operative development. This includes conducive policies, transparent legal frameworks and economic incentives as well as the development of consultation frameworks for policy-related dialogues between governments and co-operatives;
- they offer funding contribution to co-operatives;
- they express opinions on matters of co-operative policy and act as the accredited representative of the co-operative movement in the national and international spheres;
- they organise co-operative education and training programmes and popularise the principles and practices of co-operation;
- they organise, conduct, collaborate and assist in carrying out research, investigations of co-operative problems and formulation of projects for co-operative development;
- they arrange for the production and publication of literature and audio-visual aids, including films, filmstrips on co-operation and allied subjects;
- through giving publicity to the achievements of co-operatives through periodicals, journals, newspapers, pamphlets, brochures, books, films, broadcasts and T.V. for the creation of a favourable atmosphere for the development of the co-operative movement;
- they cover and hold co-operative seminars, meetings, conferences and exhibitions; and
- they promote international co-operative relations through active collaboration with International Co-operative Alliance (ICA), Food and Agriculture Organisation (FAO), International Labour Organisation (ILO), United Nations

Development Programme (UNDP), United Nations Industrial Development Organisation (UNIDO) and other international agencies involved in co-operative development (The National Co-operative Union of India 2017).

By encouraging government in creating an enabling environment (conducive policies, transparent legal frameworks, and economic incentives among others) for co-operative development, stakeholders at the international level recognise the important role that local government can play on the sustainability of co-operation, which leads to poverty alleviation. However, it should be noted that the role of the government in supporting co-operatives should not be viewed as unproblematic. Whereas the local government has an important role in providing support, this should be done in a manner that it does not undermine co-operatives of their characteristics as truly member-owned, democratic, member-driven and self-sustaining enterprises (Masondo 2019:103).

Further, it should be noted that international stakeholders, while in their majority being from the private sector, promote poverty alleviation as well as co-operative sustainability. Sustainable co-operatives lead to socio-economic empowerment of women. In many developing countries, there are poor people, especially women and other vulnerable individuals that struggle to survive on a daily basis; in this regard, co-operatives are used as breeding grounds for socio-economic empowerment of those groups of individuals (Tesfay et al. 2013). Promoting empowerment of poor people, in general, and women, in particular, is essential because, in most cases, women are responsible for their children and their family; thus, women empowerment is the empowerment of the society at large (World Bank 2001). The global statistics suggest that women are in charge of between 60% to 80% of the world's workforce and produce 50% of the global food required. Even though their contribution is significant, they have limited economic advantage and access to productive resources (Lawless et al. 1996; Mayoux 2009).

Although a co-operative is viewed as an organisation for the promotion of economic interests of its members, it does not confine itself only to the economic aspects (Tesfay et al. 2013). It also permeates the social aspects of life, while aiming at establishing a new democratic social order based on freedom and equality, where people live in

harmony, caring and sharing as a family, where there is a unity of spirit and a common economic bond (Karunakaran 2004; Warman et al 2000).

Co-operatives have a role to play in alleviating different socio-economic challenges and paving the way towards a sound and sustainable economic and social recovery (Tesfay et al. 2013). Ultimately, co-operatives can create a safe environment where women increase their self-confidence, identify their own challenges, make decisions and manage risks. As a result, women are empowered and become active agents of change, entrepreneurs and promoters of social transformation who can improve their own lives and those of the community (Tesfay et al. 2013).

Majurin (2012) indicates that co-operatives are also an effective point of entry for addressing a broad range of gender imbalance matters, such as unpaid labour, shared responsibilities and gender-based violence. Economic empowerment increases women's access to economic resources and opportunities, such as employment, financial services, property and other productive assets, skills development and market information (Eyben, et al. 2008). Increasing the role of women in the economy is important for economic resilience and growth (Tesfay et al. 2013).

2.5.3 International success stories

At the international level, the support provided to co-operatives has produced case studies that illustrate the relationship between the role of local government, co-operative sustainability and poverty reduction. The best examples give some indication of how co-operatives provide a range of benefits to their members. The examples used are drawn from both the developed and developing world.

2.5.3.1 Tenant takeovers of abandoned housing in New York

In the 1960s, the City of New York began foreclosing on thousands of landlord-owned properties for non-payment of taxes. The landlords responded by abandoning their tenement blocks or setting fire to them to get the insurance. By the late 1960s, an average of 38000 units a year were being abandoned. Squatters took advantage of this scenario and occupied the abandoned buildings. However, the existing tenants resisted such a move by fighting back. They mobilised themselves into a lobby and used their collective resources and labour force to renovate their (homes) building by

themselves. The City Council had a positive response by selling the tenements for US\$1 to tenant co-operatives and supported them with low-interest loans, which the tenants used for renovation. The experience of renovating the buildings themselves was used as a learning process that eventually empowered them with building skills, a situation which increased their employability in the local job market (Birchall 2003; the dti 2012).

Local government support and poverty alleviation

While this intervention was purely initiated by the private sector, local government played a major part by positively responding to the grievances of the squatters. Further, squatters have lifted themselves out of poverty through their co-operative activities. The average income in a city-owned building is US\$9,709. After joining the Tenant Interim Lease Scheme, the average rises to US\$11,948. When this develops into a tenant co-operative, the average rises again to US\$14,782 (Birchall 2003). Upward economic mobility is the only explanation; residents' incomes increase during the course of the programme, probably because the skills and experience gained make them more employable. They also have low housing costs with an average monthly payment for co-operative members of only US\$325. This means they have a higher disposable income with which to take advantage of opportunities in starting their small businesses (Birchall 2003).

Neighbourhood Networks and crime prevention

While co-operatives presented intangible benefits, such as the empowerment of low-income people, increasing civic participation, the development of social capital, increased job opportunities, and the chance to accumulate some wealth; its leaders formed neighbourhood networks which are active in crime prevention and cleaning up parks (Birchall 2003). In this regard, co-operatives have gone beyond the notion of poverty alleviation to embrace other dimensions, such as creating peace of mind for members and community.

2.5.3.2 Dairy Co-operatives in Bangladesh

Bangladesh is a country of small farmers, mostly living on or below the poverty line, and who are subject to the endless risks of flooding by the rivers and deltas that punctuate the country's low-lying but fertile flood plains. In Bangladesh, shortly after

independence in 1974, the government set up the Bangladesh Co-operative Milk Producers' Union, as part of its Co-operative Dairy Development Programme, with financial and technical help from United Nations Development Programme (UNDP) and Food and Agriculture Organisation (FAO) and grants in kind from the Danish International Development Agency (DANIDA) (Birchall 2003; the dti 2012).

One way of increasing income is through diversifying into different farm products, especially those that can bring in regular cash income and dairying is ideal in this respect (Birchall 2003). In 1998, 40 000 farmer members earned a total of US\$9.3m from the sale of 30 million litres of milk. In 2000, dividends paid to producers totalled US\$1.5m. Farmers' earnings have increased ten-fold, lifting the household earnings of around 300 000 people (including family members) to well above the poverty line (Birchall 2003; the dti 2012).

From these earnings, the Bangladesh co-operative has alleviated poverty by increasing the earnings of its members. It should be noted that, with the transfer of earnings and wages through the employment created, people have access to the resources needed and this raises their sustainable level of living rapidly (Paul et al. 1992).

While there was a total absence of local government support in Bangladesh, the Bangladesh Co-operative Milk Producers' Union benefited from financial and technical help from UNDP, FAO and a once-off grants in kind from DANIDA. Every co-operative faces its own set of challenges and special situations; with that in mind, a once-off support is when an organisation or a stakeholder is prepared in assisting a co-operative just once in its lifetime. The once-off support may be caused by the limited resources from the stakeholder that deals with many beneficiaries. One of the consequences of such support is that, if the co-operative has no other opportunities in accessing other much needed support, it may collapse.

2.5.3.3 Italian Social Co-operatives

In Italy, the social co-operatives (which are worker co-operatives in the social services sector) provide services from which the government has withdrawn, or in which private companies are incapable of investing. The promotion of social co-operatives is also

enforced by legislation. Special legislation promulgated in 1991 provides for two types of 'social co-operatives': Types A and B. The former type provides services to individuals, and the latter, to institutions (the handicapped, elderly, children and the sick) (Birchall 2003; the dti 2012).

Legislation prescribes that at least 40% of social co-operative' employees must be from vulnerable groups – for example, people with substance abuse problems, the disabled or non-European Union (EU) citizens, and that all public contracts must be given to social co-operatives, without the need to tender. Social co-operatives in Italy have contributed revenue of more than €3 billion. During the economic crisis of the 1970s, co-operatives in Italy gained in popularity because they were often the sources of steady employment. They continue to provide the bulk of the country's social services and contribute hugely to economic development (Birchall 2003; the dti 2012).

The local government in Italy plays a major role in the sustainability of co-operatives through the provision of public procurement. In other words, social co-operatives will access all public contracts without the need to tender. This has contributed to a massive increase in their revenue (€3 billion) to make co-operatives the sources of steady employment (the dti 2012).

Worth noting is that co-operatives in Italy provide services from which the government has withdrawn, or in which private companies are incapable of investing. This shows once again that co-operatives are different from other forms of business. Co-operatives primarily meet their members' shared needs and requirements, while most entrepreneur-owned companies exist to benefit their investors (Schoeman 2006).

2.5.3.4 The National Co-operative Union of India

The Indian co-operatives' movement, to date, is one of the largest in the world. Sixty-seven percent (67%) of households and ninety-nine percent (99%) of rural communities are involved, in one way or another, in the co-operative sector. This success can be attributed to a series of legislative instruments on co-operatives, based on the western model, which dates to 1904 when a commitment to develop co-operatives began in that country. The National Co-operative Union of India is the apex body that promotes the interest of co-operatives, including education and training as

well as up-to-date marketing information to co-operative producers and sellers to make co-operatives sustainable (Birchall 2003; the dti 2012).

Although local government supports co-operatives in India, given its limited resources, co-operative members in India put self-responsibility as the central focus of their shared goals. This means that members have understood that the establishment, promotion, continuation and sustainability of the co-operative rely on them.

Regarding poverty alleviation, it should be noted that co-operatives provide both social and economic benefits to their members as well as to their local communities. Therefore, in doing so, co-operatives are instruments of poverty alleviation in their respective communities. However, some of the thinkers to date do not consider co-operatives as one of the major role-players in poverty alleviation, such as large corporates, government entities, and small, medium and micro enterprises. Some of those benefits are presented in table 4.

Table 4: Socio-Economic benefits of sustainable co-operatives

Social Benefits	Economic benefits
<ul style="list-style-type: none"> • Promoting the socio-economic empowerment of women, • Promoting equality and equity between women and men, • Neighbourhood networks and crime prevention, • Promoting social integration, • Providing health care services, • Providing bulk services to communities, • Developing social capital. 	<ul style="list-style-type: none"> • Providing job opportunities, • Providing training and capacity building, • Providing financial assistance, • Contributing to poverty alleviation through the empowerment of low-income people.

Sources: Lawless et al. 1996; Mayoux, 2009; World Bank, 2001; Tesfay et al. 2013; Karunakaran 2004; Warman et al 2000; Majurin 2012; Eyben, et al. 2008; COPAC 1999

2.6 AFRICAN SERVICE PROVIDERS AND SUPPORT

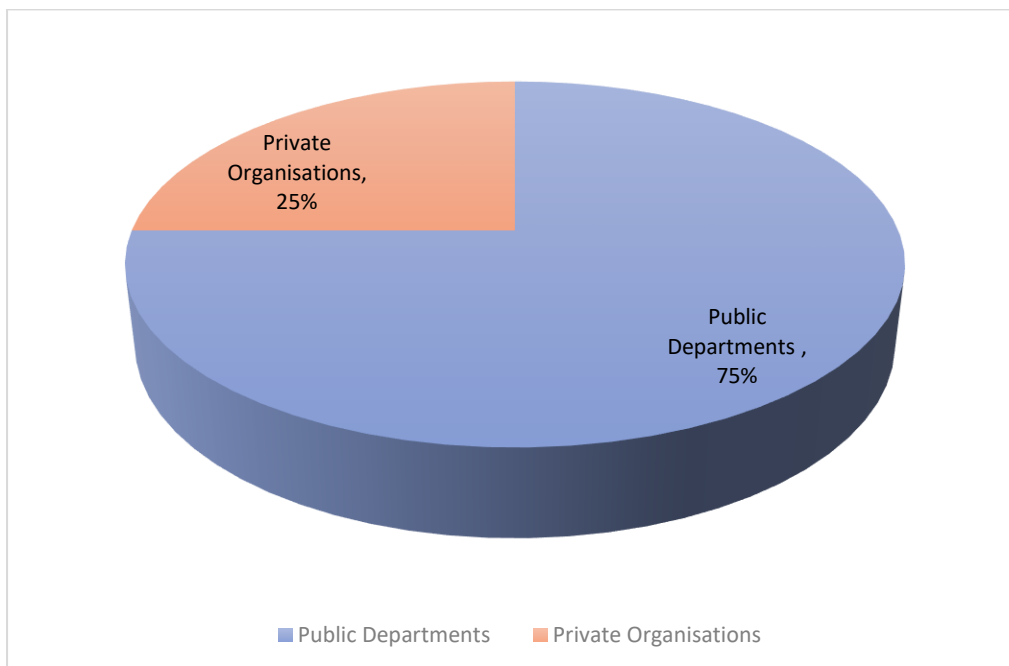
2.6.1 African service providers

Many African stakeholders provide support to co-operatives, including the following:

- Swaziland Government's Department of Co-operatives;
- Rwanda Ministry of Trade and Industry;
- Kenyan Ministry of Co-operative Development and Marketing (MOCD&M); and
- Co-operative Development in the Democratic Republic of Congo commonly called COOPCONGO.

Figure 3 indicates that, at the African sphere, government departments are the dominant factions (75%) that focus on advocating, promoting and supporting the growth and sustainability of co-operatives. However, other private organisations also play a meaningful role in supporting co-operatives (25%). This finding indicates that local government plays a dominant supporting role in this sphere; while as pointed above, local government is one of the spheres of government which is close to the people and responsible for the delivery of services and support.

Figure 3: International co-operative Support Stakeholders



Source: Diagram generated by the researcher (2019)

2.6.2 African co-operative support

A summary of the services provided by the preceding stakeholders is presented below:

- To register co-operatives that meet the registration;
- To promote the development of co-operatives through education and training in co-operative business and management, as well as assist co-operatives in the preparation of business plans and advise on raising or accessing funds;
- Ensuring that co-operatives comply with co-operative principles, values and practices;
- Providing up-to-date marketing information to co-operative producers and sellers;
- Resolving disputes by organizing conflict resolution strategies among co-operators and aggrieved parties;
- Proposing measures to address the existing problems that hinder the building of a strong co-operative movement;
- Establishing a viable structure for the co-operative movement that would enable members to own and control their own co-operatives and also enable them to build regional and international linkages;
- Creating a favourable environment for the establishment of co-operatives that can serve as pillars for poverty alleviation both in urban and rural areas;
- Developing a legal and institutional framework that is responsive to the development of a strong and viable co-operative movement;
- Sensitizing and mobilizing the politico-administrative authorities to support the solving of existing problems in co-operatives;
- Formulation of co-operative policy;
- Registration of co-operative societies;
- Regulating co-operative institutions (the dti 2012; Mukarugwiza 2010; Hlatshwako 2010).

From the preceding support services, it should be noted that the sustainability of co-operatives has been taken at the core of the African stakeholders, especially the governments; and sustainable co-operatives provide many services to their members and communities at large, including equality and equity between men and women.

Since the World Summit on Social Development and the Beijing Conference, the co-

operative movement has increasingly sought to improve the status of women in co-operatives and communities. In 1995, the International Co-operative Alliance (ICA), representing over 200 co-operative organisations with nearly 760 million individual members and nearly 100 countries passed a resolution on “Gender Equality on co-operatives” in which the members of the ICA noted that gender equality was a global priority for the co-operative movement. International collaboration between the ICA and the ILO Coop branch brought about a series of activities on gender issues and co-operatives. For example, in 1995, a manual-guide for trainers was published on gender issues, namely “Gender Issues in Co-operatives: An ILO-ICA Perspective”. At the regional level, ICA has also been active in the promotion of gender awareness that aims at promoting equality and equity between women and men. In the American region, the ICA Regional Office implemented a comprehensive gender programme that resulted in the adoption of a Platform for Action in 1996. In 1997, an ICA Continental Women’s Committee was formed as a platform for the sharing of experiences amongst women co-operators (COPAC 1999).

Further, after analysing the support provided by the preceding stakeholders, it appeared that many organisations do not have aftercare support mechanisms for co-operatives: some organisations, after promoting and supporting the establishment of co-operatives, leave them to themselves. Such a move leads them to total collapse. Tlhomola et al. (2010) point out that 23.7% of new businesses dissolved within two years after inception, while 51.7% of businesses dissolved within four years and 62.7% within six years. Further, Tlhomola et al. (2010) reveal the following as major reasons of failure: most of them failed because of inexperience; others as a result of financial trouble (including excessive debt, extremely high operating expenses, and insufficient working capital), others for economic reasons, others because of neglect by the owner (including poor work habits, business conflicts and family problems), and, lastly, for various other reasons, such as disaster and fraud. Therefore, aftercare support will play an important role in this regard.

Furthermore, the analysis of the stakeholders’ support has indicated that there is a lack of co-operative-holistic or regular support. Regular support happens when the stakeholder is prepared to support a co-operative throughout its journey from its establishment to its overall sustainability. This journey of support requires resources

and, above all, commitment and passion as it may take more than a decade of support in making a co-operative sustainable. However, co-operatives provide the following benefits - to their members and communities:

- Meeting the common needs of their members;
- Using a system of one-member/one-vote, not one-vote-per-share;
- Sharing surplus among their member-owners on the basis of how much they use the organisation, not on how many shares they hold;
- Values, principles, ethics and business competence constitute the co-operative advantage for members and for the communities in which they operate. Co-operatives put people first;
- Developing healthier communities: co-operative business is formed to provide employment to a community. The owners are the workers who live in the community and will not close the business to make profits elsewhere.

The Co-operative Holistic or Regular Support seems to be the preferred mechanism for organisations that would like to see co-operatives achieve the preceding advantages.

2.6.3 African success stories

Many good case studies may be presented in the illustration of the relationship between co-operatives and poverty reduction. The best examples give some indication of how co-operatives provide a range of benefits to their members (the dti 2012). The cases presented below illustrate the link between co-operatives and poverty reduction. The examples used are drawn from Africa.

2.6.3.1 The Uganda Shoe-Shiners Industrial Co-operative Society

The Kampala Shoe-shiners Co-operative Savings and Credit Society Ltd was founded by a group of five shoe-shiners in 1975. Their aim was to create jobs for themselves and defend their interests against constant harassment by the government. At that time, there was a military government, and co-operatives were registered under an act that gave government direct control over them (Birchall 2003; the dti 2012). In 1999, the co-operative changed its name to the Uganda Shoe-shiners Industrial Co-operative Society Ltd. It had 370 members divided into two categories: 124 full members and 246 'part-timers' (Birchall 2003; the dti 2012).

The co-operative expanded its range of business activities and member services as well as providing a savings and credit service. Uganda Shoe-shiners Industrial Co-operative Society Ltd marketed shoe polish and brushes, rented kits, and invested in other activities, such as public transport and real estate.

With regard to poverty alleviation, it is worth noting that, while profitability was a challenge, this co-operative managed to improve the quality of life of its members and create jobs for a large number of young people. Further, to empower women, the Uganda Shoe-shiners Industrial Co-operative Society Ltd provided membership to interested women to become members (Birchall 2003).

It has been highlighted that Uganda Shoe-shiners Industrial Co-operative Society Ltd has been experiencing a low growth rate because of the economic challenges of the country as well as the lack of support from local government.

2.6.3.2 Kenya

As an integral part of the government strategy of wealth creation and poverty reduction, co-operatives' activity cut across all the sectors of the national economy that include agriculture, finance, housing, transport, building and construction, manufacturing and distribution trade. The commitment by the government to co-operative development is evident in that there is a special Ministry of Co-operatives and Marketing, which deals specifically with issues of co-operatives in Kenya. Co-operative activities are concentrated mainly in the financial sector (44%) and the agricultural sector (38%) (Birchall 2003). Co-operatives are one of the pillars supporting Kenya's economic growth since independence. In 2007, their contribution to the national savings was 31%. The following figures present the significant involvement of co-operatives in Kenya's economy:

- The turnover of the co-operative sector rose from Kshs. 10.9 billion to 30 billion;
- 63% of Kenyans derive their livelihoods directly/indirectly from co-operative-based activities;
- 250 000 people are directly employed by co-operative-based institutions; and
- 38% of agriculture-based co-operative societies were dealing with coffee, dairy,

pyrethrum and cereals in December 2006 (Birchall 2003).

In Kenya, while the resources are limited, local government is at the centre of co-operative development and sustainability. To ensure that co-operatives are sustainable, local government in Kenya provides direct, indirect as well as the aftercare support.

The direct support consists of any assistance provided for the operation or functioning of a co-operative; in other words, this assistance goes to a co-operative itself, for instance, the government in Kenya provide training and mentorship programmes to co-operative members, as well as financial assistance and markets to co-operatives.

Indirect support consists of any assistance that does not go to the co-operative but still plays a role in the sustainability of the business. Kenya government, for instance, renovates access roads around agricultural co-operatives. It publishes news in government magazines providing an overview of the existing opportunities or growing sectors that can help co-operatives to grasp the market.

The aftercare support is assistance to existing co-operatives that are in operation. Aftercare support, therefore, refers to the range of services undertaken by the government in Kenya to support existing co-operatives, encouraging them to retain and expand their activities and create greater linkages with other large businesses in the country.

Support from the local government in Kenya has led many co-operatives to become more sustainable. There is a direct link between sustainable co-operatives and poverty alleviation. Sustainable co-operatives promote the socio-economic empowerment of women; they create productive employment and contribute to poverty eradication; they promote social integration; they improve the access to health care, and they promote equality and equity between women and men (Lawless et al. 1996; Mayoux, 2009; World Bank, 2001; Tesfay et al. 2013; Karunakaran 2004; Warman et al 2000; Majurin 2012; Eyben et al. 2008; Committee for the promotion and advancement of co-operatives 1999).

2.7 SUMMARY

The literature in this chapter discussed the evolution of co-operatives at the international level and explained its linkages to the sustainability of co-operatives, the role played by local government during that period as well as how poverty was alleviated during this period.

The first objective of this chapter was to locate local government and its role on the development, support and initiation of co-operatives at the international level. In this regard, it should be noted that the objective was achieved as the literature indicated that co-operatives emerged in this era without any support from local government, which is seen, in many places, as one of the spheres of government which is close to the people and responsible for the delivery of services and support. However, the industrial revolution was the main catalyst in the emergence of co-operatives because, in trying to respond to the severe socio-economic environment that was prompted by the negative impact of the industrial revolution, resulted in people forming co-operatives.

Secondly, the chapter analysed the relationships between co-operatives and poverty alleviation. Here the literature indicated that co-operatives were established for various motives. In some cases, people formed co-operatives to address their challenges and reduce poverty and hardships that were created by the industrial revolution.

On the other hand, co-operatives were formed as a means for social upliftment. In this regard, co-operative members believe that individual capacity building development can only take place in association or co-operation with others. Further, other co-operatives were established for the enhancement of the economic self-interest of the colonial powers and not poverty alleviation. Additionally, newly independent African countries' leaders saw co-operatives as a vehicle to promote governments' policies and agendas.

Thirdly, the chapter presented the policy and legislative basis for the development, support and sustainability of co-operatives through local government. In this regard, it was highlighted that the international policy framework exists and promotes the

sustainability of co-operatives by making sure that countries create a conducive environment for the development of income-generating activities and viable meaningful employment.

Finally, the chapter provided a theoretical framework related to the local government's role in co-operatives and the resultant impact on poverty alleviation. In this regard, it should be noted that some best-case examples were presented highlighting the effort undertaken by some local governments with limited resources for co-operative development. The following chapter presents the South African perspective on co-operatives.

CHAPTER 3: CO-OPERATIVES WITHIN A SOUTH AFRICAN CONTEXT

3.1 INTRODUCTION

The idea of a co-operative is certainly not another boondocks in South Africa, as it has been around since the 1800s in some shape. Co-operatives in South Africa are being acknowledged since their beginnings as unique enterprises and altogether different in numerous viewpoints from some other entities as they promote both the economic and social interests of their adherent members. This is in contrast to other forms of business enterprises whose focus is mainly on generating profit. There are possibilities that co-operatives have the potential of extending their scope of support and could seek to develop and improve the wellbeing of their local communities (the dti 2012:31).

This chapter has the following objectives:

- to locate local government and its role on the development, support and initiation of co-operatives in the South African context;
- to understand and analyse the relationships between co-operatives and poverty alleviation in South Africa; and
- to provide a policy and legislative basis for the development, support and sustainability of co-operatives through local government.

In trying to achieve the preceding objectives, the current study will be placed in the context of relevant studies that have been conducted in terms of local government support on co-operatives' sustainability and poverty alleviation (Blaxter 1996).

Besides the introduction and the concluding summary, the chapter is made of the following four sections:

- > The second section presents the evolution of co-operatives in South Africa;
- > The third section presents the South African co-operative policy framework;
- > The fourth section presents the South African national co-operatives' service providers; and
- > The fifth section presents the KZN co-operatives' service providers;

3.2 EVOLUTION OF CO-OPERATIVES IN SOUTH AFRICA

3.2.1 Background

In other parts of the world, people strove in the creation of the “Village Co-operations”, which was a sort of a collective society; in South Africa, individuals were engaged with the advancement of stokvel associations. The name “stokvel” originated from the term “stock fairs”, as the rotating cattle auctions of English settlers in the Eastern Cape during the early 19th century were known (Ndumo 2019:26). Just as the "Village Cooperation" constituted an initial move towards creating formal co-operatives in different nations, stokvels were the initial move towards the establishment of formal co-operatives in South Africa (Schoeman 2006:122; the dti 2012:43).

Stokvels and comparative affiliations dependent on co-operation and participation are still particularly a piece of numerous networks in South Africa; particularly in situations where individuals think that it is hard to get financing, for example, credit from commercial financial institutions. Moreover, the governing body has considered it important to endeavour the implementation of formal directions relating to stokvels (the dti 2012:43; Schoeman 2006:122).

Stokvels and similar associations based on co-operation are still very much a part of many communities in South Africa, especially in cases where people find it difficult to obtain financing such as loans from registered (large) financial institutions. Furthermore, the legislature has deemed it necessary to attempt the implementation of formal regulations pertaining to stokvels. The following is the definition of stokvel:

“It is a rotating credit union formed by a group of participants who agree to make regular contributions to a common pool on a specified regular period (monthly, weekly or fortnightly). Money in this pool is then paid out in full or partially to every participant, either on a rotation basis or in times of financial need” (Schoeman 2006:122).

Stokvel organisations are network-based saving plans for enhancing the financial and social status of their members. This is done through the provision of financial support or help inside a social or network-based gathering. Building up a stokvel is

exceptionally straightforward and becoming a member is typically based on an existing active member's recommendation. In this way, it is generally founded among individuals who work as a team or who have a place with a similar church, family and so on who meet up to frame a stokvel (Schoeman 2006:122; the dti 2012:43).

Stokvels are set up unofficially, with no restriction on the number of members. Besides, individuals are the ones who establish their own set of accepted rules and directions on the stokvel. It likewise has a lawful identity through the direct and restricted risk of the individuals to the extent that individuals won't be held at risk for a sum surpassing their commitments amid the presence of the stokvel (Schoeman 2006:122).

The attributes and characteristics of a stokvel can be condensed as follows:

- A pivoting credit plot or a rotating credit scheme;
- Informal foundation or informal establishment;
- Association of people making customary commitments to the capital pool or association of persons making regular contributions to the capital pool;
- Limited risk by direct or limited liability by conduct; and
- Money is paid out periodically in rotation to each member, either fully or in part, or money is paid out intermittently in revolution to every part, either completely or to some degree.

Although the stokvel originated before the co-operative, the social part of the stokvel is the plain angle which additionally distinguishes it from the co-operative. This viewpoint likewise distinguishes co-operatives from some other business endeavour. Besides, some stokvels have even been inadvertently referred to as investment funds and credit co-operatives, and monetary administration co-operatives. Others have been connected to credit associations, common building social orders and friendly societies (Schoeman 2006:122; the dti 2012:32).

Funds and credit co-operatives are the more formal and enlisted renditions of a stokvel. These resemblances support the view that stokvels were the forerunner to co-operatives, widely known to the South Africans as the first type of co-operative. Be that as it may, stokvels are yet to be as characterized and very much defined as co-

operatives have dependably been. In this specific circumstance, they ought to be viewed as the inception of the current co-operative, as opposed to an idea which is synonymous with this sort of association (the dti 2012:32; Schoeman 2006:122).

These unofficial schemes and plans (or casual co-operatives) have not turned out to be torpid; they are compelled to work outside the authoritative and administrative routine of banks and explicitly the Reserve Bank in South Africa, therefore, stokvels are regularly alluded to as unofficial co-operatives. The fact that there is not enough data on stokvels in South Africa does not at all undermine their activities inside the society (Schoeman 2006; the dti 2012).

While it is established that local government is one of the spheres of government in South Africa which is close to the people and responsible for the delivery of services and support; stokvels, based on the preceding outlook, are purely private organisations that are established without any support or involvement of the local government. This may pose a challenge in terms of their sustainability as per many other small enterprises who require support – mainly from the local government during their infancy stages.

The main focus of stokvels was to make regular contributions to a common pool on a specified regular period. This is the reason why some stokvels have even been unintentionally alluded to as investment funds and credit co-operatives. With the limited resources in rural areas, many stokvels faced the challenge of sustainability as some members opt to pull out of the scheme during the process because of lack of financial resources.

While their sustainability was questionable, one of the objectives of the stokvel was to alleviate poverty among the community members. By releasing the community of the poor from the poverty trap, they can take responsibility for their own destiny. In other words, stokvels attempted to relieve the impact of poverty and to assist people to escape the cycle of poverty and indigence. By paying out in full or partially to every participant, either on a rotation basis or in times of financial need, stokvels address the basic needs, such as adequate food, shelter, clothing, certain household equipment and furniture, as well as certain essential services, such as safe drinking

water, sanitation, public transport, health, education and cultural facilities (Srinivasan 1992).

Though the focus of stokvels was to make regular contributions to a common pool and to pay out periodically in rotation to each member on a specified regular period, many other stokvels use their contribution to purchase products in mass and at discounted costs for year-end and other community-related functions, such as to organise honourable funerals for their friends and family. Stokvels, in this regard, have bargaining power to receive discounts from retail chain stores as they buy groceries in bulk; a power that they could not have if they approached the retail chain store on an individual and antagonistic basis.

In this regard, stokvels not only rely on the theory of the social capital that assists members to produce non-economic benefits, such as emotional support, increased teamwork or collective action but on the theory of networks as well.

Networks, according to Chaddad (2006:9), are transforming “the way business is conducted, blurring the boundaries of the traditional firm and transforming conventional business concepts”. The traditional approach entails organisations operating as competitors focused on eliminating each other from the market. In this context, inter-organisational relationships are antagonistic. Antagonistic relationships are antithetical to the network approach that emphasises the value of collaboration. The network approach negates the rational organisational theory that views an organisation as a “unit with clear purposes and with a clear authority structure which dominates all the work processes and decisions” (Klijn 1997:19). It also endorses the concept of bounded rationality to account for limits of human rationality. The notion posits that phenomena, such as information asymmetry, limits of human cognition as well as its finitude about the future, affect decisions that constrain rationality. Due to these limitations, networking becomes an important success factor for organisations.

Network formation has been attributed to the desire of reducing the burden of transaction costs (Novkovic 2008). According to this view, the formation of networks by organisations aim at sharing transaction costs, such as information, bargaining, policing and enforcement of contracts (Brass et al. 2004; Hsueh et al. 2010). The

argument here is that networks produce economic outcomes for networking partners through reduced transaction costs.

It has been argued that network formation by co-operatives with other co-operatives, businesses, government, and non-government organisations (NGOs) could play an invaluable role in the survival and growth of co-operatives (United Nations 1996; Zeuli et al. 2004; Monteiro and Cannon 2012). The growth and success of co-operatives often face limitations, such as lack of or limited access to infrastructure and financial resources, lack of technical skills as well as bargaining power. The existence of a strong network also enables co-operatives to lobby governments on policy issues that could be beneficial to co-operatives (Fox, Jeanette, and Gracie 2009).

In this case, through networks, stokvel members stand a good chance to position themselves on the economic trajectory to address competition and other poverty-related challenges.

3.2.2 The Co-operative Sector: 1922 – 1994

As an economic vehicle, in this period, co-operatives are seen as well-established economic vehicles in the country, dating back to the early 20th century. Be that as it may, the authoritative structure and the co-operatives that developed amid that period were not in strict adherence to the global co-operative standards and principles. The legislation during the years 1922, 1937 and 1981 failed in articulating and encouraging co-operatives to adhere to the seven global or international co-operative standards and principles (the dti 2012; KZN EDTEA 2010).

In the early years of the formation of co-operatives, their main focus was on developing White agricultural co-operatives and their communities. These co-operatives, in the long run, formed into incredible business adventures, which controlled all segments of the country's agribusiness (KZN EDTEA 2010; the dti, 2012).

These co-operatives excelled through gigantic government bolster in the following arrangements:

- The Land Bank was built in 1912 to furnish co-operatives with access to funding;

- Other regulations authorised to help co-operatives incorporate the 1912 Land Settlement Act; 1913 and 1936 Land Acts; Co-operatives Societies Acts of 1922 and 1939; and the Natives Administration Act of 1936;
- Marketing Boards were built through the declaration of the 1937 Agricultural Marketing Act. The boards were entrusted with settling the costs of agricultural products; and went about as secondary co-operatives that buy agricultural products from co-operatives and market it locally and globally; and
- The state additionally gave appropriations and duty or tax indemnities to these agrarian co-operatives (the dti 2012; KZN EDTEA 2010).

Among the grand plans of the apartheid regime was the promotion of Black-owned agricultural co-operatives. This initiative was mainly in the 1970s and 1980s and targeted the homelands. However, they remained underdeveloped and weak compared to the White-owned co-operatives which had all the support they needed from the government. This saw the collapse of many Black-owned co-operatives. The 1981 Co-operatives Act additionally advanced the enlistment of agricultural co-operatives, even those under the ownership of African people (the dti 2012; KZN EDTEA 2010).

Economiess Volkkongress of Afrikaner nationalist movement was instrumental in the formation of consumer co-operatives in the 1940s. They aimed at improving the buying control of Afrikaner clients and consumers. Be that as it may, customer co-operatives were not as fruitful as agrarian ones, and this was attributed to the competition from the consolidation and an increase of the market influence of large chain shops (the dti 2012).

Although it was a purposeful strategy of politically-sanctioned racial segregation to deny African individuals access to enter the retail sector (by keeping them in the townships and homeland regions), African networks and communities had made attempts in constructing purchaser type co-operatives, for example, purchasing clubs, through a stokvel framework (shared investment funds and credit plans and entombment social orders), which empowered networks to purchase products in mass and at discounted costs; and organise honourable funerals for their friends and family

(KZN EDTEA 2010).

Regardless of the prohibitive idea of the politically-sanctioned racial segregation approaches, there are about 800 000 dynamic stokvels in South Africa, with an aggregate participation of roughly 10 million individuals. Many of these stokvels have been blended; some fell because of contention and extortion; notwithstanding, many subsisted as models of collective trust, control and support, albeit still informal and casual (the dti, 2012; KZN EDTEA 2010).

During the 1980s, the Catholic Church assumed an essential role in the foundation of the Cape Credit Union League (CCUL), which turned into the principal Savings and Credit Co-operative League (SACCOL) in South Africa. In 1993, SACCOL was set up. In 1994, the first village Financial Services Co-operative (FSC) was built in the North-West area, through the activity of the International Fund for Agricultural Development (IFAD) and the African Rural and Agricultural Credit Association (AFRA-CA). Many of these FSCs have since crumbled because of contention among individuals, defilement and mismanagement. Absence of adherence to co-operatives' standards and principles likewise bothered the circumstance of these village banks (the dti 2012; KZN EDTEA 2010).

Co-operatives in the 1980s gained recognition as a tool that was effective in alleviating socio-economic problems of the destitute in South Africa. For instance, trade unions began creating co-operatives as a means to address retrenched and jobless workers' financial and economic needs. The Union of Metal Workers of South Africa (NUMSA) built up the Sarmcol Workers Co-operative (SAWCO), which later fell because of the absence of know-how on co-operative administration. Imitating NUMSA, the National Union of Mineworkers (NUM) likewise attempted to set up co-operatives in the late 1980s to address the joblessness of excavators and mineworkers, but, regrettably, such initiatives never survived. Churches and community organisations also tried offering financial support to co-operatives in light of conservations and joblessness amid a similar period. As per the registrar, amid the decades 1922 to 1994, 1 444 co-operatives were enrolled under the 1922, 1936 and 1981 Co-operatives Acts. Roughly 70% of these were in the agricultural field, 20% in the consumer segment and 10% in the financial- related field. Be that as it may, labourers in co-operatives were yet in

their formative stages (the dti 2012; KZN EDTEA 2010).

During 1922 – 1994, the local government played a major role in supporting the sustainability of co-operatives. However, local government's role was discriminatory with a focus to only develop White agricultural co-operatives and their communities instead of releasing all South African poor communities from the poverty trap to take responsibility of their own destiny. Consequently, these co-operatives in the long run changed into incredible business adventures, which controlled all segments of the country's agribusiness. Hence, it is clear that co-operatives established during this period were not different from other companies, because they had a similar purpose, control structure and system of the allocation of surplus.

Further, the local government in this period promoted the establishment of Black-owned agricultural co-operatives. However, because of its discriminatory role of only supporting White-owned co-operatives, Black-owned co-operatives remained underdeveloped and weak compared to the White-owned co-operatives which had all the support they needed from the government.

In the 1980s, Black-owned co-operatives started being established as a tool to effectively assist Black communities to escape the cycle of poverty and indigence; however, because of the absence of know-how on co-operative administration, their sustainability remained a challenge. It should be noted that corporate management entails a complex set of skills. Once an enterprise involves the collective management of resources, the complexity of management escalates exponentially, along with the need for transparency. Many co-operative members are initially unemployed people and face the management challenge because of little or no prior work experience (Satgar 2007).

This period saw the establishment of co-operatives following the same approach used during the colonial Africa where co-operatives owned by Whites were heavily supported and subsidised to ensure that co-operatives had monopolistic control of the sector. Although Africans were allowed to have their co-operatives, the activities were regulated by the state so that they did not pose a competitive threat to White co-operatives. In this regard, co-operative sustainability was only seen in White co-

operatives, while many Black-owned co-operatives collapsed. Consequently, poverty was only alleviated within the White communities, which created today's imbalances of wealth in modern South Africa.

3.2.3 The Co-operative Sector: Period after 1995

In the period after 1995, various actors in the social and economic sectors lobbied the government to develop legislation and put in place support structures that embrace all sorts of co-operatives in the country. In this era, the National Co-operatives Association of South Africa (NCASA) was formed, and, step by step, networks ended up mindful of the idea of self-improvement and independence, utilising co-operatives as a channel to propel themselves economically (the dti 2012).

South Africa is a member state and a signatory to Recommendation 193 of 2002 on the promotion of co-operatives by the International Labour Organisation (ILO). The 2003 Summit Agreement on Growth and Development acknowledged the leading role of co-operative development as a driver of economic and social development in the country. Thus, this incited the Department of Trade and Industry (DTI) to hoist the Co-operative Development Programme as one of its major and flagship ventures and projects in 2004. One of the statements in that accord is that a completely fledged Co-operative's Unit be instituted within DTI, and this happened. Thus, the Registrar of Co-operatives was additionally moved from the Department of Agriculture to CIPC, situated inside DTI. In 2004, the first and foremost Co-operatives Policy, that enclosed numerous kinds and aspects of co-operatives, was developed. In addition to the traditional agricultural sector, African-owned co-operatives in the manufacturing, construction, transport, housing, services and Information Technology (IT) sectors began to emerge (the dti 2012).

Amid this period, the number of new co-operatives has almost quadrupled from the number of co-operatives that were registered over the previous 82 years (1922-2004). In 2012, 50 000 co-operatives were registered and, in 2015, 120 000 co-operatives were registered. In 2017, the registration of co-operatives reached the 140 000 mark and this trend has continued. The majority of these new co-operatives are Black women owned and most of them remain weak and require a high and sustained level of support to achieve growth in value and sustainability (the dti 2012; Ndumo 2019:38).

The focus in this period was to see an improvement to the local government support from its discriminatory stance to a system where both White-owned and Black-owned co-operatives are equally assisted. There was an increase in the number of co-operatives because of this indiscriminatory support from the local government. It simply shows that the soil was fertile for the development of co-operatives, but, because the discriminatory role played by the previous apartheid government, this did not happen.

At this stage, most of the co-operatives received once-off and indirect support from the government. As pointed out above, once-off support is when an organisation or a stakeholder is prepared to assist a co-operative just once in its lifetime. The once-off support may be caused by the limited resources from the stakeholder that deals with many beneficiaries. The indirect support consists of any assistance that is not given to the co-operative but still plays a role in the sustainability of the business.

However, during this period, local government failed to provide holistic or regular support. Contrary to the previously mentioned supports, regular assistance happens when the stakeholder is prepared to support a co-operative and see it through from its formation to the stage of attaining its sustainability. Therefore, because of the lack of regular support from the local government, many co-operatives in this period were not sustainable.

One of the driving causes of the proliferation of co-operatives during this period is poverty alleviation and economic growth. In this regard, there have been mixed results because many co-operatives were established, but a limited number of them were sustainable. On one side, in some communities where co-operatives are sustainable, poor people have been released from the poverty trap enabling them to have access to adequate food, shelter, and clothing as well as certain household equipment and furniture, as well as certain essential services, such as safe drinking water, sanitation, public transport, and health, education and cultural facilities. On the other side, where the established co-operatives are not sustainable, poor communities are still living in the deprivation trap, which means they are poor, weak, isolated, powerless and vulnerable (De Beer 2000).

It should be noted that another underlying push and policy rationale for the development of co-operatives during this era is grounded in the promotion of the Broad-Based Black Economic Empowerment (B-BBEE) and the deracialising of the economy through government procurement rather than on the universal principles of co-operatives. Consequently, this did not help in promoting the sustainability of co-operatives in the country that sought to alleviate poverty (Ndumo 2019:35).

Therefore, because the motive was economic growth and B-BBEE promotion, government, in this period, rendered co-operatives as step-children of small businesses. In this regard, Ndumo (2019:42) points out that the government provides co-operatives with support that applies tools, methods and institutions geared for shareholder small businesses, with little appreciation of the unique character of co-operatives.

Finally, this period saw the state using co-operatives as part of the top-down instrumentalised change and, as a result, regulation, in most instances, was invasive and undermining of the bottom-up impulse of member-driven co-operatives (Satgar 2019:146). In this context, while some co-operatives were sustainable, they struggled to maintain their values, practices and identities as genuine member-driven entities.

3.3 SOUTH AFRICAN NATIONAL CO-OPERATIVE POLICIES

3.3.1 The Constitution of the Republic of South Africa Act 108 of 1996

The constitution lays down three areas of government: national, provincial and local. It also gives the basic legislative framework and authority in each area of government (South Africa, the Presidency 1996a:21). The following are some of the development responsibilities of municipalities in terms of the constitution:

A municipality must structure and handle its management and budget and planning processes to prioritise the basic needs of the community while promoting the social and economic advancement of the societies. A municipality must also engage in programmes for national and provincial growth (South Africa, the Presidency 1996a:68).

Furthermore, the constitution stipulates that the municipal government is responsible for " trading regulations" and " street trade" within its jurisdiction; a municipal government has the end goal of championing social and economic development and the local government has the legislative powers to create an environment conducive to the growth of small, medium and micro enterprises (SMMEs) and establishing by-laws for the effective management of matters in which they have these rights (South Africa, the Presidency 1996a:68).

Furthermore, the Constitution of South Africa also mandates local governments to promote social and economic development and to take active steps in ensuring that social and economic conditions at the local level are favourable to the creation of employment. As the closest sphere of government to the people and the first point of contact with communities, local governments have a critical role to show in building local economies and in creating an environment conducive for employment opportunities, decent work and sustainable livelihoods. Local governments are also tasked with the critical responsibility of co-ordinating and driving Local Economic Development (LED). Since LED usually aims to increase economic growth and job opportunities at the local level, it is unlikely that positive LED results will be achieved unless local governments adequately consider the potential and needs of the co-operative movement (the dti 2012).

According to the National Small Business Act 102 of 1996, a "small business means a separate and distinct business entity, including co-operative enterprises and non-governmental organisations, managed by one owner or a number of owners". This also involves its branches or subsidiaries, if any, mainly in any sector or sub-sector of the economy, all of which can be regarded as a micro, a very small or a medium-sized enterprise (South Africa, the Presidency 1996:3).

The constitution, therefore, gives municipal officials the ability to create an enabling environment for the growth of co-operative enterprises.

The constitution says that local government must promote social and economic development and take active steps in ensuring that social and economic conditions at the local level are favourable to the creation of employment. Consequently, the

constitution has officially instructed local government to have or increase its supports to all economic operators, including co-operatives, who are operating within their jurisdiction. In other words, local governments have a constitutional obligation to have solution-driven and implementable development plans if they were going to adhere to their constitutional obligation of promoting socio-economic development in their areas of jurisdiction.

Further, the constitution states that ‘local governments have a critical role to show in building local economies and in creating an environment conducive for employment opportunities, decent work and sustainable livelihoods’ (South Africa, the Presidency 1996a:68). Therefore, local government has a constitutional obligation to give all necessary support to co-operatives, including:

- Co-operative direct support,
- Co-operative indirect support,
- Co-operative once-off support,
- Co-operative holistic or regular support,
- Co-operative promotional support, and
- Aftercare support.

Such an obligation shows that local government has the constitutional mandate to ensure co-operative sustainability and poverty alleviation in its area of jurisdiction.

A co-operative in South Africa has been defined by the National Small Business Act 102 of 1996 as a “small business”. Unfortunately, such a definition leads to a lack of greater recognition of the co-operative’s unique business form, character and diversity by the local government. In this regard, the support provided to co-operatives, as pointed by Ndumo (2019), will be similar to that provided to SMMEs and will reduce the self-reliance notion and character of co-operatives.

3.3.2 The Co-operative Societies Act 91 of 1981

Three kinds of co-operatives could be formed under the 1981 Act 91, namely:

- Agricultural co-operatives,
- Special farmers’ co-operatives, and
- Trading co-operatives (South Africa, the Presidency 1992; the dti 2004:8).

Act 91 of 1981 was biased towards agricultural co-operatives and did not recognise the so-called informal co-operatives like stokvels and burial societies. However, this period of development did mark some positive improvements, as many of the stringent provisions had been relaxed and many co-operative societies had been allowed to be incorporated. For example, in 1993, an amendment was made to the existing legislation that permitted co-operatives to do 49% of their business with non-members, thereby expanding the business of the co-operative (the dti 2004:8; South Africa, the Presidency 1992).

As the constitution has laid the foundation in terms of the role of the local government in supporting co-operatives, alleviating poverty and creating a conducive environment for the sustainability of the co-operatives; the current Act 91 of 1981 strengthened the foundation that was laid in the constitution. Here co-operatives were encouraged to increase their scope by venturing into a variety of sectors, such as trade and agriculture.

3.3.3 The Co-operatives Act 14 of 2005

The general provisions of the Act include the following:

- Promoting the development of sustainable co-operatives that comply with co-operative principles, thereby increasing the number and variety of economic enterprises operating in the formal sector;
- Encouraging persons and groups who subscribe to values of self-reliance and self-help, and who choose to work together in democratically controlled enterprises, to register co-operatives in terms of this Act;
- Enabling the co-operative enterprises in registering and acquiring legal status separate from their members;
- Promoting equity and greater participation by Black persons, especially those in rural areas, women, persons with disability and youth in the formation of, and management of, co-operatives;
- Establishing a legislative framework that preserves a co-operative as a distinct legal entity;
- Facilitating the provision of support programmes that target emerging co-

operatives, specifically those composed of Black individuals, women, youth, the disabled or rural residents and promoting equity and greater participation by its members;

- To ensure the designing and implementation of the co-operative development support programmes by all the agencies of national departments including but not limited to Khula, National empowerment Fund (NEF), Small Enterprise Development Agency (SEDA), Industrial Development Corporation (IDC), South Africa Quality Institute (SAQI), South Africa Bureau of Standard (SABS), Council for Scientific and Industrial Research (CSIR), Public Investment Corporation (PIC), Development Bank of Southern Africa (DBSA), South African Local Government Association (SALGA) and Sector Education and Training Authority (SETA), and compliance with uniform norms and standards prescribed by this Act;
- Ensuring the designing and implementation of the co-operative support measures across all spheres of government, including delivery agencies, and adherence to a uniform framework of established norms and standards that reflect fairness, equity, transparency, economy, efficiency, accountability and lawfulness; and
- Facilitating the effective co-ordination and reporting mechanism across all spheres of government through the department (South Africa, the Presidency 2006:10).

Like the 2005 bill, the 2005 Co-operatives Act also identifies the following forms of co-operatives:

- Primary Co-operative,
- Secondary Co-operative, and
- Tertiary Co-operative (South Africa, the Presidency 2006).

Primary Co-operative

The formation of a primary co-operative needs a minimum of five natural persons whose objective is to provide their members with employment or services and to facilitate the development of the local community (South Africa, the Presidency 2013:8; South Africa, the Presidency 2006).

Secondary Co-operative

A secondary co-operative needs between two or more primary co-operatives mostly

operating in the same sector for its formation. It provides its members with services and may include legal or juristic persons. A secondary co-operative's primary function is to provide services and support to primary co-operatives in the same industry (South Africa, the Presidency 2006; South Africa, the Presidency 2013).

Tertiary Co-operative

A tertiary co-operative consists of primary and secondary co-operatives. The primary aim of tertiary co-operatives is to afford members with support services. Tertiary co-operatives are considered to be the "apex" body chosen to represent primary co-operatives as well as co-operatives from various sectors (South Africa, the Presidency 2013:11; South Africa, the Presidency 2006).

Furthermore, after the enactment of the 2005 Act, co-operatives can now be divided roughly into two groups, namely worker co-operatives and user co-operatives.

Workers' co-operatives are those linked to trade unions or, more specifically, are existing businesses that are purchased to save and secure jobs for the employees (South Africa, the Presidency 2006). In such cases, the employees will receive outsourced contracts for providing services or membership in the converted co-operative. Therefore, these are co-operatives where the employees are both workers and employers (owners).

User co-operatives include financial, agricultural, housing (including social housing initiatives) and consumer co-operatives. User co-operatives can be used to reduce poverty in a wide spectrum of activities in poor communities. The members of user co-operatives use the economic services of the co-operative rather than being workers therein (South Africa, the Presidency 2006).

Globally, the user co-operatives have proven to be more successful in the mobilisation of the widest participation and provide an important framework for the functioning of the workers' co-operative. However, user co-operatives have not been as successful in South Africa as they have been in other countries. It is not seen as a more successful alternative to the workers' co-operatives, where jobs and a democratic working environment are created. Therefore, these are co-operatives in which

members aim at obtaining goods at much more affordable prices. They are also able to use the co-operative in marketing their products (South Africa, the Presidency 2006).

In addition, this Act could not limit the number of or different kinds of co-operatives that could be established such as:

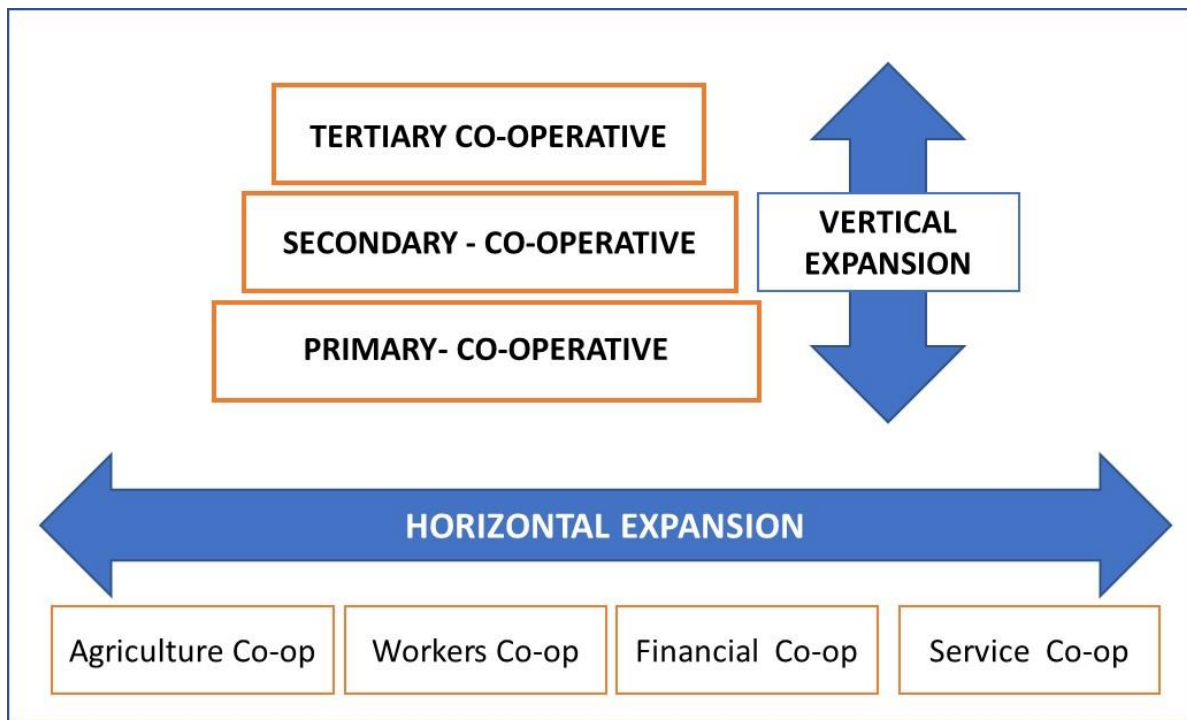
- Housing co-operatives,
- Worker co-operatives,
- Social co-operatives,
- Agricultural co-operatives,
- Burial co-operatives,
- Financial services co-operatives,
- Consumer co-operatives,
- Market and supply co-operatives, and
- Services co-operatives (South Africa, the Presidency 2006).

The Co-operative Advisory Board

The Co-operative Advisory Board was established under section 85 of the Co-operatives Act No 14 of 2005. This is a completely new concept in South African co-operative law. The Co-operative Advisory Board aims to assist the Minister of Trade and Industry with aspects that affect co-operatives specifically and to assist the minister in improving co-operative policies. Furthermore, the appointment of the members of the Co-operative Advisory Board is done by the minister, subject to the provisions of section 87 and 88 of the Co-operatives Act No 14 of 2005 (South Africa, the Presidency 2006).

As per Act 91 of 1981 that came to build on what was already established as the foundation by the Constitution of the Republic, the Co-operatives Act No 14 of 2005 expanded the scope of co-operatives not only in terms of sectors or horizontal expansion but also in terms of vertical expansion as presented in figure 4:

Figure 4: Vertical and Horizontal Expansions



Source: Figure generated by the researcher (2019)

3.3.4 Co-operative Banks Act No 40 of 2007

The general provisions of the Act include the following:

- The promotion and advancement of the social and economic welfare of all South Africans by enhancing access to banking services under sustainable conditions;
- The promotion and development of sustainable and responsible co-operative banks;
- Establishing an appropriate regulatory framework and regulatory institutions for co-operative banks that protect members of co-operative banks;
- Providing for the registration of deposit-taking financial services co-operatives as co-operative banks;
- Establishing supervisors to ensure appropriate and effective regulation and supervision of co-operative banks, and to protect members and the public interest; and
- Establishing a Development Agency for Co-operative Banks to develop and enhance the sustainability of co-operative banks (South Africa, the Presidency 2008:10).

The Co-operative Banks Act identifies the following forms of co-operatives:

- A primary savings co-operative bank;
- A primary savings and loans co-operative bank;
- A secondary co-operative bank; and
- A tertiary co-operative bank (South Africa, the Presidency 2008:10).

Primary Savings Co-operative Bank

A Primary Savings Co-operative Bank is a co-operative registered as a primary co-operative under the Co-operatives Act that provides the banking services and performs the following functions:

- Soliciting and accepting deposits from its members;
- Opening of savings accounts for its members, in the name of each member, into which that member may deposit or withdraw money and from which that member may instruct the co-operative bank to transfer or pay money;
- Borrowing money from the agency and members, other than deposits referred to in paragraph (a), up to a percentage of the assets held by it as prescribed by the Minister;
- Opening of a savings account or cheque account in the name of that co-operative bank with any banking institution;
- Making, drawing, accepting, endorsing, or negotiating negotiable instruments that are paid to the order of or made out and endorsed by that co-operative bank;
- Providing trust or custody services to members;
- Conducting any additional banking services as may be prescribed by the Minister; and
- Investing money deposited with it in investments prescribed by the Minister (South Africa, the Presidency 2008:10).

Primary Savings and Loans Co-operative Bank

A primary savings and loans co-operative bank is a co-operative registered as a primary co-operative under the Co-operatives Act. As a primary savings and loans co-operative bank under this Act, it provides banking services and performs the functions similar to those performed by a primary savings co-operative bank (South Africa, the

Presidency 2008).

Secondary Co-operative Bank

A secondary co-operative bank is a co-operative registered as a secondary co-operative under the Co-operatives Act and provides banking services and performs the functions similar to the preceding co-operatives (South Africa, the Presidency 2008).

Tertiary Co-operative Bank

A tertiary co-operative bank is co-operative registered as a secondary or tertiary co-operative under the Co-operatives Act and provides banking services and performs the functions similar to those performed by a primary savings co-operative bank (South Africa, the Presidency 2008).

As per the previous Acts, the Co-operative Banks Act No 40 of 2008 emphasises co-operatives in the banking and financial sector only. Its main focus is to regulate those co-operatives ensuring that they access support from local government to become sustainable and to alleviate poverty through its various activities.

3.3.5 The National Co-operative Development Strategy 2004-2014

The Co-operative Development Strategy resolved to pursue the establishment of a number of fundamental principles to be adhered to by government entities when dealing with co-operatives. These are as follows:

- > Find a balance between the main roles of government;
- > Closely integrate co-operative development with the broader macro-economic and development frameworks of the government;
- > Respond to the diverse needs, capacities and opportunities found in the co-operative sector with market-oriented and strategically focussed interventions;
- > Connect national co-operative development interventions with those at provincial and local levels;
- > Holistic support services;
- > Co-operatives as a vehicle for social development;
- > Co-operatives as a mechanism for black economic empowerment;
- > Co-operatives and the formal economy;

- > Co-operation and collaboration among co-operatives;
- > Strategic public expenditure in the co-operative sector; and
- > The need for streamlined, market-oriented and sustainable institutions.

3.3.5.1 Find a balance between the main roles of government

The government upholds and subscribes to the universally accepted principles of co-operation. The co-operative principles are the universally accepted guidelines by which co-operatives put their values into practice. The government also recognises the thin line between support and control. Experience shows that extensive government interference may break the co-operative movement, but government support can help in the creation of a strong co-operative movement in any country. The government of South Africa commits to providing an enabling environment in which co-operatives will thrive through policy development, the revision of the current legislation and strategy development, while also ensuring the participation of all spheres of government, government institutions and the private sector (the dti 2006:12).

3.3.5.2 Closely integrate co-operative development with the broader macro-economic and development frameworks of the government

This principle positions co-operative development within the broader development frameworks of government. The government recognises that co-operative development contributes to the achievement of national economic and social development goals. Co-operative development should be linked to private sector development, Black economic empowerment strategies, and a range of other key initiatives. It will support regional and local development initiatives and complement poverty reduction measures. (the dti 2006:12).

3.3.5.3 Respond to the diverse needs, capacities and opportunities found in the co-operative sector with market-oriented and strategically focussed interventions

This principle recognises the need for segmentation in the provision of development support for co-operatives. The needs, capacities and opportunities of businesses within the co-operatives sector vary dramatically and the Co-operative Development Strategy has been designed to accommodate these variations. Some co-operative

enterprises have received massive subsidies from the government in the past (characterised by the majority of White owners and mostly in the agricultural sector) and some are weak and unsustainable. Although the policy applies to both established and emerging co-operatives, emphasis for support is given to emerging co-operatives (the dti 2006:13).

3.3.5.4 Connect national co-operative development interventions with those at provincial and local levels

The integration of national, provincial and local co-operative development support is a fundamental principle underlying the design of the Co-operative Development Strategy. This is consistent with the decentralisation of government services and the important roles played by local and provincial authorities in development planning. Co-operatives are based in local communities and affected by the government policies, laws and regulations at local, provincial and national levels. Thus, integration across all levels of government is essential. The most distinguishing characteristic of a co-operative is that it is meant to keep people in their communities, encouraging them to mobilise the available resources within their communities (the dti 2006:13).

3.3.5.5 Holistic support services

Co-operative development requires a holistic approach. The holistic review of the co-operatives' needs is essential to focus government support to those needs. It is important to commit towards a dynamic, demand-driven and creative approach that, in the first instance, recognises the multiplicity of the needs of co-operatives. Institutions that are already providing these services to small businesses will play a crucial role in Co-operative enterprises as well (the dti 2006:13).

3.3.5.6 Co-operatives as a vehicle for social development

The government recognises the co-operatives' roles in the creation of employment and uplifting the standards of life of their members and communities around them. Government's role is to support these initiatives financially and also to ensure sustainability (the dti 2006:13).

3.3.5.7 Co-operatives as a mechanism for Black economic empowerment

Co-operatives are a proper model to achieve real broad-based economic

empowerment in which all South Africans will benefit. This is characterised by the sense of ownership built into all the members of a co-operative enterprise. The government has also recognised the existence of two economies in the country: the first economy, which is well-organised and has access to required resources, and the second economy that is characterised by lack of capacity and resources. DTI has identified the promotion of co-operatives as one of the effective ways of addressing the issue of the second economy (the dti 2006:14).

3.3.5.8 Co-operatives and the formal economy

The policy recognises the existence of informal groups, such as stokvels, which can now be registered and operate as a form of co-operative, according to the new Act. The aim of the strategy is to formalise informal groups into the mainstream of the economy. The government is also aware of individual entrepreneurs who are presently operating on an informal basis and not yet aware of the benefits they could enjoy should they form themselves into a co-operative. The plan is to have a registration campaign in all provinces teach groups and individuals the benefits of forming a co-operative (the dti 2006:14).

3.3.5.9 Co-operation and collaboration among co-operatives

One of the main principles of co-operatives is cooperation among members. This can be achieved through the formation of secondary co-operatives which promote co-operation, co-ordination and networking amongst co-operatives in specific sectors and regions. The importance of this co-operation is to facilitate the sharing of services, such as marketing, research and development, skills acquisition and even production. Through such co-operation, co-operatives can achieve economies-of-scale benefits enjoyed by large firms (the dti 2006:14).

3.3.5.10 Strategic public expenditure in the co-operative sector

All government departments and other spheres will be encouraged to target co-operatives for some of its procurement needs that these enterprises can provide. Co-operatives will also be prepared to gain in the government's Expanded Public Works Programme as part of the growth and development strategy (GDS) implementation (the dti 2006:14).

3.3.5.11 The need for streamlined, market-oriented and sustainable institutions

In its policy, the government states that institutions that are already being utilised for small business support should also be extended to provide for co-operatives in response to their needs. Some of the needs of co-operatives are similar to those of small businesses. For specific needs of co-operatives, the co-operative movement in the form of the apex body should also play a part. Also, the co-operatives Advisory Board should be able to advise accordingly (the dti 2006:14).

The eleven fundamental principles suggested in this strategy represent the vision that has been highlighted in the constitution to provide supports to co-operatives, to create a conducive environment for their growth and sustainability as well as to ensure that poverty is alleviated.

When it comes to the support services, the strategy clearly emphasises a 'holistic support service' which means that local government should recognise the multiplicity of challenges of co-operatives, and, therefore, support them from their inception to their sustainability.

Further, the strategy emphasises addressing the imbalances that were created during the formation of co-operatives in 1922-1994, where local government's discriminatory role supported only White co-operatives and their communities. Here, the strategy is promoting the support of all co-operatives in the country, with an emphasis on those co-operatives owned by Black people.

3.3.6 National Co-operative Development Strategy 2012-2022

This strategy is evidence of the government's continued commitment to the promotion of co-operatives over the next ten years from 2012 – 2022. It sets out an implementation framework for the Co-operatives Development Policy of 2004 and the Co-operatives Act, No. 14 of 2005, as amended. It also ensures that government, through the utilisation of various partnership models, engages in joint initiatives with all relevant stakeholders, in an effort to holistically promote strong, viable, self-reliant, autonomous and self-sustaining co-operatives in the country. The strategy targets both existing and emerging co-operatives, covering the following market segments: survivalist, micro, and small to medium co-operatives (the dti 2012:12).

The objectives of the aforementioned strategy are as follows:

- To nurture all forms and types of co-operatives and the co-operatives' movement, as well as increase their contribution to the country's GDP growth rate, economic transformation and social impact;
- To promote co-operatives as a vehicle to assist in the creation of decent employment and reduce poverty through income-generating activities;
- To support co-operatives in the development of their human resource capacities; understanding co-operative principles and values through the provision of technical, collective entrepreneurship, management and co-operative education and training;
- To strengthen the sustainability of a co-operative, through the provision of access to information, access to markets, business development support services, business infrastructure and institutional finance;
- To increase savings and investment, through the promotion and support of co-operative banks and financial services' co-operatives;
- To foster co-operation among co-operatives, through supporting the creation of the vertical structure of co-operatives and conducting awareness campaigns;
- To raise the profile of co-operatives as a dynamic and effective business organisation that can be utilised by individuals and communities to empower and uplift their social and economic well-being through awareness campaigns;
- To raise the profile of co-operatives as an institution that allows the agglomeration of small-scale economic activities namely consumer co-operatives and co-operative banks among others. into massive activities, market linkages (marketing and supply co-operatives), mobilisation of captive markets (increase membership that uses the service/product of the co-operative), as well as the enabling of vulnerable groups to compete with big market players, via feasibility studies, market research intelligence and awareness campaigns;
- To aggressively promote closed co-operatives, which constantly attract high levels of membership as captive markets, enabling them to be highly sustainable and with a potential in contributing towards substantial economic and social impacts; and
- To promote co-operatives as an effective vehicle that contributes to the development of rural and peri-urban areas of the economy, as well as improving,

primarily, the economic and social well-being of the following targeted groups: Black people, women, the youth and people with disabilities (the dti 2012:12).

This strategy replaced the Co-operatives Development Strategy of South Africa 2004 – 2014 and incorporated all the principles that were suggested in the previous one. However, one of the key objectives of the new strategy is to ensure that co-operatives are steadily sustainable to contribute to the country's GDP growth rate, economic transformation and social impact.

3.3.7 The Co-operative Amendment Act No 06 of 2013

The Co-operative Amendment Act No. 6 of 2013 was amended as the Co-operative Act No. 14 of 2005 to provide for substitution and addition of certain definitions. The general provisions of the 2005 Act included the following:

- The promotion of the development of sustainable co-operatives that comply with co-operative principles, thereby increasing the number and variety of economic enterprises operating in the formal economy;
- Encouraging persons and groups who subscribe to values of self-reliance and self-help, and who choose to work together in democratically controlled enterprises, to register co-operatives in terms of this Act;
- Enabling such co-operative enterprises to register and acquire a legal status separate from their members;
- The promotion of equity and greater participation by Black persons, especially those in rural areas, women, persons with disability and youth in the formation of, and management of, co-operatives;
- The establishment of a legislative framework that preserves a co-operative as a distinct legal entity;
- Facilitating the provision of support programmes, targeting emerging co-operatives, specifically those co-operatives formed and operated by Black persons, women, youth, disabled persons or persons in the rural areas and that promote equity and greater participation by its members;
- Ensuring the designing and implementation of the co-operative development support programmes by all the agencies of national departments including but not limited to Khula, National empowerment Fund (NEF), Small Enterprise

Development Agency (SEDA), Industrial Development Corporation (IDC), South Africa Quality Institute (SAQI), South Africa Bureau of Standard (SABS), Council for Scientific and Industrial Research (CSIR), Public Investment Corporation (PIC), Development Bank of Southern Africa (DBSA), South African Local Government Association (SALGA) and Sector Education and Training Authority (SETA), and compliance with uniform norms and standards prescribed by this Act;

- Ensuring the designing and implementation of the co-operative support measures across all spheres of government, including delivery agencies, and adherence to a uniform framework of established norms and standards that reflect fairness, equity, transparency, economy, efficiency, accountability and lawfulness; and
- The facilitation of an effective co-ordination and reporting mechanism across all spheres of government through the department (South Africa, the Presidency 2013:2).

The amendment would see the development of support institutions, such as the Co-operatives Development Agency, the Co-operatives Academy and the Co-operatives Tribunal. A key aspect of the Co-operatives Amendment Act is the setting up of the co-operative development agency (South Africa, the Presidency 2013:2).

The Co-operative Amendment Act No. 6 of 2013 built on what was already established as the foundation by the Co-operatives Act No. 14 of 2005. The major changes that this Act brought about include the Co-operative Agency, Co-operative Academy and the Co-operative Tribunal. Due to their roles in the economy, which include providing opportunity (to the underprivileged people to raise their quality of life and many other forms of impoverishment); empowerment (which means developing the resources and capacities of the disadvantaged to participate, to organize, to influence, to control and to hold responsible institutions that actually influence their lives); and security (which means taking measures to reduce the defencelessness of the poor and destitute to dangers); the Act would like to ensure that co-operatives have to be treated with dignity through their own tribunal and have a dedicated agency for more support, where needed.

3.3.8 KZN Co-operative Development Strategy (2010)

The KZN Co-operative Strategy has been developed to assist in the provision of support for co-operative development in the province. The KZN government, through the Co-op Strategy, seeks to address the unequal development of the province by reducing unemployment and poverty (KZN EDTEA, 2010:6).

The overall aim of the strategy is to adopt a regulatory approach in the KZN Province, wherein all stakeholders can add value and can support the development of social enterprises in the form of co-operatives. However, the key objectives of this strategy include:

- Promoting co-operatives that create decent work and wealth;
- Promoting a culture of saving;
- Providing skills development;
- Providing financial and non-financial support;
- Ensuring the co-ordination of activities directed at the promotion of co-operatives; and
- Promoting the establishment of co-operatives as a means to transform the economy of the Province (KZN EDTEA, 2010:6).

Worth noting is that the draft strategy attributes the co-ordination of all co-operative activities and value chain in the province to the Department of Economic Development, Tourism and Environmental Affairs (EDTEA) while the implementation of all programmes is devolved to the local governments through the formulation of their own strategies and implementation mechanisms (KZN EDTEA, 2010:11).

The KZN Co-operative Strategy has customised or cascaded to the KZN province all actions that have been suggested and laid down as foundation by the Constitution of the Republic as well as other acts and strategies.

With regard to poverty reduction, the KZN Strategy ensures that co-operatives in the province are the engine of growth. Co-operatives in the province must help the poor and those in vulnerable situations and reduce their exposure and vulnerability to extreme situations and other economic, social and environmental shocks and

disasters (KZN EDTEA, 2010:11).

The key similarity in the current policy framework resides in the positioning of co-operatives in the markets. In view of the economic role to be played by co-operatives, the South African government has positioned co-operatives in relation to market relations and treats them like other competitive enterprises. This market-driven approach by the government undermines co-operatives' capability to meet the social needs of their members. In this context, while co-operatives have emerged, their survival challenges have been exacerbated by deep globalisation into markets.

Secondly, while policies advocate for financial support, the government does not encourage co-operatives to build internal capital pools and neither has its financing been geared to the specific needs of each co-operative. Instead, the government has merely followed a one-size-fits-all approach to start-up capital. Many co-operatives are desperate not only for the start-up but for the working capital, and, as long as this challenge is not addressed, co-operatives will be condemned to survivalist pathways (Satgar 2019:151).

Table 5 presents a summary of the policy framework that supports co-operative development.

Table 5: Co-operative Summary of Policy Framework

Policies	Potential benefits to co-operatives
The Constitution of South Africa	Providing municipal government with the legislative powers to create an environment conducive to small, medium and micro enterprises (SMMEs), including co-operatives' growth
The Co-operative Societies Act 91 of 1981	Afforded the creation of agricultural co-operatives, special farmers' co-operatives, and trading co-operatives
The Co-operatives Act 14 of 2005	The Co-operative Advisory Board was established to assist in improving co-operative policies.
Co-operative Banks Act No	To enhance access to banking services,

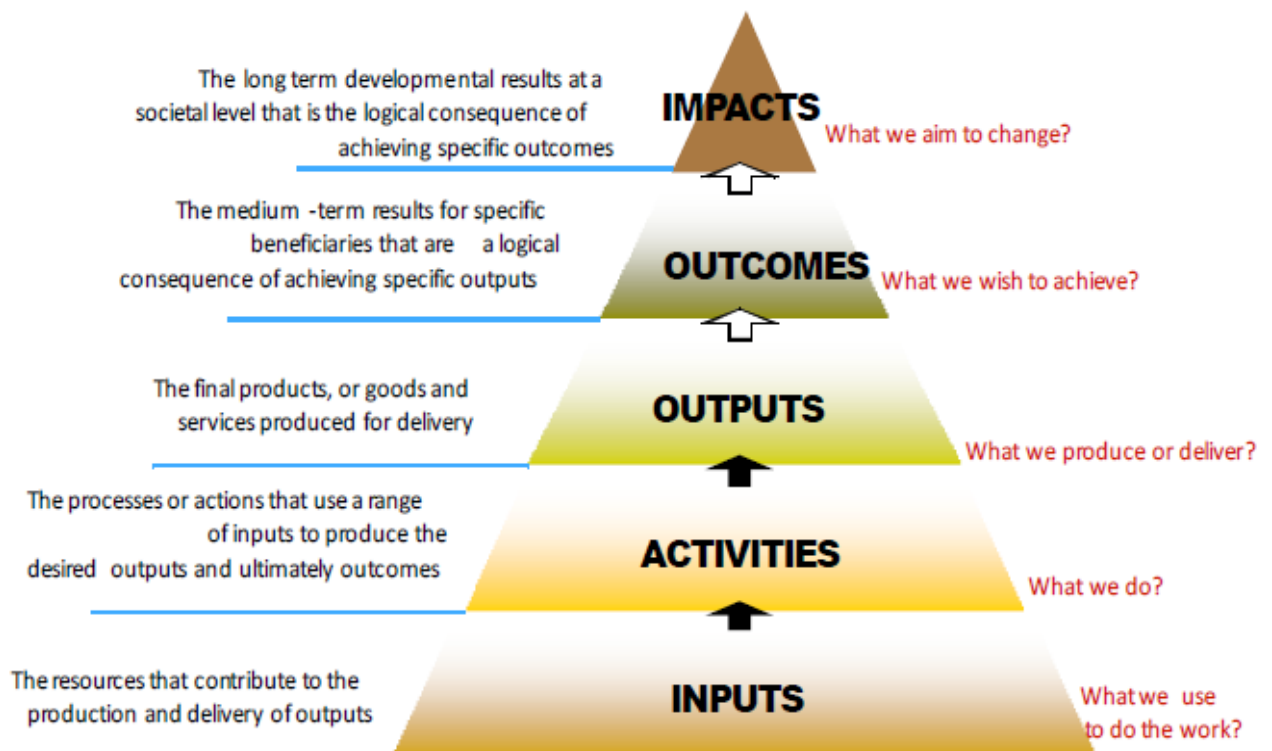
Policies	Potential benefits to co-operatives
40 of 2007	to promote the development of sustainable and responsible co-operative banks
The National Co-operative Development Strategy 2004-2014	Establishment of co-operatives of all types in all sectors, implementation of effective support structures and programmes, emerging Black co-operative enterprises are competing successfully on a national and global scale
National Co-operative Development Strategy 2012-2022	Growing all forms and types of co-operatives, Strengthening co-operative sustainability, raising the profile of co-operatives as an institution that allows the agglomeration of small-scale economic activities, enabling co-operatives to be highly sustainable and have huge potential to contribute towards substantial economic and social impact, fostering co-operation among co-operatives
The Co-operative Amendment Act 2013	Encouraging persons and groups who subscribe to values of self-reliance and self-help, facilitating the provision of support programmes that target emerging co-operatives, specifically those co-operatives that consist of Black persons, women, youth, disabled persons or persons in the rural areas, providing financial and non-financial support to co-operatives, providing business support services including pre-registration support, business plan development, mentorship and after-care to co-operatives.
KZN Co-operative Development Strategy (2010)	Providing a conducive policy/legal environment, promoting and develop co-operatives, building a supportive institutional system,

Policies	Potential benefits to co-operatives
	providing capacity building and skills development for co-operatives,
	supporting co-operatives to gain access to finance.

Source: Table generated by the researcher (2019)

From the Constitution of the Republic to the KZN Co-operative Development Strategy, the promotion of co-operative development is aligned with the theory of change. The theory of change, as pointed out by International Network on Strategic Philanthropy (INSP) (2005) is essentially a comprehensive description and illustration of how and why the desired change is expected to happen in a particular context. It is focused, in particular, on mapping out or “filling in” what has been described as the “missing middle” between what a programme or change initiative does (its activities or interventions) and how these activities lead to desired goals being achieved (South Africa, The Presidency 2010:10)

Figure 5: Elements of the Theory of Change or Outcomes Approach



Source: South Africa, the Presidency 2010

The outcomes approach “is designed to ensure that programme and project planners focus on achieving the expected real improvements in the life of all beneficiaries...[it] clarifies what we expect to achieve, how we expect to achieve it and how we will know whether we are achieving it” (South Africa, The Presidency 2010:10). The outcomes approach advocates using a logic model, linking inputs, activities, outcomes and impacts (International Network on Strategic Philanthropy 2005) (South Africa, the Presidency 2010).

The overall impact that the policy framework in South Africa wants to achieve, through the promotion and development of co-operatives, is to address the triple challenge of poverty, inequality and unemployment. In this regard, co-operatives ensure that they have a clear understanding of the resources that the local government have to invest in co-operatives’ development; various activities to be undertaken; the short-term results, the medium-term expected results; and the overall impact of the support, which is poverty alleviation and economic growth.

While the policy framework in South Africa encourages all government departments and spheres to support, in a preferential way, co-operatives for some of their procurement needs that these enterprises can provide; the framework does not indicate clearly how this is to be done, considering that the standard supply chain procedures do not allow any business to be given any preferential treatment.

3.4 SOUTH AFRICAN NATIONAL SERVICE PROVIDERS AND SUPPORT

3.4.1 South African National Service Providers

This sub-section presents the national stakeholders that support co-operative development in South Africa; these include the following:

- National Co-operative Association of South Africa (NCASA);
- Co-operative Banks Development Agency; and
- National Departments and Institutions such as the Department of Trade and Industry (the dti), the Small Business Development Department (SBDD), the Department of Rural Development and Land Reforms (DRDLR), the National Youth Development Agency (NYDA), the Industrial Development Corporation

(IDC), and the South African National Apex Co-operative (SANACO).

From the preceding list, it is clear that the South African government has adhered to its constitutional mandate of promoting co-operatives in the country; because all stakeholders cited above are from the public sector. Worth noting is that the preceding stakeholders consider co-operatives as a vehicle for social development. Foster (2013) states the social development can be summarised as the process of increasing human potential while reducing imbalances and selfish desires.

3.4.2 South African National Support Services

The preceding South African stakeholders provide the following services:

- Networking and information and international linkages;
- Facilitating the registration, regulating and supervising co-operative banks;
- Facilitating, promoting and funding the education and training aimed at enhancing the work of co-operative financial institutions;
- Providing liquidity support to registered co-operative banks through loans or grants;
- Processing and registering the applications of financial co-operatives as co-operative banks;
- Provision of administrative support;
- Providing mentoring and skills transfer;
- Providing working materials /inputs, equipment and working premises;
- Feasibility studies, business plans and co-operative registration;
- Provision of valid and appropriate financial assistance to co-operatives;
- Educating and training of co-operatives members; and Providing mentorship, advisory services and guidance to co-operatives (the dti 2004; KZN EDTEA 2010).

From the preceding support services, it should be noted that the poverty alleviation and sustainability of co-operatives have been regarded as essential by the South African stakeholders, especially the governments. Further, once combined, all support services show that co-operatives are holistically supported, which means that they are taken care of from their inception up to their sustainability.

3.4.3 South African Success Stories

The following success stories present an indication of how co-operatives, through the support from local government, provide a range of benefits to their members and alleviate poverty in their respective communities.

3.4.3.1 Maletswai Waste & Recycling Co-operative

The Maletswai area, near Aliwal North in the Eastern Cape, provides an exemplary case study of how a co-operative initiative could be a source of self-employment for a community. Although Maletswai is a poverty-stricken region with few job prospects, the formation of the Maletswai Waste and Recycling Co-operative, spearheaded by seventeen unemployed residents, was a step that saw the recycling of wastes being turned into a multi-million business venture. With no business skills and no capital, their prospects might have seemed bleak. However, with the help of financial and non-financial stakeholders, a business plan for the co-operative was developed and financial assistance was received: R500 000 from the Department of Social Development, more than R1,7 million from the National Development Agency, and R1,8 million from Buyisa-e-Bag. A final injection of R4.8 million has been approved by the Department of Economic Development and Environmental Affairs (DEDEA) (SEDA 2011).

These funds have been used in securing land and equipment, with the support of both the local and district municipalities. Buyisa-e-Bag is also planning Buy-Back Centres at Maletswai and four surrounding townships. With the infrastructure largely in place, SEDA provided business skills and training to the Maletswai Co-op members in financial management, co-operative governance, co-operative principles, conflict management, and health and safety. As a result of these interventions, all 17 co-operative members are employed, and it is projected that eight more jobs will be created in the near future when the Buy-Back Centres become operational. The project is fully operational and is separating metal cans, cardboard, plastic, paper and glass for sale to customers (photo 1), and another eight jobs will be created (SEDA 2011).

Photo 1: Maletswai Waste and Recycling Co-operative



Source: SEDA (2011)

This Maletswai Waste and Recycling Co-operative case shows the importance of support from the government. With no experience, no business skills and no capital, it was challenging for this co-operative to sustain itself in the current competitive business world. However, the financial support of R500 000 from the Department of Social Development, R1,7 million from the National Development Agency, R1,8 million from Buyisa-e-Bag, and R4.8 million from the Department of Economic Development and Environmental Affairs have boosted this co-operative to achieve its primary mandates that include opportunities, empowerment and security.

The impact of unemployment on the development of a community is severe both at macro- and micro-economic levels. At the micro level, the lack of employment aggregates the following: psychological harm, loss of work motivation, skills and self-confidence, increase in ailments and morbidity (and even mortality rates), disruption of family relations and social life, hardening of social exclusion and accentuation of racial tensions and gender asymmetries (Sen 2001). At the macro level, it may lead to the lack of school enrolment and participation, as well as to social instability in community.

3.4.3.2 Sasekani Co-operative

The Sasekani Co-operative, established in 2004 in Limpopo, sells eggs. After approaching SEDA, the Sasekani Co-operative developed a business proposal that enabled them to receive a loan of R1.7 million from Old Mutual for a 12 000-capacity layer house, to stock layers and chicks (photo 2). The National Development Agency injected an additional R1.7 million for the purchase of a delivery truck, an extra 7 000 layers and to pay salaries of 18 workers for a year (SEDA 2011).

The remainder of the money was used to build capacity in areas such as financial management, project management and the purchase of office equipment. SEDA also facilitated the production of marketing material and branding of the entire business. The interventions have seen the co-operative securing contracts from Pick 'n Pay, Friendly Supermarket and Makhoma Butchery. Currently, the number of people employed by the co-operative stands at 23 full-time employees (SEDA 2011).

Photo 2: Sasekani Co-operative



Source: SEDA (2011)

As per Maletswai Waste and Recycling Co-operative, the Sasekani Co-operative case shows the importance of support from the government for the sustainability of a co-operative. Just like many other co-operative members, Sasekani Co-operative members lacked experience, business skills and capital. However, members continued to participate at the following three levels of the co-operative:

- Involvement in the provision of necessary resources;
- Involvement in decision-making procedures; and
- Involvement in the benefits created.

Sasekani Co-operative members received financial support in the form of a loan of R1.7 million from Old Mutual and an additional R1.7 million from the National Development Agency to boost their co-operative and achieve the primary mandates that included opportunities, empowerment and security of members. Currently, the number of people employed by this co-operative stand at 23 full-time employees who have been lifted out of the poverty trap in the country.

3.4.3.3 Rule Slate and Tile Co-operative

The Rule Slate and Tile Co-operative, established in 2007 in the North-West Province, produces slate tiles (photo 3). The waste from the slate tiles, paving and building bricks are converted to crusher stones. With help from SEDA, the Rule Slate and Tile Co-operative was formally registered and through its business plan, it received R3 million funding from NEF for purchasing land and equipment. NEF also appointed a mentor mandated with guiding them on matters, such as marketing, finance and administration (SEDA 2011).

SEDA has also funded the co-operative's financial provision for rehabilitation permit to the value of R60 000, and, through Seda's assistance, the co-operative was able to participate in an exhibition in Botswana. NDA injected a further R1.2 million which is to be used in the improvement of their day-to-day financial operations. These interventions have resulted in the growth and sustainability of the business. It currently has 5 members, 18 employees and 50 sub-contracted employees (SEDA 2011).

Photo 3: Rule Slate and Tile Co-operative



Source: SEDA (2011)

The Rule Slate and Tile Co-operative was initiated, like most co-operatives, with and by people who are unemployed, some of whom have relatively low levels of skills and no prior business experience. Under these conditions, like all companies, the Rule Slate and Tile Co-operative members had the least chance of being successful. However, financial support to the value of R60 000 by SEDA and a further injection of R1.2 million by the NDA assisted the Rule Slate and Tile Co-operative to sustain its operations and achieve its primary mandates, that include creating opportunities for members, empowering them and creating their security. The co-operative has

alleviated poverty for a number of community members as it currently has 18 employees and 50 sub-contracted employees.

3.4.3.4 Insimu Yami Agricultural Co-operative

The Insimu Yami Agricultural Co-operative was created by six people from Schagen, Mbombela Municipality in Mpumalanga. The co-operative produces macadamia nuts, a seasonal product harvested from March to September (photo 4). When Insimu Yami was offered an opportunity to purchase a 65-hectar farm, its members approached SEDA for help. SEDA offered the co-operative pre-incorporation training and facilitated their registration as a co-operative with CIPC. SEDA facilitated the start-up business with training and guidance on how to develop a business plan (SEDA 2011).

The ABSA bank provided the co-operative with a loan of R2.65 million for the purchase of the farm. SEDA further helped to produce marketing and promotional material to market the business, facilitated a grant through the Co-operative Incentive Scheme under DTI and provided the co-operative with a mentor mandated with providing guidance on general business management matters. In partnership with the Mpumalanga Agri Skills Development and Training, an accredited service provider was assigned to the co-operative with technical farming skills. Insimu Yami has created 13 sustainable employment opportunities on top of the 6 original members of the co-operative (SEDA 2011).

Photo 4: Insimu Yami Agricultural Co-operative



Source: SEDA (2011)

While not getting much financial support from the government, the Insimu Yami Agricultural Co-operative has managed to sustain its operations and create 13

sustainable employment opportunities over the 6 original members of the co-operative.

3.5 KWAZULU-NATAL SERVICE PROVIDERS AND SUPPORT

3.5.1 KwaZulu-Natal Service Providers

This section presents the provincial stakeholders that support co-operative development in KwaZulu-Natal; these include the:

- KwaZulu-Natal Department of Economic Development and Tourism and Environmental Affairs (KZN EDTEA); and
- Ithala Development Finance Corporation.

3.5.1.1 The KZN EDTEA

The KZN EDTEA has the following branches:

- > The integrated economic development,
- > Industry development and business regulations,
- > Chief directorate: economic planning, and
- > Administration.

Under the integrated economic development, there are the following sub-branches:

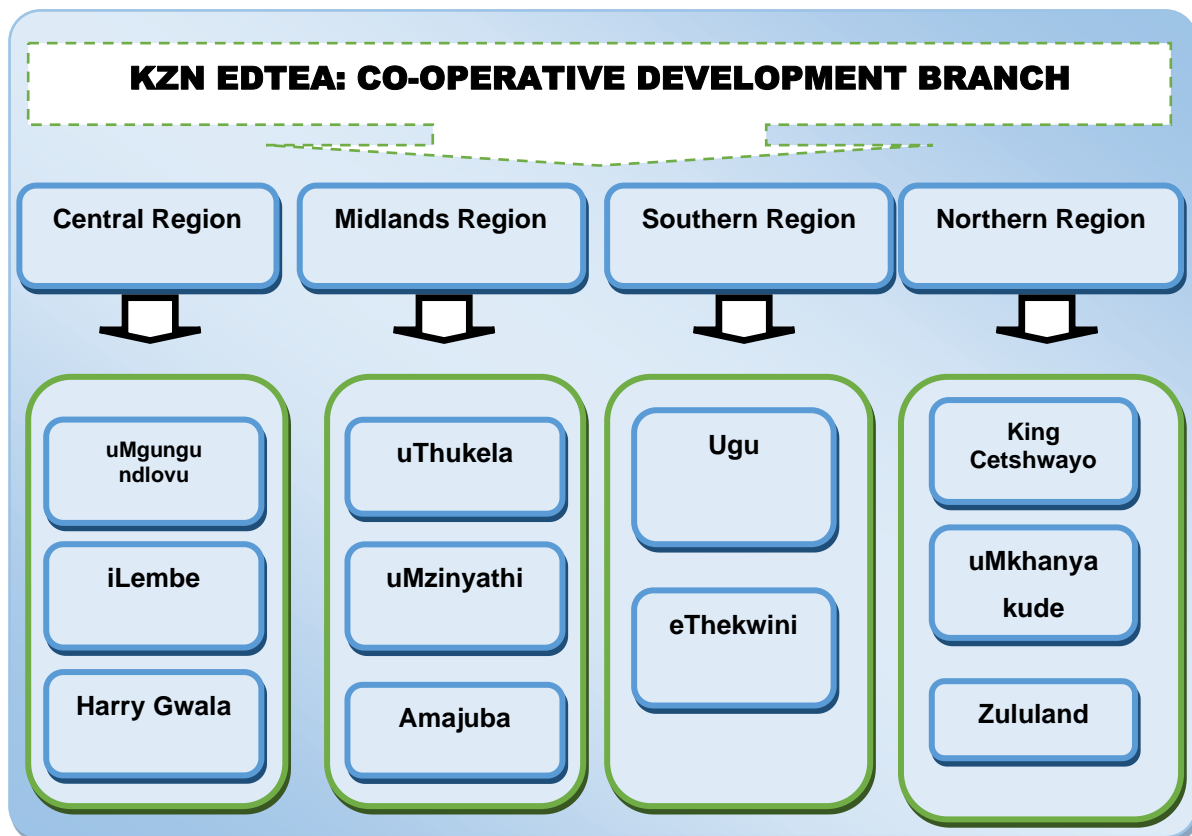
- > Enterprises development,
- > Local economic development, and
- > Black economic empowerment initiatives.

Under the enterprise's development sub-branch, there are two other small branches:

- > Small business development; and
- > Co-operative development (KZN EDTEA 2010:11).

The co-operative development branch is responsible for the management of the co-operative development programme throughout the province. The co-operative development branch manages the co-operative programme with eleven KZN districts grouped under four major regions, as shown in the following figure.

Figure 6: KZN EDTEA: Co-operative Programme Management



Source: KZN EDTEA (2010).

3.5.1.2 Ithala Development Finance Corporation

The Ithala Development Finance Corporation Ltd is responsible for the implementation and management of the provincial programme for the development of co-operatives. In this respect, it acts as the implementation agents of the Department of Economic Development, Tourism and Environmental Affairs (eThekwini BSMTU 2006:14).

The Ithala Development Finance Corporation Ltd provides the following services to co-operatives:

- Ithala is responsible for the roll-out of any EDTEA budget dedicated to co-operatives' development;
- Registered co-operatives submit applications to one of nine pre-approved Further Education and Training Colleges (FETs) for the registration of a co-operative; and
- Funding to the amount of R20 000 is provided as a non-repayable grant. Additional amounts of funds are provided as a loan that has to be repaid at

rates determined in accordance with the business type of the co-operative. R 5 000 is paid to the co-operative as working capital (eThekweni BSMTU 2006).

The KZN province is one of the key provinces in the country that has adhered to its constitutional mandate of promoting co-operatives; because all stakeholders cited above are from the public sector. Worth noting is that the preceding stakeholders want to ensure that co-operatives in KZN are sustainable, economically stable and resilient and are prevented from sliding back into a poverty trap.

3.5.2 KwaZulu-Natal Support Services

The KZN province has been counted among the pioneering provinces in terms of co-operative development with a large number of established co-operative businesses. Additionally, the province has the following main support services:

- Facilitating the establishment, growth and development of co-operatives in KZN through the adoption of a culture of innovation;
- Creating a robust and effective partnership with private sector role-players, and assisting in developing KZN co-operatives' competitiveness;
- Augmenting and co-ordinating the co-operative support services currently provided by existing public-sector role-players; and
- Conducting research, play an advocacy role and make necessary recommendations to the responsible Member of the Executive Council on any aspect of the development and sustainability of co-operatives in the Province of KwaZulu-Natal (KZN EDTEA 2016).

From the preceding support services, it should be noted that the KZN government is serious about poverty alleviation and sustainability of co-operatives. Further, just as per the national stakeholders, if combined, all support services show that co-operatives should be holistically supported, which means that they have to be taken care of from their inception up to their sustainability.

3.5.3 KwaZulu-Natal Success Stories

3.5.3.1 Thuthukamzizi Bakery Co-operative

The Thuthukamzizi Bakery Co-operative was established in 2009 by a group of five people and it is based in Emazizini, south of Bergville, in the uKhahlamba Local Municipality in KwaZulu-Natal. In 2010, the co-operative received a R250 000 grant from Old Mutual and this fund was used to build the working facility for the co-operatives. The constructed facility has five rooms, which include a baking area, storeroom, shop, office and conference room. Further, KZN Wildlife also supported the group by buying them bakery equipment, a container, borehole and the electrification of the premises. The KZN Department of Economic Development, Environment and Tourism arranged training and mentoring in baking for members of the co-operative (Tshabangu 2013:1).

In 2011, the co-operative applied for a grant from the National Development Agency (NDA) to buy baking machines and other equipment. The application was successful, and the Thuthukamizizi Bakery Co-operative was granted R1.8 million, to be paid in phases. In the first phase, R850 000 was received by the co-operative and this fund was used to buy a delivery truck, stock for the bakery, electrical upgrades and other machinery (Tshabangu 2013:1).

Besides bread, the co-operative also makes scones, muffins, rolls and biscuits which are sold together with soft drinks to the community and local school (photo 5). Other clients of Thuthukamizizi Bakery Co-operative include B & Bs, hotels and tuckshops in the community. In addition to the founding members, the co-operative has employed 14 young people on a contract basis as the production has doubled (Tshabangu 2013:1).

Photo 5: Thuthukamzizi Bakery Co-operative Members



Source: Tshabangu (2013)

The Thuthukamzizi Bakery Co-operative is one of many outstanding success stories on how co-operative sustainability can create employment and alleviate poverty. Providing 14 jobs in a rural area is a great achievement because all these employed people are now being lifted out of poverty.

It is worth noting that, while there was commitment from members and the existence of markets for breads, scones, muffins, rolls and biscuits in Emazizini, the Thuthukamzizi Bakery Co-operative could not get off the ground on its own. However, with support from various stakeholders, this co-operative was able to become sustainable and create much needed employment (Tshabangu 2013:1).

3.5.3.2 Amaphikomsinga Primary Co-operative

Amaphikomsinga Multi-Purpose Primary Co-operative Limited also known as Amaphikomsinga Primary Co-operative is a registered co-operative with Companies and Intellectual Property Commission. The co-operative specialises in hand-manufactured arts and/or craft products that are affiliated with the KZN Culture

Established in 2010, with special assistance from the Department of Rural Development and Land Reform (DRDLR), Amaphikomsinga Multi-Purpose Primary Co-operative Limited is dominated by women both in ownership and management.

The co-operative has currently eighteen (18) full-time members of which four (4) are male and all others (14) are female. Amaphikomsinga Primary Co-operative produces hand-manufactured arts and/or craft products including:

- Mbenge
- Key Holders
- Necklaces
- Bangel
- Earrings
- Vase
- Glass
- Tray
- Calabash



KwaZulu-Natal Department of Rural Development and Land Reform (KZN - DRDLR) supported the co-operative with training on the following subjects: business plan development, record and bookkeeping, product development and marketing planning. Further, KwaZulu-Natal Department of Rural Development and Land Reform (KZN - DRDLR) supported the co-operative with the working tools including tape measure, hammer, pliers, hlokolozza, pipe, niddle, filer, scissors, stone and bowl. Additionally, the KZN - DRDLR provided raw materials to co-operative members to manufacture their products. Those raw materials included telephone wire, hard wire, plastic and sea beads, cotton, cotton cloth, cotton wool, key ring, earring hooks, safety pin, fish line, niddle, and nets.

Photo 6: Amaphikomsinga Primary Co-operative Activities



Source: KZN DRDLR (2016)

Created in 2010, Amaphikomsinga Multi-Purpose Primary Co-operative was initiated, like most co-operatives, by unemployed community members who wanted to overcome poverty through hand-manufactured arts and/or craft products. With the commitment of members and support from the KwaZulu-Natal Department of Rural Development and Land Reform (KZN - DRDLR), Amaphikomsinga Primary Co-operative created eighteen (18) full-time jobs for all its members. It should be noted that through its employment creation, Amaphikomsinga Primary Co-operative has empowered poor women in this community. This is essential because, in most cases, women are responsible for bringing up their family; thus, women empowerment is the empowerment of society at large (World Bank, 2001).

3.6 SUMMARY

An understanding of the co-operative perspectives in South Africa was presented in this chapter. The main objectives of this chapter were three-fold.

First, the objective was to locate local government and its role on the development, support and initiation of co-operatives in the South African context. In this regard, the chapter highlighted a number of trends. People in South Africa initiated the

establishment of stokvel associations which are community-based saving schemes, aimed at improving the lives of their members, both economically and socially, by providing them with financial support within a social or community-based setting. However, this was undertaken without any support from the local government. Further, South Africa saw the involvement of local government in supporting co-operatives; however, only White owned co-operatives benefited from this support. Additionally, during the new dispensation or with the end of the apartheid regime, all co-operatives in South Africa were able to access support from the local government. Local government has been given a constitutional mandate to holistically support co-operatives for poverty reduction, employment creation, sustainability of co-operatives and economic growth.

The second objective of this chapter was to understand and analyse the relationships between co-operatives and poverty alleviation in South Africa. In this regard, the chapter highlighted a number of trends. On one side, co-operatives were established to alleviate poverty by improving the lives of their members, both economically and socially. On the other side, the White owned co-operatives were supported not with the focus of alleviating poverty in the country as a whole, but to ensure that White communities remain economically dominant in South Africa. Also, co-operatives in the 1980s gained recognition as a tool that was effective in alleviating socio-economic problems of the destitute in South Africa. For instance, trade unions began creating co-operatives as a means to address retrenched and jobless workers' financial and economic needs.

The third objective of this chapter was to provide policy and legislative basis for the development, support and sustainability of co-operatives through local government. Unfortunately, there was no legislation regulating the co-operatives, especially during the formation of stokvels. Therefore, the sustainability of these associations was a challenge. Further, legislation and policies were developed to support White owned co-operatives. Therefore, this period saw the collapse of many Black-owned co-operatives. Additionally, the post-apartheid government saw the development of legislation and establishment of departments to support co-operatives. From the Constitution of the Republic of South Africa to the provincial co-operative development strategy, co-operative sustainability and development were at the core of the policies.

Various departments, such as the Department of Trade and Industry and many stakeholders in the country, were mandated to ensure that co-operatives are tools for economic development and poverty alleviation.

The following chapter presents the eThekweni co-operative perspective.

CHAPTER 4: CO-OPERATIVE IN LOCAL GOVERNMENT CONTEXT: ETHEKWINI MUNICIPALITY

4.1 INTRODUCTION

The eThekweni Metropolitan Municipality (map 2) is home to approximately 3 633 952 people, living in 1 052 291 households. The population density in the metropolitan is high at an estimated 1 586 people/ km² which translates to a household density of approximately 459 households/km². Between the 2001 and 2011 census, the population showed a compound annual growth rate of 1.1%. Assuming this growth rate persists, it is projected that the population will grow to approximately 4 275 114 by 2031 (KZN COGTA 2018:35; eThekweni LED Unit (2018:6).

Map 2: eThekweni Municipality



Source: KZN COGTA 2018

This chapter concludes the literature review of the study and presents the perspectives of co-operatives in the eThekweni Municipality. The chapter has the following objectives:

- to pinpoint the role of local government support on co-operatives' sustainability and their related impact on poverty alleviation in the eThekwini Municipality;
- to understand and analyse the relationships between co-operatives and poverty alleviation in the eThekwini Region; and
- to provide policy and legislation relating to the eThekwini Municipality as a basis for the development, support and sustainability of co-operatives.

Apart from the introduction and summary, the chapter comprises of the following sections:

- > An overview of the eThekwini Municipality and its poverty level;
- > The eThekwini co-operative policy framework: and
- > The eThekwini co-operative stakeholders and support.

4.2 ETHEKWINI MUNICIPALITY OVERVIEW

4.2.1 Background

The eThekwini Municipality is located on the east coast of South Africa in the Province of KwaZulu-Natal (KZN). The municipality spans an area of approximately 2 555km² and was home to some 3.7 million people in 2018. It consists of a diverse society which faces various social, economic, environmental and governance challenges (eThekwini LED Unit 2018).

It is expected that this population growth will result in a higher population and household density of 1 866 people/km² and 587 households/km², respectively. Other demographic trends from the eThekwini Municipality are presented in table 6.

Table 6: eThekwini Metropolitan Municipality Demographic Overview

Category		2001	2011	2018	Average Growth Rate
Demographic Profile	Population	3 088 949	3 442 361	3 733 952	1.1%
	Household	823 734	969 809	1 052 291	1.7%
	Average Household Size	3.7	3.5	3.4	-0.5%

Category		2001	2011	2018	Average Growth Rate
	Household Density (hh/km ²)	359.5	423.3	459.3	1.7%
Education Level	No schooling	191 289	93 451	65 317	-6.9%
	Primary school	362 059	288 461	257 931	-2.3%
	Some secondary	661 318	737 264	778 448	1.1%
	Grade 12	512 576	834 764	1 065 286	5.0%
	Higher	184 248	268 459	324 053	3.8%
Age Profile	Under 15 Years of Age	854 425	866 280	877 477	0.1%
	Working-Age (15 – 64)	2 105 493	2 410 688	2 588 574	1.6%
	Elderly (65+)	129 031	165 393	187 836	2.5%
Employment Profile	Employed	56.9%	64.8%	69.6%	2.6%
	Unemployed	43.1%	27.8%	30.4%	-3.0%
Household Income Profile	No Income	186 313	162 458	151 702	-1.4%
	Low Income	403 434	398 315	409 409	-0.1%
	Low/Middle Income	174 316	230 176	264 710	2.8%
	Middle/High Income	52 893	137 626	233 634	10.0%
	High Income	6 121	28 086	63 892	16.5%

Source: Quantec (2018)

Table 6 indicates that residents of eThekweni, who are of working-age (15 – 64 years of age), are the majority, whilst a further 24% are younger than 15 years old, and only 5% of the population are classified as elderly (65+ years of age).

eThekwini Municipality reflects a relatively well educated and skilled population. Education levels in the municipality are high with 43% of the population having completed Grade 12 whilst an additional 13% have studied further. Of those who have studied further, the most common achievements were a bachelor's degree (26%), a bachelor's degree and Diploma (9%), an Honours Degree (13%) and a Higher Degree, Masters or Doctorate, (9%). The skill profile of the municipality suggests that approximately 27% of the population is considered highly-skilled, 49% semi-skilled, and 24% low-skilled (Quantec 2018; eThekwini LED Unit 2017; Stats SA 2018).

4.2.2 Poverty in eThekwini

The municipality faces a challenge, such as the persistently high unemployment rate of 30% with 41,8% of the population subject to conditions associated with poverty. The employed population stands at 70% with 2% employed in the primary sector, 21% in the secondary sector, and 77% in the tertiary sector, which reflects a relatively developed economy (Quantec 2018).

The impact of unemployment on the development of a community is severe both at macro- and micro-economic levels. At the micro level, the lack of employment aggregates the following: psychological harm, loss of work motivation, skills and self-confidence, increase in ailments and morbidity (and even mortality rates), disruption of family relations and social life, hardening of social exclusion and accentuation of racial tensions and gender asymmetries (Sen 2001).

The understanding of poverty assumes a daily income of R28 (or \$2) per person per day, equivalent to an annual household income of around R38 400. Using this understanding, approximately 50% of the households in the eThekwini Municipality are living below the poverty line (eThekwini LED Unit 2018). Poverty and inequality are related, with higher levels of poverty associated with more inequality, and the gap of a country's economic inequality is measured by the Gini coefficient. In the case of eThekwini Municipality, its measurement of the Gini coefficient is 0.64, indicating the presence of relatively high levels of inequality. This is in contrast to 0 which indicates perfect equality while 1 represents perfect inequality (KZN COGTA (2018:35).

The concept 'poverty' is a broad topic that includes a range of factors from the lack of market purchased goods to living standard, risk, vulnerability, powerlessness, and stigma, lack of longevity, literacy, health, voice and civil rights. Hagenaars (1986), quoted by Katambwe (2013), states that poverty is a situation wherein an individual's needs are not sufficiently addressed. Poverty is a situation where individuals, households, or entire communities are unable to command enough resources to meet a socially acceptable minimum standard of living (May et al. 2000).

The minimum standard or basic needs should be understood to include certain minimum requirements of a family for private consumption. These minimum requirements include adequate food, shelter, clothing, certain household equipment and furniture, as well as certain essential services, such as safe drinking water, sanitation, public transport, and health, education and cultural facilities (Srinivasan 1992).

Hence, from the above definitions, one might say that the poor can be identified as those who are unable to meet the basic conditions of life, such as food, clothing, shelter, clean water, sanitary surroundings, with extremely limited mobility or communication beyond their immediate settlement. As a result, they have more health problems and fewer employment opportunities.

The following discussion distinguishes between relative and absolute poverty, and between rural and urban poverty.

Absolute Poverty is a situation where incomes are low that even a minimum standard of nutrition, shelter and personal necessities cannot be maintained. In other words, absolute poverty means that an individual is so poor that his/her next meal may mean the difference between life and death (De Beer 2000).

Relative poverty is an expression of the poverty of one in relation to another entity (De Beer 2000; Katambwe 2013).

Urban poverty is characterised by overcrowded cities surrounded by squatter settlements lacking quality basic needs, with families of up to six people sharing one

or two roomed shacks. (De Beer 2000).

Rural poverty is largely a rural phenomenon. People live in the deprivation trap, which means they are poor, weak, isolated, powerless and vulnerable (De Beer 2000; Katambwe 2013).

Poverty and development are related. Development is a crossroad and a kleptomaniac field, meaning that it has linkages with many other disciplines. The concept 'development', as pointed by Rigg 2003, has more than seventy-two meanings that were registered in a survey from the mid-1980s, indicating that the word 'development' has a number of dimensions, which many persons ignore. However, all these meanings will not be part of this work mainly because of the limited scope of the analysis. The section starts with a definition of the term 'development', the purpose of development, the different agents of development, and variables of development.

According to Martinussen (1997), development refers to "the societal reproduction and transformation process of the developing world in conjunction with the international factors that influence these processes". After the Second World War, the concept 'development' took another dimension, as it meant something positive or desirable by people in society, region or by a specific population group.

Around the 1980s, development widened its dimension meaning economic as well as non-economic aspects. Development, in terms of economic growth, is defined as "a process whereby the real per capita income of a country increases over a long period while simultaneously poverty is reduced and the inequality in society is generally diminished" (Martinussen 1997:75). The main idea behind this definition is that economic growth would influence other aspects of life in society, which was not an easy way in practice (Martinussen 1997).

Alkire (2010:8) states that "development means human development, meaning a process of enlarging people's choice and improving their welfare". By defining development as human development, Mahbub (1998) means that people might have access to resources needed for a decent standard of living, they might exercise their human rights as well as freedom, and people should participate and have opportunity

to affect the political decisions in society.

Shareia (2015) sees development in a much more modernised context as “a structural change process whereby the traditional and backward third world countries developed towards greater similarity with the western world”. The modernization process implies a division of labour and specialization; industrialization and urbanization; technological transformation and agricultural change; self-sustaining economic growth; a well-functioning and active state apparatus; a democratic form of government; and equality before the law (Shareia 2015:79).

Development, as elimination of dependency, means a process that leads to the “gaining of real national independence and self-centred economic progress” (Martinussen 1997:78). Shah (2008:1) defines development as sustainable development that means “a process of life that leads to the fulfilment of the present human needs without endangering the opportunities of future generations to achieve theirs”.

Alkire (2010:8) points out that development as decentralization and participation means “a process allowing poorer people and grassroots to have a control over their rights and to control bureaucracy which are sometimes unsympathetic to local need”.

Purpose

The main purpose of development is in raising the sustainable level of living of the masses, who are poor people, as rapidly as feasible and to provide all human beings with the opportunity to build their individual capacities. This implies meeting the basic human needs of the poorest people in the world and establishing a national and international framework for sustained and self-reliant development (Paul et al. 1992).

In the same vein, De Beer (2000) states that the purpose of development is not only about placing facilities among the poor or creating infrastructure. Development is also about releasing the community of the poor from the poverty trap so that they can take responsibility for their own destiny.

Agents

Development can be achieved by many agents, such as the state, non-governmental organisations, population or community-based arrangement and trade unions (Martinussen 1997).

4.3 EVOLUTION OF CO-OPERATIVE IN THE ETHEKWINI MUNICIPALITY

The eThekwini Municipality is one of the eleven District Municipalities making the Province of KwaZulu-Natal (KZN), and KZN is one of nine provinces in South Africa. Therefore, in terms of the historical evolution of co-operatives, the same trends and analyses presented in section 3.2 in the preceding chapter also apply to the eThekwini Municipality as it is part of KZN and South Africa.

The eThekwini Municipality is among the municipal champions that promote the establishment of co-operatives in the KZN province. Already in 2001, before the development of the eThekwini Co-operative Development Strategy, the municipality developed a programme aimed at alleviating poverty and unemployment using co-operatives. In this regard, municipal procurement was identified as a priority in the economic development field. The Community Participation and Action Support Unit (CPAS) was given the mandate to drive and manage the co-operative development programme resulting in many co-operatives being formed with an average of twenty members each (eThekwini Business Support Market and Tourism Unit (BSMTU) 2019:4).

However, while there has been a substantial increase in the registration of co-operatives, it was not accompanied by a related increase in the contribution of co-operatives to the growth of the economy and poverty alleviation as expected (Ndumo 2019:41). Therefore, there is a need to change the mechanism of promoting the establishment of co-operatives in this area to ensure that those established will be sustainable, self-reliant and capable of responding to both economic and social attributions of their members.

4.4 ETHEKWINI CO-OPERATIVE POLICY FRAMEWORK

This section presents the municipal policy that has been enacted to deal with co-operatives.

4.4.1 The eThekwini Co-operative Development Strategy (2019)

The objective of the co-operative strategy is to provide an enabling environment for the development of viable and self-sustaining co-operatives which participate meaningfully in both the first and second economies. This is done in alignment with the National Development Plan, the National Growth Path, the Blue Print Strategies from the International Co-operative Alliance, National Co-operative Development Strategy 2012-2022, National Industrial Policy Framework, the Co-operative Amendment Act 2013, as well as in line with other relevant policies.

Specific objectives of this strategy are:

- To promote equality of co-operatives within the municipality;
- To assist co-operatives to participate in programmes aimed at improving their productivity;
- To contribute to the sustainability of co-operatives;
- To contribute to sustainable development of co-operative members' communities; and
- To enable the municipality to develop the co-operatives working within the municipal area (eThekwini BSMTU 2019:4).

The overall outcome of the strategy is to enable the municipality to implement developmental programmes intended to promote economic empowerment and entrepreneurship to the indigent people. Within this framework, the strategy is aimed at:

- Positioning co-operatives as builders of economic sustainability in the municipal area;
- Building the co-operative message and secure the co-operative identity;
- Ensuring supportive legal frameworks for co-operative growth; and
- Securing reliable co-operative capital while guaranteeing member control (eThekwini BSMTU 2019:4).

The eThekweni Co-op Development Strategy has followed the path of the KZN Co-operative Strategy by suggesting what has been recommended by the Constitution of the Republic as well as other acts and strategies. Through this co-operative development strategy, the local government has been constitutionally empowered to holistically support co-operatives; the eThekweni Municipality has a constitutional mandate and role to play in creating a climate that is conducive for co-operatives to operate without being frustrated by any biased policy.

Due to the existing inequalities (0.64, indicating the presence of relatively high levels of inequality) inherited from the apartheid government, the eThekweni Co-operative Development Strategy has been seen as one of the tools to reduce inequality and increase economic freedom among the previously disadvantaged individuals. In doing so, the eThekweni Co-operative Development Strategy relies on a number of theories such as the theory of change, as explained above, and “Development as Freedom”.

With regard to the theory of change, there is a need to ensure that the eThekweni Municipality has a clear understanding of resources to invest in co-operative activities to achieve the overall impact of the support for poverty alleviation and economic growth.

With regard to the theory of “Development as Freedom”, the eThekweni Municipality needs to ensure that, through the Co-operative Development Strategy, co-operative members and their respective communities have access to developmental freedom. As freedom, development means a “process of expanding the real choices that people enjoy, that is to say, the removal of all deprivations among people and the promotion of free choices” (Sen 2001). What people can positively achieve in their lives or societies is influenced by economic opportunities, political liberties, social powers, and the enabling conditions of good health, basic education and the encouragement and cultivation of initiatives (Sen 2001). Hence, life will be better, and people can live the way they would like to live if the basics of freedom are met (Sen 2001). The subsequent list of instrumental freedoms includes political freedom, economical facilities, social opportunities, transparency guarantees and protective security (Sen 2001).

Economic poverty needs to be seen as the deprivation of basic capabilities rather than merely as lowness of one's income (Sen 2001). Economic poverty deprives people the freedom to satisfy their hunger, achieving sufficient nutrition, obtaining remedies for treatable illnesses, the opportunity to the basics of life such as food, clothing, shelter, clean water or sanitary services (Sen 2001:4). People living in a war-free zone are not yet free unless they overcome threats, such as poor economic opportunities, as well as systematic social deprivation, economic poverty, negligence of public facilities or social care. Development would appear to be one way that can release or free people from such deprivation. Development as freedom can be realised by private entities, such as sustainable co-operatives (through the provision of a variety of services to their members and communities) and freedom actors, such as the local government (for example, through the provision of support services) (Sen 2001). Therefore, the eThekweni Co-operative Development Strategy will lead to sustainable co-operatives that will provide economic and developmental freedom in its authentic context to their members and communities.

However, the eThekweni Co-operative Development Strategy allows the local government to support the sustainability of co-operatives in the municipal area while guaranteeing member control. The second universal principle of co-operatives as presented in the second chapter is about democratic member control. Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women, serving as elected representatives, are accountable to the membership (South Africa, the Presidency 20137; the dti 2012).

Although receiving support from the local government, co-operatives need to remain independent; eThekweni entities and departments, while encouraged to assist co-operatives, are required to reduce and limit their direct interferences within co-operatives; extensive government interference may break the co-operative identity. Therefore, the eThekweni Strategy for Co-operative Development is appreciated as one of the important elements in the establishment, regulation and development of co-operatives; however, this should be limited to the creation of an enabling environment that will facilitate their growth. Otherwise, if policies go over the enabling environment mandate, they will infringe on the independence and rights of co-operative members.

With regard to poverty reduction, the eThekweni Co-operative Development Strategy ensures that co-operatives in the municipality are the mechanism for poverty alleviation and economic growth. Co-operatives in the municipality need to help build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to extreme situations and other economic, social and environmental shocks and disasters. Policies advocate for the empowerment of people who once lived below the poverty line to help them step into the mainstream of their local and national economies.

With regards to the sustainability of co-operatives, the eThekweni Co-operative Development Strategy advocates for the co-operatives to become full-fledged businesses to support themselves as the municipality has limited resources. In other words, co-operatives in the municipality have to understand that the support provided is for a limited period; the support is provided to make co-operatives sustainable and not to create dependency on local government.

Further, one of the major gaps discovered in this area of the policy framework is that, while the eThekweni Co-operative Development Strategy advocates for co-operative development and sustainability; it does not present a clear monitoring and evaluation mechanism to monitor and evaluate the sustainability of co-operatives. In other words, no clear mechanisms are presented in policies that track the sustainability of co-operatives. Tlhomola et al. (2010) state that, for a number of reasons, 23.7% of new businesses dissolve within two years after inception, while 51.7% of businesses dissolve within four years, and 62.7% within six years. Therefore, with this rate of failure, lacking the tracking mechanism or system to monitor the sustainability of co-operatives will just be another way of wasting scarce resources.

As per the National Policy Framework, the eThekweni Co-operative Strategy encourages all departments to support, in a preferential way, co-operatives for some of their procurement needs. However, the strategy does not clearly indicate how to overcome the standard supply chain procedures and does not allow any business to be given preferential treatment.

Similar to the national policies, the eThekweni Co-operative Development Strategy (2019) has also positioned co-operatives in relation to markets and treats them like any other competitive enterprises. As stated above, this approach by the eThekweni undermines co-operatives' capability to meet the social needs of their members.

Therefore, many co-operatives are not developed in accordance with the member needs and capacities, but in terms of the government's objectives. Such a situation does not cultivate the autonomous and independent impulses within the co-operatives for sustainability. Table 7 presents a summary of the policy framework that supports co-operative development.

Table 7: Co-operative Summary of Policy Framework

Policies	Potential benefits to co-operatives
The eThekweni Co-operative Development Strategy (2019)	<p>To promote equality of co-operatives;</p> <p>to assist co-operatives to participate in programmes aimed at improving their productivity;</p> <p>to contribute to sustainability of co-operatives;</p> <p>to contribute to sustainable development of co-operative members' communities;</p> <p>to enable the municipality to develop the co-operatives working within the municipal area.</p>

Source: Table generated by the researcher (2019)

4.4.2 eThekweni Co-operative service providers and support

Organisations and governments at all levels recognise that co-operatives play an important role in the growth of the local economy. For this reason, they support co-operative development and provide them with an environment in which they can flourish. This section presents the eThekweni Municipality's local organisations that provide services to co-operatives.

In the eThekweni Municipality, the key co-operative service providers include Business Support, Tourism and Market Unit, SEDA-eThekweni, and other line departments and stakeholders.

4.4.2.1 Business Support, Tourism and Market Unit

The Business Support Tourism and Market Unit is the organ of the eThekweni Municipality that acts as the umbrella body for the development of small businesses. To this end, the management and co-ordination of all programmes and activities related to co-operatives in the eThekweni Municipality will fall under its responsibilities (eThekweni BSMTU 2019).

The Business Support Tourism and Market Unit provides the following services to co-operatives:

- The overall management and co-ordination of co-operatives' development in the eThekweni Municipality;
- Bridging the gap between co-operatives and their challenges;
- Bridging the gap between co-operatives and SMMEs;
- Through facilitation, liaising co-operatives with other stakeholders to access existing services;
- Empowering people and communities to form co-operatives; and
- Referring co-operatives to the line departments for work (eThekweni BSMTU 2019).

4.4.2.2 SEDA-eThekweni

Before the recent establishment of the eThekweni SEDA, the eThekweni Municipality operated the Thekweni Business Development Centre (TBDC) between 1997 and February 2006. The TBDC aimed to enhance entrepreneurial development in KwaZulu-Natal and has been established and funded by the eThekweni Municipality. In 2005, the TBDC changed its name to the Small Enterprise Development Agency (SEDA-eThekweni) (eThekweni BSMTU 2019).

SEDA-eThekweni provides the following services to co-operatives:

- Assisting co-operatives in accessing markets and business links;
- Facilitating networking among co-operatives themselves and with stakeholders;
- Providing business infrastructure and co-operative incubators;
- Assisting co-operatives in accessing information, advice and referrals;

- Providing tender information and advice;
- Providing import and export training;
- Supplying trade information;
- Conducting business assessments;
- Providing technical support; and
- Providing business mentoring (eThekweni BSMTU 2019).

4.4.2.3 Other stakeholders within the eThekweni Municipality

Other local stakeholders that support co-operatives in the eThekweni Municipality are presented in table 8.

Table 8 Key eThekweni's co-operative service providers

No	Service Provider	Service Provided
1	Supply Chain Management	Providing work to co-operatives including cleaning and grass cutting.
2	Parks	Providing work to co-operatives including grass cutting, the overgrown verges and cleaning of beaches.
3	City Hall	Providing work to co-operatives including cleaning services, messenger/courier services and catering services
4	Real Estates	Providing of work to co-operatives including cleaning services
5	Skills Development	Providing of training and cleaning services
6	Roads and Stormwater	Providing works including cleaning services
7	Vector Control	Providing work to co-operatives including stream cleaning and storm water cleaning
8	Durban Solid Waste	Providing work through waste management
9	Expanded Public Work Programme	Provision of training and assisting co-operative to legally register with CIPC
10	Department of health	Providing work to co-operatives including cleaning of offices and hospitals
11	Regional Centre	Providing work to co-operatives including cleaning and

No	Service Provider	Service Provided
		gardening
12	Human Settlement	Providing work to co-operatives including construction, plumbing among others.
13	eThekwini Area Based Managements	Providing training, assisting co-operatives to register, mentoring co-operatives, provision of information to co-operative through workshops, provision of markets by buying goods from co-operatives, provision of work to co-operatives including catering services and renovation/construction work, stream cleaning, grass cutting and pavement renovation among others.
14	Infrastructure Management and Socio-Economic Development department (IMS) Agriculture	<ul style="list-style-type: none"> • Provide training, • Assist co-operatives with seeds for agriculture, • Provide garden tools, • Provide advisory services, • Provide rainwater harvesting tanks.
15	uMkhumbane Co-operative Forum and Seliyabuya Housing Co-operative	<ul style="list-style-type: none"> • Provide training to the new co-operatives and assisting them to register, • Assisting co-operatives with the formulation of business plans and business administration functions.

Source: Table adapted from the eThekwini Co-operative Strategy (2019)

Contrary to the trends from both international and African spheres; the eThekwini Municipality public sector entities and organisations are the dominant factions and advocate, promote and support the promotion, growth and sustainability of co-operatives. However, other stakeholders from the private sector also play meaningful roles in supporting co-operatives. (eThekwini BSMTU 2019)

With regard to poverty alleviation, stakeholders in the eThekwini Municipality provide the following services to co-operatives for their economic development and growth:

- Specifically, service providers would want to see co-operative members

themselves lifted from the poverty trap;

- They further, want to see co-operatives working not only for their own members but for the sustainable development of their communities through policies accepted by their members;
- They additionally want to see co-operatives being able to protect the collective interests of the poor and vulnerable people against capitalists; and
- Stakeholders support co-operatives because they have a clear understanding of the benefits presented by co-operative movements compared to other private companies, as presented in Table 9.

Table 9: Co-operatives versus other businesses

CO-OPERATIVE	COMPANY
a) A co-operative is organized to provide a service to members. In South Africa, that service is commonly providing employment to members of the co-operative. A company is organized to generate profit for the owners.	a) The aim of a company is not to provide employment to the community.
b) A co-operative is an organisation that is democratically controlled by members. This means that conditions of employment, wages, and all other business decisions are reached by the consensus of workers. The co-operative principle is that one member receives one vote in making decisions.	b) A company is not democratically controlled. In a private company, the owner has total control over how workers are treated and all other business decisions. In a public company, shareholders control business decisions on the principle that the more shares you own the more votes you get.
c) Co-operatives develop healthier communities	c) In a company, the owners of the business keep most of the profits for themselves. They also tend to live in other communities. This means that money made in the community flows

CO-OPERATIVE	COMPANY
	out of the community and even out of South Africa. Co-operatives stop this money from flowing from the community because the workers split the profits equally amongst themselves. These workers live in the community and spend their money in that community. This creates stronger communities as the resources stay in that community.
d) Co-operatives improve quality of work because workers democratically control the business, and appoint managers themselves, the managers are accountable to the workforce and will not simply exploit the workers.	d) In a company, workers do not control the decisions within the workplace.
e) Co-operative jobs are sustainable: A co-operative business is formed to provide employment to a community. The owners are the workers who live in the community and will not close the business to make profits elsewhere.	e) A company is a business that operates for the purpose of making a profit for a few individuals. This often means layoffs and workplace closures if profits are not large enough for the owners or if the owners can make more profit elsewhere. This process is devastating to the community dependent on those jobs.

Source: Table generated by the researcher (2018)

Therefore, based on the preceding support services, it should be noted that the sustainability of co-operatives is the primary concern of eThekweni's stakeholders.

4.4.3 eThekwini Success Stories

The cases presented here illustrate the relationship between the co-operatives and poverty reduction in the eThekwini Municipality.

4.4.3.1 Bakers Creationz Co-operative

This co-operative initially started when Mr Njabulo Sithole decided to change his career to pursue baking as it was something that he was passionate about from an early age. There were many challenges in getting the business off the ground, but he persevered and sold his homemade cakes and treats in his immediate community. Word-of-mouth was his marketing tool and he was approached by local school children who wanted to sell his products in their respective schools. This gave him the confidence to formalise his business and he started the co-operative with his wife. Together, Mr Njabulo and his wife see the co-operative as an opportunity to empower local communities with skills and to create livelihood opportunities (eThekwini BSMTU 2019:26).

Currently, the co-operative has a team consisting of ten (10) full-time members and six (6) part-time employees. The ten members are equal shareholders of which three are females. Bakers Creationz has trained many young people in entrepreneurship and baking skills to service retail store contracts in the area. (eThekwini BSMTU 2019:26).

Bakers Creationz is located in Inanda directly on the heritage tourism route and its main products include a variety of cakes, muffins and confectionary (photo 7). It should be noted that there have been a number of awards which Bakers Creationz has won as evidence of the quality of their products as well as business improvement. These include the Durban Chamber - Business Excellence Rising Star Award of 2016, The Master Baker by the eThekwini Municipality and the ILO as well as the Annual KwaZulu-Natal Awards for Best Micro Enterprise (eThekwini BSMTU 2019:26).

Photo 7: Bakers Creationz Co-operative equipment and products



Source: eThekweni BSMTU (2019)

Bakers Creationz Co-operative is one of the cases that shows how a sustainable co-operative can alleviate poverty in a specific area. Just like many other co-operatives, the Bakers Creationz Co-operative was started by and with people who are unemployed, some of whom have relatively low levels of skills and also no prior business experience. However, with the members' commitment and the support from the local government, Bakers Creationz Co-operative has managed to become sustainable. The co-operative has alleviated poverty for a number of community members as it currently has ten (10) full-time members and six (6) part-time employees.

4.4.3.2 Celusiphate Vesankosi Primary Co-operative

Following an entrepreneurship awareness presentation done by the Department of Social Development, the Celusiphate Vesankosi Primary Co-operative was established by seven members who, in 2005, saw the opportunity to form a co-operative to overcome unemployment in their area (eThekweni BSMTU 2019:27).

The co-operative is located on the South Coast Road in Umlazi in Durban, KwaZulu-Natal, one of the popular townships in Durban. In this township, housing is a challenge and there are many hostels and informal settlements (shack dwellings) providing accommodation to people from surrounding villages. Members of Celusiphate Vesankosi were confronted with an unkempt and dirty environment, with no one taking ownership of cleaning the area (photo 8). Members discovered that this challenge can be turned into a business opportunity where they can clean the environment while earning an income. The co-operative was established and contributed to the financial

well-being of eleven (11) full-time members. The waste management has also contributed to the cleaner environment in the community (eThekwini BSMTU 2019:27).

Activities of the Celusiphate Vesankosi Primary Co-operative include stream cleaning, grass cutting, weeding and spraying of weeds and parasitic plants (eThekwini BSMTU 2019:27).

Photo 8: the Celusiphate Vesankosi Primary Co-operative working tools



Source: eThekwini BSMTU (2019)

The Celusiphate Vesankosi Primary Co-operative is an example of a sustainable co-operative in poverty alleviation. After struggling for a while, this co-operative managed to sustain its activities to provide employment to its eleven (11) full-time members. Those members have been lifted out of poverty as they have access to basic needs, such as water, electricity, food and shelter. The Celusiphate Vesankosi Primary Co-operative contributes to a cleaner environment in the community and sustainable development through waste management.

4.4.3.3 Perfect Rock Co-operative

The Perfect Rock Co-operative was created in 2014 in Umlazi, south of Durban, by Miss Bonisiwe, who discovered an opportunity in the agricultural sector to overcome hunger and poverty and to create employment through farming activities (eThekwini BSMTU 2019:22).

The Perfect Rock Co-operative has currently five (5) full-time members of which four (4) are female and one (1) male. The co-operative has ten (10) more staff who work on a voluntary basis, made up of eight (8) old women and two (2) youth. The Perfect Rock Co-operative produces fresh vegetables (photo 6) which are strictly organic, as no chemicals are used in their farming process (eThekweni BSMTU 2019).

The Perfect Rock Co-operative has won a total of four awards, two from the Durban Trade-Fair where it had the second-best stand and a special recognition award. Another award of excellence was received from ABSA and the eThekweni Municipality (Tourism and Marketing Sector). The Perfect Rock Co-operative received another outstanding achievement award from Productivity SA (eThekweni BSMTU 2019).

Photo 9: Perfect Rock Co-operative Activities



Source: eThekweni BSMTU (2019)

Created in 2014, the Perfect Rock Co-operative was initiated, like most co-operatives, by people who were unemployed but wanted to overcome hunger and poverty and to create employment through farming activities. With the commitment of members and support from the local government, the Perfect Rock Co-operative generated five (5) full-time members and ten (10) members who work on a voluntary basis, made up of eight old (8) women and two (2) youth. The Perfect Rock Co-operative, through its employment creation, has empowered poor people in general and women, in particular, in this community. This is essential because, in most cases, women are responsible for bringing up their family; thus, women empowerment is the

empowerment of the society at large (World Bank, 2001).

4.5 SUMMARY

An understanding of the co-operative perspectives in the eThekweni Municipality was presented in this chapter. This chapter attained the following three objectives.

The first objective was to pinpoint the role of local government support on co-operatives' sustainability and their related impact on poverty alleviation in the eThekweni Municipality. In this regard, it should be noted that the eThekweni Municipality has been given a constitutional mandate to support co-operatives for poverty reduction, employment creation, sustainability of co-operatives and economic growth. Therefore, the municipality has developed programmes and has established units to ensure that co-operatives are sustainable and can alleviate poverty in the region.

The second objective was to understand and analyse the relationships between co-operatives and poverty alleviation in the eThekweni Region. In this regard, the chapter highlighted a number of success case stories which, through co-operatives, jobs were created, and co-operative members were able to access basic needs, such as education, income, food and shelter.

The third objective was to provide policy and legislation as a basis for the development, support and sustainability of co-operatives. In this regard, the chapter highlighted that a co-operative development strategy was developed in the municipality. The eThekweni Co-operative Development Strategy has put poverty alleviation through co-operative sustainability and development at the core of its activities. Stakeholders in the municipality play a major role in making sure that co-operatives are mechanisms for economic development and poverty alleviation.

The following chapter focuses on the research methodology for this study.

CHAPTER 5: RESEARCH METHODOLOGY

5.1 INTRODUCTION

The literature review discussed and presented an overview of co-operatives by examining their perspectives internationally, in Africa, South Africa, and the eThekweni Municipality. It shows how the past shapes current practices in relation to the development of co-operatives. Additionally, the review provides lessons about factors that facilitate the development of co-operatives and those that inhibit their growth in a given era. This chapter presents the context of the study and discusses the research methodology and design that has been used to carry out this study. It identifies the techniques and approaches that were applied in the study. In summary, the objectives of this chapter include the following:

- To present the identified methods of research and data collection techniques that have been utilised;
- To describe the research design;
- To elucidate the process, design and administration of the survey; and
- To demonstrate ethical measures considered during the data collection process.

5.2 RESEARCH CONTEXT

The study focuses on co-operatives in the eThekweni Municipality in the province of KwaZulu-Natal (South Africa). The province comprises of ten district municipalities, namely iLembe, Amajuba, Ugu, Harry Gwala, uMkhanyakude, uThukela, uMzinyathi, King Cetshwayo, Zululand, uMgungundlovu and one metropolitan municipality, eThekweni (map 3).

Map 3: eThekweni Municipality Within the KwaZulu-Natal Province



Source: eThekweni LED Unit (2017)

5.3 RESEARCH METHODS

The research method in the context of this study explores and describes the role of local government support on the sustainability of co-operatives as well as its impact on poverty alleviation in the eThekweni Municipality. As discussed in previous chapters, local government has been constitutionally tasked to holistically support co-operatives by creating a conducive environment for their sustainability and by providing them with necessary supports without interfering in their internal matters. Further, it was highlighted that, based on support received, some co-operatives became sustainable and alleviated poverty in their respective communities through the creation of decent and sustainable employment for their members. Therefore, to amplify the preceding themes, it is important and necessary for a scientific methodological process. The fundamental to a scientific approach has been presented by Fox and Bayat (2007:2) as follows:

You should be able to formulate basic research questions, collect data, process the data into information, organise the information into a rational whole, draw acceptable conclusions, document them, and make them known in an acceptable way by using these tools and this methodology your results should, on the whole, be far more accurate in order to make decisions, write scenarios and plan strategically.

Fox and Bayat point out that science may be defined as *a system of concepts, results and methods accepted by a number of scientists*. This definition indicates that the concept of science refers to the system of scientific knowledge, while research refers to the process by which such a system is created (Fox and Bayat 2007). The mixed methods approach enhances the scientific system or method of research.

Creswell (2014:43) indicates that the mixed methods approach involves the simultaneous collection and analysis of numerical (quantitative) and narrative (qualitative) data to address the research question(s) defined for a particular research study.

A qualitative study makes use of a natural setting where the researcher, through the use of data collection techniques, collects data and analyses them inductively. The central focus is on the views, opinions, lived experiences and the meaning constructed by the participants. It also describes a process that is both expressive and persuasive in language (Saunders et al. 2009:512). Neuman (2000:145) states that, through the qualitative approach, researchers borrow ideas from people they study or develop new ideas as they examine a specific case in its context, rather than attempting to transform aspects of the social world into variables and hypotheses.

De Vos et al (2011:15) adds that the procedures of a qualitative approach are unstructured with an undefined study scope and a more philosophical mode of operation is adopted. Creswell (2014:42) defines qualitative study as being an inquiry process of understanding based on distinct methodological traditions of inquiry that explores a social or human problem. The researcher builds a complex, holistic picture, analyses words and reports on detailed views of informants, as the study is conducted within a natural setting.

The qualitative paradigm was chosen because the study aimed at gaining an insight of co-operative members or interviewees' views, opinions and lived experiences on the support services provided to co-operatives as well as the interpretation of their experiences in their respective organisations.

This approach leads to a more nuanced and in-depth insight as to whether the sustainability of co-operatives is due to the support government offered to them. As a qualitative study, the understanding of the support of the local government on the sustainability of co-operatives allowed for the interaction with key stakeholders involved in various support programmes. This resulted in a holistic detailed report on the scope of the study topic.

On the other hand, in a quantitative study, the data are generated from close-ended structured questionnaires (Babbie and Mouton 2010; Tuli 2011) that may be obtained either through fieldwork or from existing sources, such as databases. The quantitative study is guided by the positivist paradigm. Positivist research is characterised by "emphasis on the scientific method, statistical analysis, and generalizable findings" (Mack 2010:6). Through statistical analysis, quantitative researchers work towards establishing how the relationship between/among variables in a study sample is true for the entire population from which a representative sample was randomly drawn. For this reason, positivist researchers often use large samples to carry out statistical analysis, generate hypotheses and make predictions and generalisations (Tuli 2011; Erlingsson and Brysiewicz 2013).

Quantitative studies generate knowledge using deductive reasoning, which starts with general principles and proceeds to a conclusion (Bhattacharjee 2012). If the general principles upon which the conclusion is grounded are true, the conclusion, it is argued, necessarily has to be true (Rodriguez-Moreno, and Hirsch 2009). In research informed by this epistemological standpoint, "researchers design experiments to either confirm or reject a pre-determined hypothesis" (Van Griensven, Moore, and Hall 2014:267).

While the qualitative approach leads to a more nuanced and comprehensive understanding of the topic, the quantitative approach was able to uncover rich

numerical information and figures on the level of support satisfaction provided by local government to co-operatives.

Additionally, the “case study approach” is utilised as the eThekweni Municipal Region has been selected as the study area, as it is one of many local municipalities which has programmes aimed at supporting co-operatives in the country. “Case study method is an approach that allows the researcher to explore a single entity or phenomenon bounded by time and activity and to collect detailed information by using varied data collection procedures in a sustained period of time” (Yin 2012:18). In other words, a case study is an exploration of a “bounded system” or a case (or multiple cases) over time through detailed, in-depth data collection involving multiple sources of information rich in context. The bounded system is delimited by time and place, a programme, an event, an activity or individuals (Yin 2012:18).

5.4 DATA COLLECTION

To explore and describe the impact of local government support on the sustainability of co-operatives in the eThekweni Municipality; the research, as presented above, uses the mixed methods approach. Creswell (2014) states that the mixed methods approach involves collecting or analysing data from the quantitative and qualitative research approaches in a single research study. In this regard, a researcher collects or analyses not only numerical data, which are customary for quantitative research but also narrative data, which are the norm for qualitative research to achieve the research objectives. The combination of methods of data collection included primary and secondary sources, such as academic journals, books, interviews with key informants and co-operative members’ surveys in establishing the impact of local government support on the sustainability of the co-operatives.

5.4.1 Sampling

A population is a group of cases, such as people, managers and organisations. A target population can become extremely costly and time-consuming if one has intentions to cover the entire population. Hence, a sample would be the next option. Sampling is the act, process or technique of selecting a suitable sample or a representative portion of a population for the purpose of determining parameters or

characteristics of the whole population (Saunders et al. 2009:210).

A sample is a finite part of a statistical population whose properties are studied to gain information about the whole. When dealing with people, a sample can be defined as a set of respondents (people) selected from a larger population for the purpose of a survey. A population is a group of individuals, objects, or items from which samples are taken for measurement (Saunders et al. 2009:210). Sampling aims at drawing a conclusion about a population from the selected sample. This implies that inferential statistics enables a researcher to determine a population's characteristics through direct observation of a population sample (Saunders et al. 2009:210).

The local government in the eThekweni Municipal Region has a list of 134 co-operatives that have been assisted by local government, and co-operatives surveyed were randomly selected from that database. The sample of 121 co-operatives was determined through the application of the parameters and formula below to the database. It should be noted that 121 co-operatives surveyed represented 90.3% return rate.

$N/(1+(N(e)^2))$ or $N / (1 + Ne^2)$
N = population
e = precision = (1% to 4%)
Confidence level = 95%
P= 0.5

5.4.2 Documentation or Secondary Sources

The study commenced by conducting a thorough literature review. According to Bhattacharjee (2012:21), a literature review performs three key objectives in research: “(1) to survey the current state of knowledge in the area of inquiry; (2) to identify key authors, articles, theories, and findings in that area; and (3) to identify gaps in knowledge in that research area”. The literature review provided the necessary literary knowledge to enable identification of the theoretical premises as well as the generally accepted principles that underpin the concept of co-operatives' support and their sustainability.

Additionally, the literature review employed a comparative approach to gather information about co-operatives' support and their sustainability from international, African, South African and eThekweni spheres. Comparative research is "a method of analysis that focuses on several objects of study to identify similarities and differences" (Paisey and Paisey 2010:181). In this study, the focus was on the following:

- surveying literature relevant to local government support to co-operatives and its role on poverty alleviation;
- synthesising and summarising the literature information;
- analysing the collected and identifying gaps in current knowledge, by showing limitations of points of view and by formulating areas for further research and reviewing areas of controversy; and
- presenting the literature in an organised way.

Useful sources of information proved to be several South African government reports and policy documents, articles in scholarly journals, books, and unpublished theses among other.

It is important to review the documents (books as well as papers) published worldwide and over different periods to avoid duplication and to make a new contribution to the existing body of knowledge. This helps the researcher to create a good understanding of the project and to write a rational literature review. Saunders et al. (2009:92) point out that the literature review assists in the contextualization of a study based on studies that have already been conducted. This allows a comparison to be drawn and provides a framework for future studies.

Desktop research, as opposed to original market research, involves the accessing of information from both published and unpublished sources. It is not quite market research, but relies on secondary sources of information, and is also known as "secondary" research. Juneja (2015:1) point out that this term is in reference to the published literature available in written format or through online sources.

This technique helped the researcher to access a number of written documents

worldwide and data available on various internet websites, such as the International Co-operative Alliance, the Department of Trade and Industry, other South African national departments, Committee for the Promotion and Advancement of Co-operatives (COPAC), KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs (EDTEA), KwaZulu-Natal Department of Rural Development and Land Reform (DRDLR), and the eThekweni Business Support, Market and Tourism Unit.

All documents accessed online were critically analysed and reviewed and they are listed in the bibliography.

5.4.3 Structured face-to-face in-depth interview

In qualitative research, in-depth interviewing is an important research tool for data gathering, with the researcher as the measuring instrument. The face-to-face in-depth interview is flexible and dynamic and has been referred to as non-directive, unstructured, non-standardised and open-ended. Saunders et al. (2009:320) define the in-depth interview as a face-to-face encounter between the researcher and informants directed toward understanding the informants' perspectives on their lives, experiences or situations, as expressed in their own words. During interviews, a researcher makes use of descriptive, inferential as well as evaluative techniques. Descriptive techniques require the researcher to see something and write it down while the inferential techniques require making inferences about what is observed and the underlying emotions. The evaluative technique requires the researcher to make an inference and a judgment from the behaviour he/she observes (Brown 1998:1) (Saunders et al. (2009:320).

Further, De Vos et al. (2011:20) state that the quality of the interview depends mainly on the skills of the researcher as an interviewer. It is, therefore, advisable to use highly skilled interviewers if researchers do not feel competent to do the interviewing themselves. Thorough training, including familiarisation with the project and its goals, is important. Poor interviewing skills, poor phrasing of questions, or inadequate knowledge of the participants' culture or frame of reference may result in the collection of incorrect data.

In this regard, the researcher organised a set of interviews with the key stakeholders involved in the support of co-operatives. Some interviews were conducted on Sundays at the places and addresses indicated by the interviewees. Others were conducted at the residential places of the interviewees after the normal working hours. The administration of the structured questionnaire (Annexure 1.1) to various departmental representatives was scheduled for a period of two months. In most cases, the questionnaires were forwarded in advance of the appointment made to provide the respondent with an opportunity to read the questionnaire at leisure. Thereafter, the researcher completed the questionnaire whilst the respondent answered during the scheduled appointment. Appointments had to be set up with the respective representatives to conduct the interviews. Each structured questionnaire took approximately two hours to complete.

5.4.3.1 QUESTIONNAIRE COMPLETED BY KEY STAKEHOLDERS INVOLVED IN THE SUPPORT OF CO-OPERATIVES

Bailey (1994:115) finds it common to introduce the questionnaire by stressing that it will not take long to complete, and this has the prospect to stimulate a quick response from the respondents. This approach was adopted in the study. The questionnaire was designed for the key stakeholders involved in the support of co-operatives. The target respondents were the stakeholders from the following department and organisations:

- The KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs (EDTEA). EDTEA has a number of branches, including the small business development and the co-operative development. The Co-operative Development Branch is responsible for the management of the Co-operative Development Programme throughout the province (KZN EDTEA:2010). An appointment of two hours was secured in Pietermaritzburg with the co-operative development branch manager.
- KwaZulu-Natal Department of Rural Development and Land Reform (DRDLR) has a number of units, including the Rural Enterprise and Industrial Development (REID). The REID unit is responsible for the support of small enterprise, including

SMMEs, co-operatives and informal traders (KZN DRDLR:2019:1). An appointment of two hours was secured in Pietermaritzburg with the REID manager.

- The eThekwini Business Support, Market and Tourism Unit is the organ of the eThekwini Municipality that acts as the umbrella body for the development of small businesses. This unit has a number of departments supporting SMMEs, co-operatives and informal traders. To this end, the management and co-ordination of all programmes and activities related to co-operatives in the eThekwini Municipality fall under its responsibilities (eThekwini BSMTU 2019). An appointment of two hours was secured in Durban with the co-operative development Manager.
- The eThekwini Business Support, Market and Tourism Unit, co-operative incubation and field liaison department. The incubation department is part of the eThekwini Business Support Tourism and Market Unit and interacts regularly with co-operatives through the incubation programme (eThekwini BSMTU 2019). An appointment of two hours was secured in Durban with the co-operative incubation Officer.
- Ithala Development Finance Corporation Ltd is responsible for the implementation and management of the provincial programme for the development of co-operatives. In this respect, they act as the implementation agents of the Department of Economic Development, Tourism and Environmental Affairs (eThekwini BSMTU 2006:14). An appointment of two hours was secured in Durban with the Ithala co-operative development Manager.
- Small Enterprise Development Agency (SEDA-eThekwini) supports small businesses, including SMMEs and co-operatives. SEDA enhances entrepreneurial development in KwaZulu-Natal and has been established and funded by both DTI and the eThekwini Municipality (eThekwini BSMTU 2019). An appointment of two hours was secured in Durban with the SEDA-eThekwini co-operative development manager.
- Other stakeholders involved in the support and development of co-operatives that

were interviewed included local economic development (LED) unit, private consultants and development economists. A number of appointments were secured in Durban with the eThekweni local economic development manager, Urban-Econ's Development economist and Skhunyana economic consulting manager.

5.4.3.2 STRUCTURE AND CONTENT QUESTIONNAIRE COMPLETED BY KEY STAKEHOLDERS INVOLVED IN THE SUPPORT OF CO-OPERATIVES

The questionnaire directed to the stakeholders involved in the support of co-operatives included the areas of:

- Covering Letter;
- Informed consent statement;
- Demographic information;
- The core themes of the study, including:
 - role of the local government and types of support provided;
 - impact of such support on the sustainability of co-operatives; and
 - the overall impact of the support on the poverty alleviation in the municipality; and
- Confidentiality assurance.

5.4.4 The Survey Approach

Saunders et al. (2009:175) say that the survey strategy is usually associated with the deductive approach. It is a popular and common strategy in research and is most frequently used to answer who, what, where, how much and how many questions. It, therefore, tends to be used for exploratory and descriptive research. Surveys are popular as they allow the collection of a large amount of data from a sizeable population in a highly economical way.

According to Denscombe (1998:6), the survey approach can take place in various forms. These include geographic, ordnance and social surveys which attempt to measure a phenomenon comprehensively and in detail. Surveys are used to measure and compare a range of social factors, such as poverty, disease, mortality, education

and crime. In most of the cases, surveys are associated with government-driven research (Tonkiss 1998:58). Oppenheim (1992:12) states that surveys could be descriptive or analytic. The purpose of the descriptive survey is to count, answering 'how many' and 'what proportion' questions and it requires a representative sample. The analytic survey is relational and attempts to explain the relationships between experimental, dependent, controlled and uncontrolled variables (Oppenheim 1992:21).

5.4.4.1 QUESTIONNAIRE COMPLETED BY CO-OPERATIVE MEMBERS

Contact with the co-operative representatives and members need to be made to obtain permission to undertake a study at their site and decide on an appropriate time to undertake the survey or agree on distributing and collecting questionnaires. As recommended by Johns and Lee-Ross (1998:76), questionnaires should be designed carefully so that the respondent is not confused or misled.

The confidentiality of the questionnaire had to be ensured to co-operative members and other stakeholders. Another aspect that needs to be considered in terms of De Vos et al. (2011) is the covering letter which should be accompanied to all questionnaires. A covering letter serves to introduce and explain the purpose of the questionnaire to the respondent.

De Vos et al. (2011) state that the covering letter should incorporate areas around the length of time for the completion of the questionnaire and the assurance of anonymity and confidentiality, as well as a deadline for returning the questionnaire, and whether it has to be dropped off and collected later.

As pointed above, the eThekweni Municipality has a database comprising 134 co-operatives that have been assisted. A sample of 121 co-operatives was drawn from the 134 co-operatives and randomly surveyed.

As the majority of co-operative members are Zulu speaking Africans, the approach used was to appoint experienced Zulu speaking fieldwork assistants to assist in explaining and translating questionnaires from English into Zulu. To each co-operative randomly selected, the questionnaire was thoroughly explained to get answers for all

the questions.

However, as mentioned above, the majority of co-operative members are fluent in Zulu and do not appear to speak English. It was a time-consuming task to translate and explain every question and to ensure that the respondents were provided with the privacy and security of exercising their views. The questionnaires were pre-coded to enable the researcher to easily analyse and interpret the data.

5.4.3.2 STRUCTURE AND CONTENT OF QUESTIONNAIRE COMPLETED BY CO-OPERATIVE MEMBERS

The questionnaire directed to the co-operative members included the following areas:

- Covering letter and introduction to the project;
- Informed consent statement;
- Demographic information;
 - Gender of co-operative members;
 - Age group of co-operative members;
 - Population group of co-operative members;
- Business information;
 - Co-operative contact details;
 - Duration of the business;
 - Main activities being undertaken;
- The core themes of the study including:
 - Role of the local government and types of support received;
 - Impact of such support on their sustainability;
 - The overall impact of the support on the poverty alleviation of the members;
- Quality control that confirms that the interview was undertaken and completed; and
- Confidentiality assurance.

5.5 DATA ANALYSIS

A combination of quantitative and qualitative research techniques was applied in the study. This provided the researcher with the ability to gather in-depth information and

data in a small space of time and to the convenience of the participant.

5.5.1 Qualitative Analysis

After collecting information, the thematic qualitative method was used to analyse the data. According to Aronson (1994:1), thematic analysis consists of many steps. The process involved transcribed interviews with key informants, patterns of experiences and the classification of information from direct quotes and the paraphrasing of common themes. The next phase was the identification of all data related to the already classified patterns. Related patterns were then combined and catalogued into sub-themes. The next step was to build a valid argument for choosing the themes.

The related literature assists in the formation of themes. By referring to the literature, the interviewer gains information that allows him/her to make inferences from his/her own interview or therapy session. Once the themes have been collected and the literature has been studied, the researcher is ready to formulate theme statements to develop a story line.

Steps followed during the thematic analysis included the following:

- Reading of transcripts or transcribing the conversations from some direct quotes or common ideas;
- Identification and coding of themes;
- Developing patterns of experiences;
- Identifying information related to the existing and classified patterns;
- Combining all patterns into sub-themes; or generation of a summary table for themes and illustrative quotes; and
- Building effective cases from the themes.

The qualitative approach proved to be constructive as in-depth interviewing allowed the researcher to collect a considerable amount of data in the interview process which contributed to the information in chapters 6 and 7. The programming of interviews with the preceding stakeholders before the surveys with co-operative members was important because the information obtained was utilised to get a better understanding as well as a more informed approach in the survey which followed.

5.5.2 Quantitative Analysis

Quantitative research consists of those studies in which the data concerned can be analysed in terms of numbers. According to Bailey (1994:340), the point of coding the data is to make it suitable for analysis via computer and modern electronic data processing equipment. The sample size of the study was extensive; therefore, coding was necessary to capture the results on the computer programme, Microsoft Office 365 Excel.

Johns and Lee-Ross (1998:135) state that the objective of coding is to produce theories which are grounded in empirical data, conceptually dense, related to the data through many justifiable generalizations, well integrated, and have common themes that support one another.

5.5.2.1 Microsoft Excel 365 Analysis

First, information was captured into a Microsoft Excel 365 sheet and was analysed through the development of pivot tables. From the pivot tables, information was compiled and exported in readable tables and diagrams, from which a number of key findings that emerged were grouped and presented as themes to respond to the main questions of the research.

Steps followed during the quantitative analysis included the following:

- Training the fieldwork assistants;
- Undertaking the survey;
- Capturing of the data (surveys);
- Tabulating data on Microsoft Excel 365;
- Analysing the data through the generation of pivot tables;
- The interpretation of results; and
- Export of data into the Microsoft Word in the report.

5.5.2.2 Input-Output Analysis

To determine the economic impact of the funding provided to the various co-operatives at the macro level, it is necessary to econometrically model the cumulative costs of the capital expenditure component of this funding incurred by the co-operatives. This

is achieved by using the input-output table which shows more detailed information on economic agents and factors of production.

Kenton (2018:1) indicates that the input-output analysis ("I-O") is a form of macroeconomic analysis based on the interdependencies between economic sectors or industries. This method is commonly used for estimating the impacts of positive or negative economic shocks and analysing the ripple effects throughout an economy.

The input-output model illustrates in a single square matrix all the interactions between production, income, consumption and capital accumulation in an economy. It therefore, is a logical arrangement of statistical information concerning income and expenditure flows in an economy and provides a "snapshot" of the economy at a given point in time (Kenton (2018).

The results from the input-output model provide information on the impact of funding provided to co-operatives in terms of the following four indicators:

Production (also referred to as new business sales): This indicator refers to the value of all inter- and intra-sectoral business sales generated in the economy as a consequence of an investment. It is, therefore, the value of all additional business turnovers that are generated as a result of the investment and/or change in the economy (Bess et al 2011:12).

Employment: Reflects the number of additional jobs that result from an exogenous change in the economy. In this sense, a job is defined as one person employed for one year. This is the most popular measure of economic impacts because it is easier to comprehend than large, abstract and values. Job counts, however, have two major limitations: (1) they do not necessarily reflect the quality of employment opportunities; and (2) they cannot be easily compared to the public costs of attracting those jobs (through subsidies, tax breaks or public investments) (Bess et al 2011:12).

Income: Refers to the aggregate personal income in the form of salaries and/or workers' wages that are generated by the investment (Bess et al 2011:12).

Gross Domestic Product (GDP): This is a broader measure of the full income effect or value added within the economy. This measure essentially reflects the sum of wage income and corporate profits generated as a result of an investment in the economy (Bess et al 2011:12).

Steps followed during the input-output analysis included the following:

- Tabulating data on the model;
- Quantifying the positive effects;
- The interpretation of results; and
- Export of data into the Microsoft Word in the report.

The input-output model has been developed using the following formulae:

$$X_i = a_{i1}X_1 + a_{i2}X_2 + \dots + a_{in}X_n + d_i$$

The simple way to understand the preceding formulae is that the study used input, process and output as depicted below:

Input —> Process —> Output

Inputs reflect the resources that groups have at their disposal,

Processes are the mediating mechanisms that convert inputs to outputs, and

Outputs indicate the effectiveness, performance and achievement met as a result from the input and process (Steiner, 1972).

5.6 LIMITATIONS

Ideally, this study should have covered the whole KZN province as there are many districts and municipalities that have programmes aimed at supporting co-operative enterprises, but, due to time and financial constraints, only the eThekweni Municipal Region was selected.

Another limitation is that this study should have been applied to all SMMEs, including formal as well as informal businesses that receive local government support. However, given the time and financial constraints, the study was limited to co-operatives only.

Finally, there was uncertainty as to whether respondents understood all the questions as these were translated from English into isiZulu by the fieldwork assistant. Hence, the researcher was unable to establish if answers were in line with expectations.

5.7 RELIABILITY AND VALIDITY

There was a need to overcome a number of challenges to ensure the validity and reliability of the data collected and the findings. Cohen et al. (2007:105) define reliability as the extent to which the same answers can be obtained using the same instruments more than one time. It is concerned with precision and accuracy. Validity refers to the credibility or believability of the research; basically, validity is to understand whether the research is really measuring what it claims to be measuring (Cohen et al. 2007:105).

The following indicates that the findings and results from this study are reliable and valid:

- Time scale for the study was appropriately defined;
- Methodology was appropriately chosen, taking into account the characteristics of the study;
- Statistical analysis used to analyse the information was efficient;
- The use of descriptive and interpretive techniques ensured the accuracy of the results;
- Design of the questionnaire and the time slots allocated to answer the question ensured that the respondents are not pressured in any way to select specific choices among the answer sets;
- The existing university's resources, including libraries, finance and supervision, helped to cross check the reliability and validity of findings and information; and
- The most suitable and representative sample method for the study was selected as follows:
 - Sector representation; and
 - Location representation.

5.7.1 Sector Representation

With regard to sector representation, co-operatives on the eThekwin database

operate from various sectors. To access reliable information, the surveyed co-operatives were randomly selected from all sectors, as presented in table 10.

Table 10: Co-operatives and their respective sectors

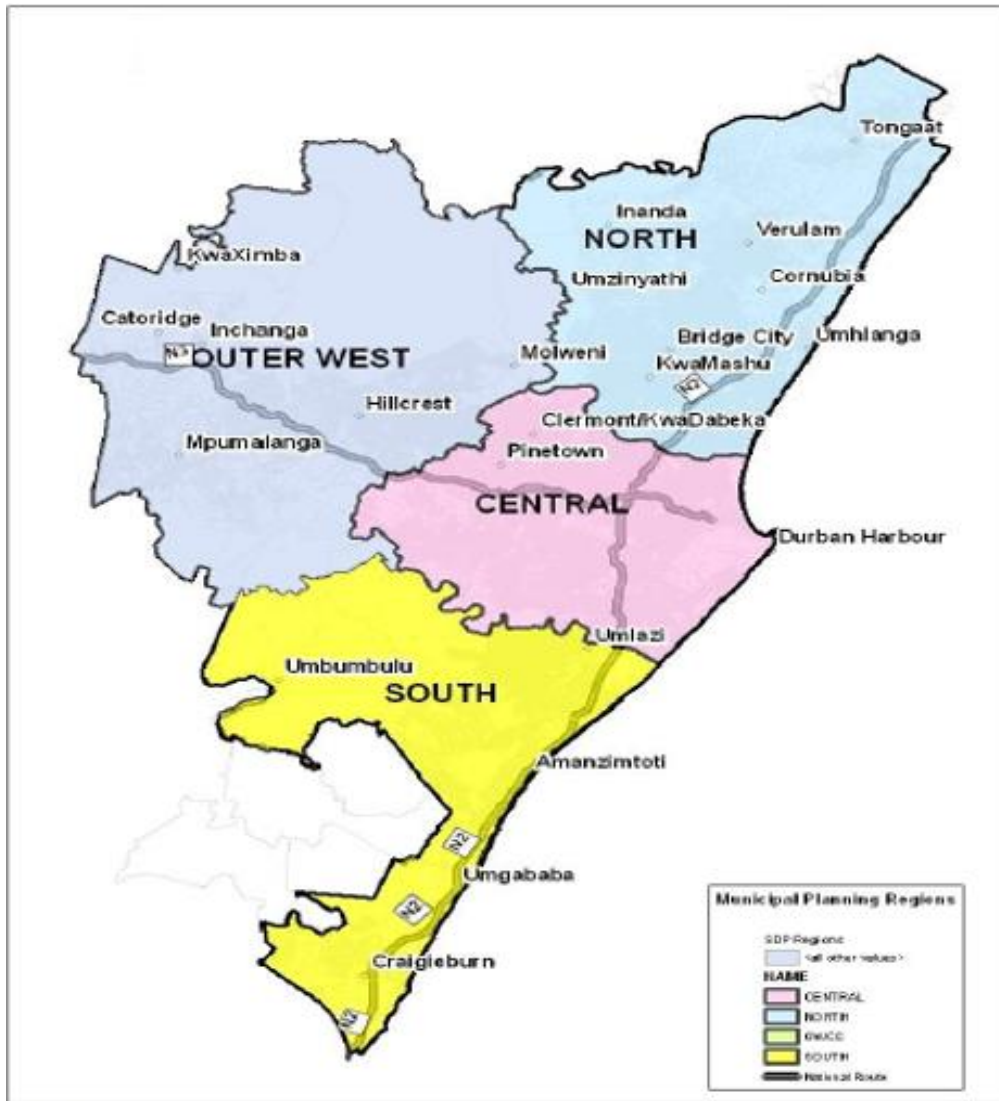
Sectors	Number of co-operatives from the eThekwini Database	Number of co-operatives Surveyed
Agriculture	40	37
Baking Services	8	6
Catering Services	7	7
Cleaning Services	10	8
Construction	9	7
Grass Cutting Services	16	14
Manufacturing	19	17
Property Development	6	6
Repair Services	5	5
Retail Sales and Distribution	6	6
Transport and Logistics	8	8
Total	134	121
Percentages	100%	90.3%

Source: Table generated by the researcher (2019)

5.7.2 Location Representation

The eThekwini Municipality has four main regions (map 4):

- The Central Region: around Durban Central Business District (CBD);
- The North Region: from Umhlanga to Tongaat;
- The South Region: from Amanzimtoti to Umbumbulu and Umgababa; and
- The Outer West Region: from Hilcrest Inchanga, Catorudge to KwaXimba.

Map 4: eThekweni Spatial Regions

Source: eThekweni LED Unit (2018)

However, co-operatives on the eThekweni database were from all regions but largely from the CBD. To access reliable information, the surveyed co-operatives were randomly selected from all regions, as presented in the table 11.

Table 11: Co-operatives and their respective regions

Regions	Number of co-operatives From the eThekweni Database	Number of co-operatives Surveyed
Central Region	43	40
Northern region	14	11
Southern Region	51	47

Regions	Number of co-operatives From the eThekweni Database	Number of co-operatives Surveyed
Outer West Region	26	23
Total	134	121
Percentages	100%	90.3%

Source: Table generated by the researcher (2019)

5.8 ANONYMITY AND CONFIDENTIALITY

It was necessary to ensure that questions posed during interviews did not subject participants to embarrassment or loss of self-esteem (Leedy et al. 2001, cited by Chabalala 2013:43). The rights of participants were spelt out and they were aware of their right to opt out of the interviews. Participants were assured of privacy and confidentiality of the information provided during the research process. Such an assurance played a major role in encouraging their full participation during the research process.

Additionally, the culture, norms and beliefs of participants were strictly respected to avoid any potential harm to the participants during the research process (Welman et al. 2005, cited by Chabalala 2013:43).

5.9 ETHICAL CONSIDERATIONS

Sound ethical standards were adhered in conducting this study as per the ethical guidelines of the Durban University Technology. Importantly, the researcher received prior permission before the study could be conducted (Mouton 2001, cited by Chabalala 2013:43).

To ensure the openness, transparency and democratic standing of this study, participants and institutions were asked to give their “informed consent” to take part in the study (Scott 1990, cited by Tukuta 2011:133).

5.10 SUMMARY

This chapter dealt with the methodology and techniques utilised to collect information. The research explored and described the impact of local government support on the

sustainability of co-operatives. This chapter had the following objectives:

- Presentation of the identified methods of research and data collection techniques that have been utilised;
- Description of the research design;
- Elucidation of the process, design and administration of the survey; and
- Demonstration of ethical measures considered during the data collection process.

This chapter achieved all four of the aforementioned objectives. The chapter highlighted that this study was undertaken using a mixed methods approach. The qualitative approach assisted in achieving a more nuanced and comprehensive understanding of the impact of local government support on the sustainability of co-operatives. The quantitative approach was used to analyse and interpret data and information collected from the survey technique.

Further, the case study approach was utilised, as the eThekweni Municipal Region was selected as the study area, as it is one of many local municipalities which has programmes aimed at supporting co-operatives in the country.

The process used for the data collection was presented in the chapter and included documentation and secondary source analysis, face-to-face interviews with stakeholders involved in the support of co-operatives and surveys with co-operative members. The contents and structures of the questionnaires that were used during the face-to-face interviews and co-operative members' surveys were also presented in this chapter.

After collecting the information from the preceding instruments, firstly, the thematic method was used to analyse the qualitative data collected during the face-to-face interviews. Secondly, the quantitative data collected from surveys with co-operative members were captured into a Microsoft Excel 365 sheet, analysed through the development of the pivot tables, then compiled and exported in readable tables and diagrams. The techniques used to collect information provided a full package of the required data.

Additionally, the ethical considerations used during data collection were presented in this chapter. The culture, norms and beliefs of co-operative members were strictly respected with sound adherence to ethical standards. Co-operative members and stakeholders were asked to give their “informed consent” to take part in the research.

The presentation of the findings of the study will follow in the next chapter in alignment with the objectives and the main themes of the project.

CHAPTER 6: FINDINGS AND DISCUSSIONS

6.1 INTRODUCTION

This chapter presents the key findings that emerged from the information collected on the co-operative stakeholders, including supporting institutions as well as co-operatives themselves. As presented in the methodology chapter, the research explored the impact of local government support on the sustainability of co-operatives using the mixed methods approach. The qualitative paradigm assisted to gain an in-depth understanding of the support services provided to co-operatives as well as the interpretation of their experiences in their respective organisations. Through the quantitative approach, the study was able to uncover rich numerical information and figures on the level of satisfaction provided by the local government to co-operatives.

Findings from interviews and surveys cover an exceptionally large array of issues which are aligned to the following objectives of the study:

- To establish the types of local government support provided to co-operatives;
- To establish the importance of sustainable co-operatives in alleviating poverty;
- To assess whether the support from local government is satisfactory;
- To identify the socio-economic consequences that may arise if co-operatives are not supported; and
- To identify the approach used to support co-operatives.

Further, findings from interviews and surveys are aligned to the following main themes of the study:

- Local government support;
- Poverty alleviation; and
- Co-operative sustainability.

Since the primary data were collected from the organisations that provide support to co-operatives and from the co-operatives themselves, findings are presented in two sections. The first section presents findings that emerged from the thematic analysis undertaken from interviews organised with the representatives from supporting institutions. This is followed by the findings from the quantitative analyses emerging

from the survey undertaken with co-operative members.

6.2 INSTITUTIONS FINDINGS' AND DISCUSSIONS

Combining the direct and indirect support provided to co-operatives by various public institutions, seven themes emerged. These themes are presented in line with the stated objectives of the study and are based on the thematic analysis emanating from interviews undertaken during the data collection phase. Discussion follows each finding to show its meaning and contribution to the existing body of literature on co-operative support, sustainability and development.

The profile and analysis of public support presented in the following sub-sections derived from the interviews conducted by the researcher with various institutions and other stakeholders in the eThekweni Municipality from December 2017 to June 2018. Several representatives of the following nine key institutions were interviewed.

- KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs (EDTEA);
- KwaZulu-Natal Department of Rural Development and Land Reform (DRDLR);
- The eThekweni Business Support, Market and Tourism Unit;
- The eThekweni Business Support, Market and Tourism Unit, Co-operative Incubation and Field Liaison Department;
- Ithala Development Finance Corporation Ltd;
- Small Enterprise Development Agency (SEDA-eThekweni);
- Urban-Econ Development Economists, one of the leading companies dealing with economic development and analysis as well as small business development in the country;
- Skhunyana Consulting Pty Ltd, one of the leading consulting companies that has assisted many co-operative businesses in KwaZulu-Natal;
- eThekweni Local Economic Development (LED) Unit.

As presented in table 12, key findings are aligned to the major themes of the study.

Table 12: Main themes and findings from stakeholders' interviews

Main Themes		Findings sections
Local Government Support		6.2.1 Services offered by departments/organisations to co-operatives
		6.2.2 Types of support provided to co-operatives
		6.2.3 Approach used to provide the support to co-operatives
Co-operative Sustainability		6.2.4 Self-rating of the level of the support provided to co-operatives
		6.2.5 Status of the supported co-operatives
Poverty Alleviation		6.2.6 Socio-economic impacts of sustainable co-operatives
		6.2.7 Lack of support to co-operatives

Source: Table generated by the researcher (2019)

THEME ONE: LOCAL GOVERNMENT SUPPORT

6.2.1 SERVICES OFFERED BY DEPARTMENTS/ORGANISATIONS TO CO-OPERATIVES

It is imperative that there is a clear understanding of what support has been provided to date, especially when determining the return on investment from the support provided to co-operatives. Table 13 and figure 7 present the services currently provided to co-operatives by various departments in the eThekweni Municipality. The dominant service provided to co-operatives in the eThekweni Municipality is the access to training and stands at 32,10%. It should be noted that such training includes:

- Business planning;
- Business management;
- Bookkeeping and basic financial training;
- Selling training; and
- Marketing training.

Table 13: Support Services offered to co-operatives

Supports	%	Supports	%
Access to Training	32,10%	Business premises	7,50%
Access to Market and Marketing assistance	17,00%	Export assistance	5,70%
Co-operative registration	7,50%	Customer care	5,70%
Finance (grant)	7,50%	Other Specify	5,70%
Access to consultants	7,50%	Tender completion assistance	3,80%

Source: Table of interviews with stakeholders (2018)

One of the most frequently cited types of training provided to co-operatives is business planning or the development of business plans. In several cases, this type of training entailed developing a business plan on the co-operative's behalf. In these situations, the co-operative was frequently unaware of what was contained in the business plan. While it is acknowledged that, in many cases, co-operatives lack the prerequisite skills to develop a business plan, failure to include members in the planning process has

been shown in multiple incidences to seriously compromise the likelihood of the plan's successful implementation.

It should be noted that, in the KwaZulu-Natal Province in which the eThekweni Municipality is situated, some people are not only illiterate but also suffer from historic restrictions on entrepreneurial development and poor support systems. Consequently, some households do not have a single-family member working, and no one is likely to find work. This situation is called "unemployable" (McCord 2003:20). Therefore, the provision of training to co-operative members is considered to be a means of economic empowerment and dependency reduction so that members can gain skills and increase their capacity to earn more income (McCord 2003:3).

The process of education and training is the key to social, cultural and political participation, personal and community economic empowerment and national development. The human capital consists of education and training, which forms the primary source of a nation's wealth and its potential for growth.

The support provided to the surveyed co-operatives, however, is not solely confined to the provision of training. This was evident by the fact that the access support to various types of training is followed by access support to markets and marketing assistance standing at 17%.

One of the challenges in the establishment of co-operatives and other forms of small businesses is their growth beyond a mere subsistence level. This is normally linked to market constraints and the inability to sell their products and services. Small businesses, in general, and co-operatives usually regard market constraints and the inability to sell their products and services as one of the most serious obstacles to the establishment of businesses and growth beyond a mere subsistence level. Market access, in general, is a critical factor for business growth, and in the case of entrepreneurs from disadvantaged and rural communities. Therefore, organising means for co-operatives to access markets is crucial to remedy this challenge.

Assistance with market access entailed facilitating negotiations between co-operatives and the private sector, help with applying for public sector tenders, and attendance at exhibits, trade shows and expos.

Additionally, co-operative registration, access to finance (grant), access to consultants and business premises are also the main services provided to co-operatives with 7.50% each followed by customer care with 5.70%, tender completion assistance 3.80%, and access to other support. Other additional support services provided to co-operatives in the eThekweni Municipality include:

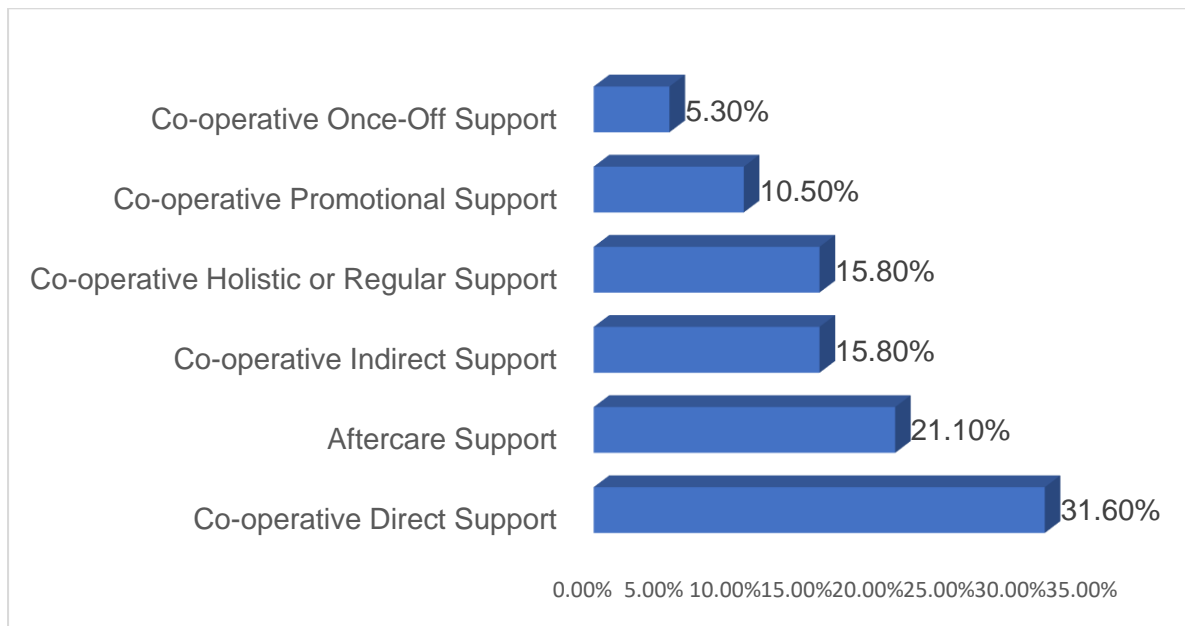
- Access to research;
- Facilitation to access to the South African Bureau of Standard (SABS);
- Monitoring by some departments of the sustainability of co-operatives;
- Monitoring of the co-operatives that accessed loans; and
- Referring of co-operatives to other departments.

One of the observations noted during the assessment of the services provided to co-operatives was that most stakeholders and institutions have been continuously providing support to co-operatives without a clearly set up mechanism for a regular assessment and review of their services. Therefore, the lack of the tracking mechanism or system to monitor the provision of services may result in the wastage of scarce resources. Additionally, it will be challenging to monitor the impact that the provided service has made into the lifecycle of the co-operative.

6.2.2 TYPES OF SUPPORT PROVIDED TO CO-OPERATIVES

Figure 7 presents the types of support that have been used by various departments in the eThekweni Municipality in the provision of services. The dominant type used to provide services to co-operatives in the eThekweni Municipality was direct support with 31.60%. As pointed above, direct support consists of any assistance provided directly to a co-operative itself for its operations, for instance, provision of training and mentorship programme to co-operative members, provision of finance and work or market to co-operatives among others.

Figure 7: Types of Support used to provide services



Source: Interviews with Stakeholders (2018)

The direct support mode is followed by the aftercare support with 21.10%. The main objective of the aftercare support is to assist existing co-operatives that are already in operation. It should be noted that a co-operative can still close down even after a number of years of existence, and investments can still be lost. Therefore, aftercare support is of critical importance. Aftercare support refers to a range of services undertaken to support existing co-operatives, encouraging them to retain and expand their businesses, undertake follow-on investment, and create greater linkages with the local economy (uThukela District Municipality 2013).

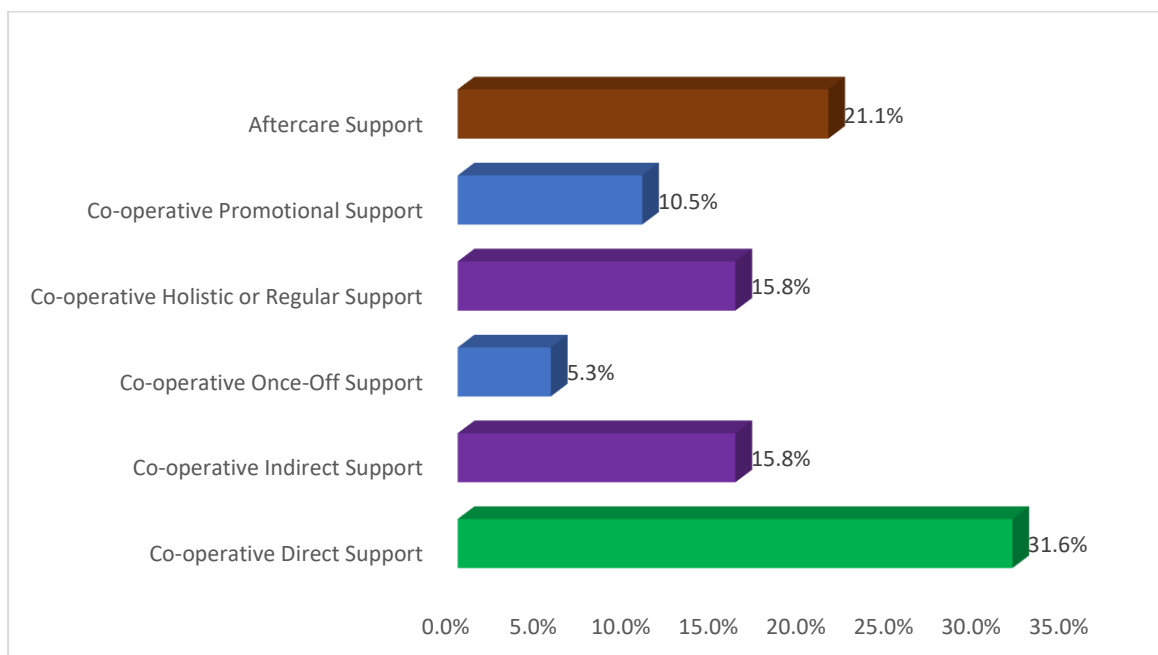
Some of the advantages for aftercare include improving low implementation rates, keeping existing co-operatives from collapsing, extracting benefits for development, gaining reinvestments, and diversifying the economy through support opportunities for other higher value business activities.

Co-operative aftercare activities include the following:

- Understanding co-operatives' needs and perceptions;
- Building long-term, collaborative relationships with co-operatives and addressing their needs;

- Helping remove obstacles and solve problems faced by co-operatives in their start-up operations or expansion phases;
- Helping co-operatives meet and co-operate with officials, local suppliers, service providers and other co-operatives;
- Providing updated information to co-operatives about doing business locally (for example, change in laws and regulations);
- Providing customer care service for day-to-day problems, which include:
 - Frequent visits to co-operatives;
 - Taking a pro-active, not reactive approach;
 - Focusing on co-operatives' growth and maximizing opportunities;
 - Taking a co-ordinated, long-term view that involves all key players;
 - Involving high-level client engagement;
 - Assistance with export/trade promotion;
 - Assistance with expansion of business;
 - The encouragement and support of the development of new, upgraded, higher value-added products and services of strategic value to the firm's network; and
 - Policy advocacy activities (report on change of policy and regulations).

Figure 8 Modes Used to provide services



Source: Interviews with Stakeholders (2018)

The promotional support mode (10.5%) is referred to as the top-down approach and has been used in the eThekweni Municipality. The eThekweni Municipality uses this approach to promote the establishment of co-operatives because co-operatives alleviate poverty and assist the previously disadvantaged individuals to access the mainstream of the economy.

Promotional support involves all the steps and activities undertaken by stakeholders to promote the establishment of new potential co-operatives in the region. The promotional support may involve identification of new opportunities for co-operatives; identification of potential individuals that may form a co-operative (unemployed youth, for example), accessing, gathering and compiling of information; campaigning; relationship building; arranging site visits; and alliances and networking.

Although one might argue that the government tries to uplift the lives of the previously disadvantaged individuals and groups through the mobilisation of people to start co-operatives, the top-down approach has failed. There are several co-operatives that are premature and incapable of operating as viable business entities. There is a need to understand that:

- Co-operatives are not a stepping-stone for developing capitalist business models;
- Co-operatives are not about developing the next generation of capitalists;
- Co-operatives are not about promoting the personal interests and political ambitions of political organisations;
- Co-operatives are not a panacea that should be peddled to the people in a populist way; and
- Co-operatives are not an end in themselves.

Therefore, genuine co-operatives need to be self-driven and subject to certain preconditions, if they have to succeed.

The holistic and indirect modes of support have been used in the eThekweni Municipality with 15.8% each. It is worrisome to see that holistic support comes in at the third place in the eThekweni Municipality. Contrary to the once-off support, regular

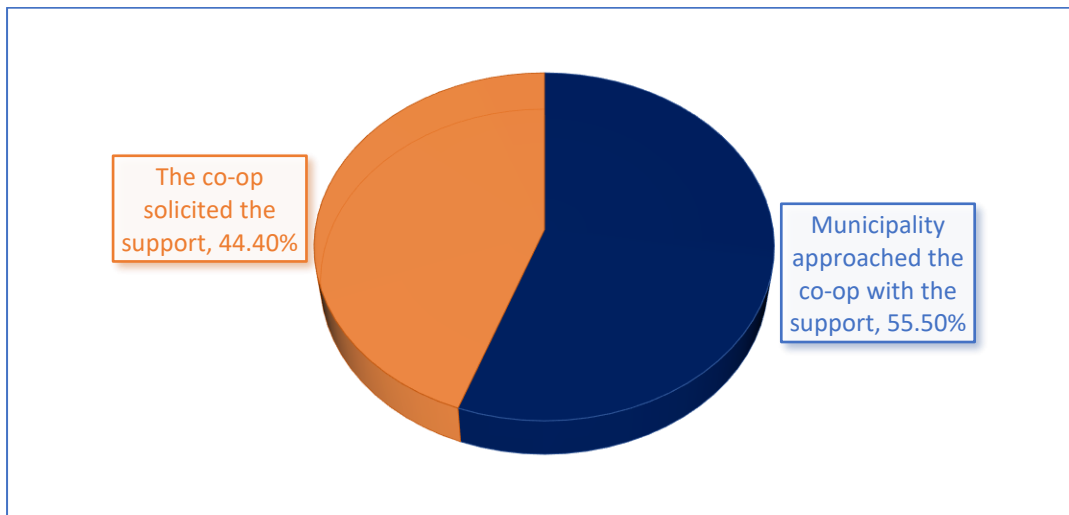
assistance is granted when the stakeholder is prepared to support a co-operative throughout its journey from its establishment to its overall sustainability. It is a comprehensive support that deals with the following:

- Creating a conducive policy and legal environment;
- Building of a supportive institutional system;
- Facilitation of effective operation of co-operatives;
- Provision of capacity building and skills development for co-operatives;
- Provision of support services for co-operatives; and
- Addressing poverty.

6.2.3 APPROACH USED TO PROVIDE THE SUPPORT TO CO-OPERATIVES

Figure 9 presents the support approaches to co-operatives by various departments in the eThekweni Municipality. As presented below, 55,5% of the stakeholders pointed out that the departments approached co-operatives with support services, while 44,4% said that co-operatives solicited support from various departments.

Figure 9: Approaches used to reach co-operatives with support



Source: Interviews with Stakeholders (2018)

The eThekweni Municipality developed a co-operative development strategy with the objective to provide an enabling environment for the development of viable and self-sustaining co-operatives with full participation in both the first and second economies, in a meaningful way. Although the eThekweni Municipality, through the co-operative development strategy, has a constitutional mandate and role to uplift the lives of the

previously disadvantaged individuals and groups through the establishment and promotion of self-sustainable co-operatives; it should be undertaken with caution to avoid producing premature co-operatives that are not yet ready for business. The experience indicates that the individual members often mistake co-operatives as being government organisations, or they think that forming a co-operative is another way of accessing the government's social grant. Therefore, thorough preparation needs to be undertaken prior to approaching community members on the formation of a co-operative model.

THEME TWO: CO-OPERATIVE SUSTAINABILITY

6.2.4 SELF RATING OF THE LEVEL OF THE SUPPORT PROVIDED TO CO-OPERATIVES

Table 14 presents the rating levels of the current services provided to co-operatives by various departments in the eThekweni Municipality. The majority (44.4%) of stakeholders believe that the current services that have been offered to co-operatives are inadequate but fair.

Table 14: Rating Level of Support

Rating	%
Enough	33,3%
Fair	44,4%
Very little	22,2%

Source: Interviews with Stakeholders (2018)

This majority of stakeholders (33.3%) believes that the current support provided to co-operatives in the municipality is enough. However, 22.2% of the stakeholders feel that various departments in the eThekweni Municipality have not done enough to support co-operatives. The current support is very little and needs to be increased.

However, there is a need to ensure that support is provided to co-operatives because of the following reasons:

- ‘Self-Help’ is based on the belief that all people have the potential of controlling and striving to control their own destiny. Co-operators believe that full individual development can take place only in association with others. Individuals also develop through co-operative action by the skills they learn in facilitating the growth of their co-operative. Co-operatives are institutions that foster the continuing education and development of all those involved with them (ICA:2003).
- ‘Self-Responsibility’ means that members have shared responsibilities for their co-operative – for its establishment and its continuing vitality. Members have the responsibility of promoting their co-operative among their families, friends and

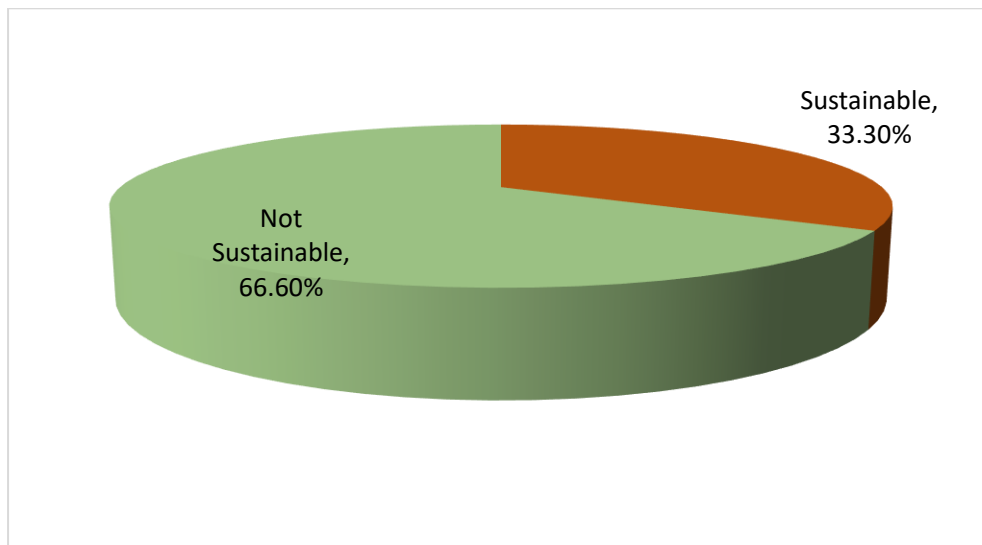
acquaintances. Members also ensure that their co-operative remains independent from any form of internal or external control (ICA:2003).

- Co-operatives are based on ‘equality’ meaning that individual members are all equal in a co-operative, regardless of their social or economic status (ICA:2003).
- Achieving ‘equity’ within a co-operative is a continuing, never-ending challenge. It also refers to how members are treated within a co-operative. They should be treated equitably in how they are rewarded for their participation in a co-operative, normally through patronage dividends, allocation to capital reserves in their name, or reduction in charges (ICA:2003).
- ‘Solidarity’ is about ensuring that co-operatives’ actions are not just a disguised form of limited self-interest. A co-operative is more than an association of members; it is also a collection of efforts. All members including the employees and the non-members, who are closely associated with the co-operative, should be treated fairly. This also means that the co-operative has a responsibility for the collective interest of its members. It has historical roots. Co-operators and co-operatives stand together. Solidarity is the very cause and consequence of self-help and mutual help – two of the fundamental concepts at the heart of co-operative philosophy. It is this philosophy which distinguishes co-operatives from other forms of economic organisations (ICA:2003).
- Honesty, openness, social responsibility and care for others are values, which may be found in all kinds of organisations, but they are particularly strong and undeniable within co-operative enterprises (ICA:2003).

6.2.5 STATUS OF THE SUPPORTED CO-OPERATIVES

Figure 10 presents the status of co-operatives after being assisted by various departments in the eThekweni Municipality. As presented below, stakeholders pointed out that, out of all co-operatives that they have supported with various services, 66.6% of them are not sustainable, and only 33.3% of them are sustainable.

Figure 10: Status of sustainable co-operatives



Source: Interviews with Stakeholders (2018)

It is concerning to note that 66.6% of the respondents indicated that, after receiving support, co-operatives are not sustainable. It is imperative to ensure that the support provided leads to a large number of sustainable co-operatives. Sustainable co-operatives provide the following benefits:

- The Socio-Economic Empowerment of Women: In many developing countries, there are poor people, especially women and other vulnerable individuals that survive on a daily basis; therefore, co-operatives can be used as breeding grounds for socio-economic empowerment of those groups of individuals (Tesfay et al. 2013). Co-operatives play a pivotal role in the alleviation of different challenges while paving the way towards a sound recovery that is socially and economically sustainable (Tesfay et al. 2013).
- Creating Productive Employment and Contribute to Poverty Eradication: Both the Copenhagen Declaration (Commitment 9 h) and Programme of Action (paragraph 51 e) recognize the potential and contribution of co-operatives for the generation of productive employment. A report of the International Labour Office (ILO) confirms that “Co-operatives continue to play an important role in employment promotion and poverty alleviation, both as production enterprises – mainly of the

self-employed – and as providers of services to members” (Committee for the promotion and advancement of co-operatives (COPAC) 1999).

- Promoting Social Integration: Given that co-operatives are people’s organisations, they respond to the social challenges of their communities. Child-care and elderly-care co-operatives, co-operatives of the disabled, and other social service co-operatives are flourishing throughout the world (COPAC 1999).
- Promotion of Health Care: The United Nations published a global survey of health and social care co-operatives in 1997 which indicated the scope of the movement and noted the opportunities for expanded engagement of the co-operative movement in providing high quality health services at a reasonable cost (COPAC 1999).
- Promoting equality and equity between women and men: Since the World Summit on Social Development and the Beijing Conference, the co-operative movement has increasingly sought to improve the status of women in co-operatives and society (COPAC 1999).

THEME THREE: POVERTY ALLEVIATION

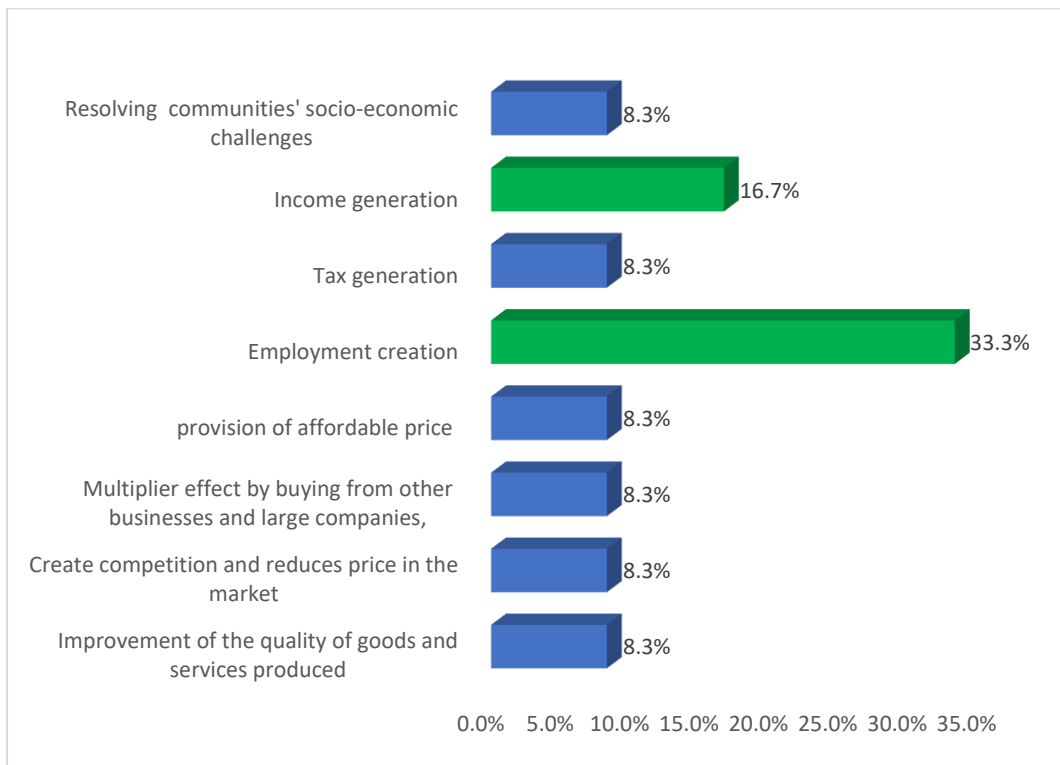
6.2.6 SOCIO-ECONOMIC IMPACTS OF THE SUSTAINABLE CO-OPERATIVES

Figure 11 presents the main impacts of sustainable co-operatives on the economy and poverty alleviation in the eThekweni Municipality.

Sustainable co-operatives have a dominant impact on employment creation (33.3%). The impacts of unemployment on the development of the area, both at macro and micro-economic levels, include the following: psychological harm; lacking motivation to work; not having appropriate skills; lacking in self-confidence; increase in ailments and morbidity (and even mortality rates); challenges in relations and social life; hardening of social exclusion; and accentuation of racial tensions and gender asymmetries (Sen 2001:94). Lack of employment is the primary cause of poverty and it reduces both the physical and mental health status of the people. In the same vein, it increases social isolation and decreases exposure to education and health services (McCord 2002:88).

Inequality and poverty are also closely related to unemployment levels. Using the expanded definition of unemployment, which includes discouraged work-seekers as part of the unemployed, eThekweni has an unemployment rate of 30% (Quantec:2017). Therefore, the transfer of income or wages generated through employment can reverse the harmful impacts of unemployment.

Figure 11: Socio-Economic Impacts of sustainable co-operatives



Source: Interviews with Stakeholders (2018)

The employment creation impact is followed by the income generation impact with 16.7%. There have been tight linkages between poverty alleviation and income. McCord (2002:85) states that income generation, in many cases, contributes to the development of society by increasing school enrolment and participation, decreasing child malnutrition and decreasing social instability.

Additionally, the circulation of the take-home pay has a corresponding increase in the local demand structure, while making the local market economically viable for both domestic and international investments. This has the impact of stimulating the macroeconomic growth of the country (McCord 2002:85). Rural areas generally have a limited amount of money in circulation. Therefore, the injection of funds (the amount of cash in the area where sustainable co-operative members live) through wage transfer is likely able to stimulate local markets and informal employment activities.

Other socio-economic impacts (8.3%) are the following:

- Improvement of the quality of goods and services produced;

- Creation of competition and reduction of prices in the market;
- Multiplier effect by buying from other businesses and large companies;
- Provision of affordable price;
- Tax generation; and
- Resolving communities' socio-economic issues.

The analysis of the economic impact is presented in more detail in the second part of this chapter

6.2.7 LACK OF SUPPORT TO CO-OPERATIVES

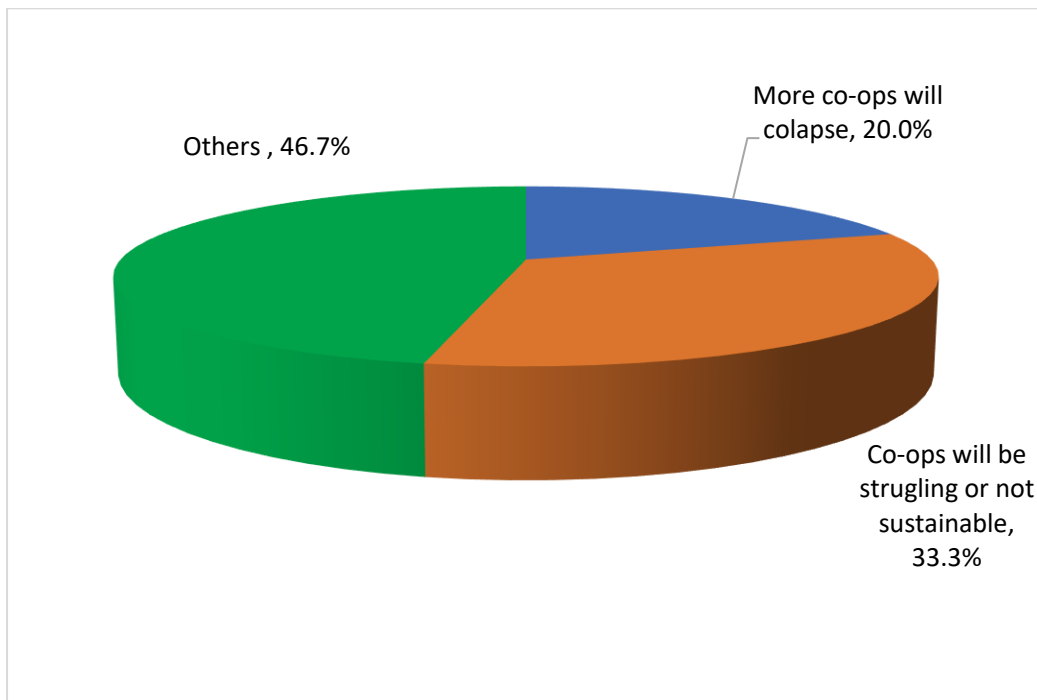
The following figure presents the impact on co-operatives if they are not supported. As presented below, 33.3% of co-operatives will struggle or not sustainable. However, 20% of them will collapse if they did not have an opportunity to access support services from various departments in the municipality. Other consequences on co-operatives, in the absence of support, include the following:

- There will be a decline in the level of interest to register and engage in co-operative business;
- Co-operatives will not grow;
- There will be less or no contribution to co-operative movement locally and globally; and
- There will be a lack of achieving the goals that some of the co-operatives set when established.

Without any support from both public and private sectors, co-operatives will be affected in the following ways:

- Missing opportunities make it difficult for those who are poor to uplift their living standards and have the capacity to face various forms of deprivation;
- Lack of empowerment has a direct impact on the capacity of the poor having much control as possible over the resources being invested, and over the decision-making process; and
- Lack of security means limited measures will be taken to reduce poor people's vulnerability to risks.

Figure 12: Status of Co-operatives if not supported



Source: Interviews with Stakeholders (2018)

- Without government support, it is improbable that someone can fill that gap;
- Private sector support is needed as well;
- Although government support is essential, it will not address all challenges faced by co-operatives; and
- Government support can force co-operatives to be innovative to survive.

As stated in the literature review, co-operatives should be supported, but this has to be done in a manner that does not emasculate co-operatives of their characteristics as truly member-owned, democratic, member-driven and self-sustaining enterprises.

6.3 CO-OPERATIVE MEMBERS' FINDINGS AND DISCUSSIONS

Combining the direct and indirect supports received from various institutions, the following eleven themes emerged. These themes are presented in line with the stated objectives of the study and are based on the quantitative analysis emanating from the survey utilised to collect data. Discussion follows each finding to show its meaning and contribution to the existing body of literature on the co-operative support, sustainability and development

The profile and analysis of the public support presented in the following sub-sections derived from the survey conducted by the researcher with co-operative members and representatives from the eThekweni Municipality in July 2018. The following table presents the key findings from co-operative members as they are aligned to the major themes of the study.

Table 15: Main themes and findings from stakeholders' interviews

Main Themes	Findings sections
Local Government Support	6.3.1 Motivation to start the co-operative 6.3.2 Duration of the business 6.3.3 Main activities/services provided by co-operative 6.3.4 Supports benefited from the government 6.3.5 Approach used by the government with the support 6.3.6 Satisfaction levels of the support received 6.3.7 Key institutions that provided the support
Co-operative Sustainability	6.3.8 Current challenges faced by co-operative 6.3.9 The status of co-operative after receiving support 6.3.10 The status of co-operative in the absence of support
Poverty Alleviation	6.3.11 Tangible positive changes that happened to co-operative as a result of the support from the government 6.3.12 Analysing the positive changes and impacts 6.3.13 Economic impact assessment of the co-operatives

Source: Table generated by the researcher (2019)

THEME ONE: LOCAL GOVERNMENT SUPPORT

6.3.1 MOTIVATION TO START THE CO-OPERATIVE

The following table shows that the majority of the co-operatives (23.4%) started their businesses mainly because they saw an opportunity or a gap in the market. Another group said they wanted to be their own bosses (10.8%). Others said that they wanted to earn an income or create wealth for themselves (19.4%). This bottom-up approach of starting business indicates the level of improvement in the entrepreneurship skills in the municipality which needs to be encouraged.

Table 16: Motivation to start Co-operative

Motivation	%
I was encouraged by the municipality	6.3%
I saw an opportunity or a gap in the market	23.4%
I had an interest in a particular product or service	6.3%
Because I enjoy it	10.8%
I had relevant skills	4.1%
I wanted to have my own business	10.8%
I did market research and found there was demand	18%
I wanted to make an income or to create wealth for myself	19.4%
Other	0.9%

Source: Co-operatives' Survey (2018)

Other reasons that convinced some people to start their co-operative businesses including the following:

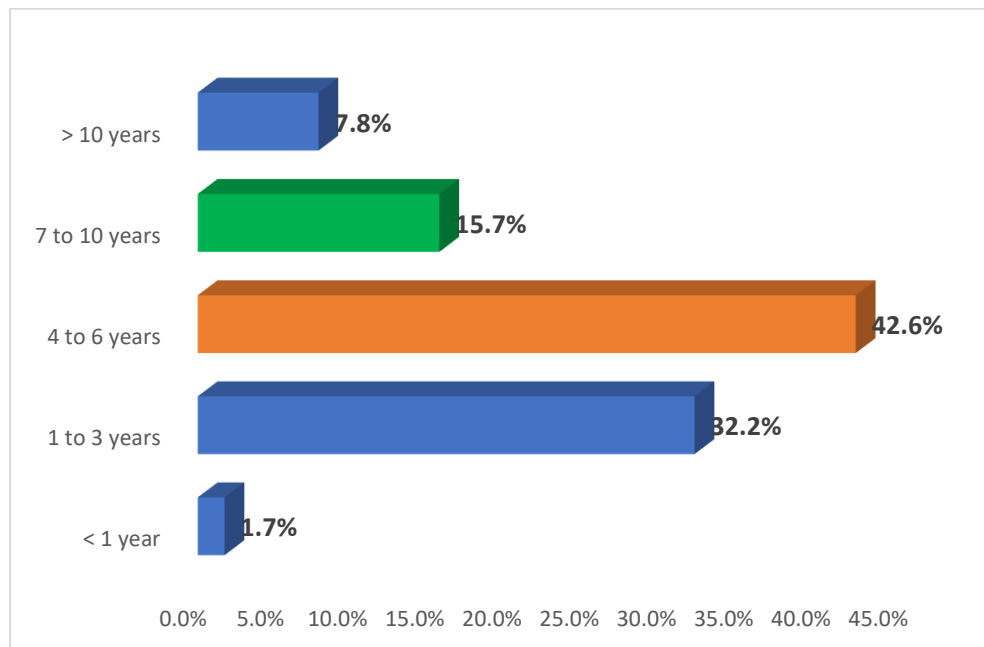
- To look after orphans;
- To support unemployed people in the community;
- To support pensioners;
- To produce food for people;
- To reduce poverty; and
- To address and reduce conflicts in the community.

Based on the preceding table, it should be noted that the underlying theory that accompanied the formation of co-operatives in the eThekweni Municipality was that of “collective action”. As presented in the literature review, Zeuli et al. (2004:3) describe collective action “as the coordinated behaviour of groups toward a common interest or purpose”. Such actions are geared towards the attainment of a common goal.

6.3.2 DURATION OF THE BUSINESS

The following figure shows that the majority (more than 60%) of co-operatives in the municipality have been operating for more than five years. This finding indicates that the trading environment is becoming more conducive for business stability and growth.

Figure 13 Business Duration



Source: Co-operatives' Survey (2018)

More than 25% of co-operatives in the municipality are in operation for more than seven years. This finding shows that the eThekweni Municipality has fulfilled its constitutional mandate of creating a climate that is conducive for co-operatives sustainability. In this regard, the municipality, through co-operatives, will be able to address the triple challenge of poverty, inequality and unemployment, which currently exist among various communities.

6.3.3 MAIN ACTIVITIES/SERVICES PROVIDED BY CO-OPERATIVES

Co-operatives in the eThekweni Municipality, as presented in the following table, provide a variety of activities to their clients that cut across many economic sectors. However, the dominant sectors include agriculture, forestry and fishing (29.8%), manufacturing (17.4%), catering services (5.8%), wholesale and retail trade, real estate and construction with 5%, respectively.

Table 17 Main Activities and Services

Activities / Services	%
Agriculture, forestry and fishing	29.8%
Wholesale and retail trade	5.0%
Manufacturing	17.4%
Construction	5.0%
Catering services	5.8%
Real estate activities	5.0%
Other service activities	32.2%

Source: Co-operatives' Survey (2018)

Other services activities provided by co-operatives (32.2%) are as follows:

- Transport and logistics;
- Cleaning services;
- Grass cutting and tree felling services; and
- Car and appliance repairs.

The preceding table shows that co-operatives in the eThekweni Municipality have embarked on various economic sectors to address their needs, contrary to the narrow view on the limited contribution of co-operative businesses. Unlike the apartheid government, which developed co-operatives in the agricultural and finance sectors, the eThekweni Municipality adopted a change in policy direction by allowing the development of co-operatives in all sectors of the economy (Ndumo 2019:34).

Further, some people in the municipality, including officials, think that a co-operative refers to a Black social business or social assistance, forgetting that co-operatives

include businesses that employ many people and alleviate poverty. Consequently, this narrow view on co-operatives has restricted and prevented many service providers from focusing on the former's economic impact and support them.

One of the objectives of the eThekweni Co-operative Development Strategy was to ensure that co-operatives seize opportunities in all sectors. This shows a policy shift towards developing the entire co-operative economic value-chain in the municipality. For this reason, the eThekweni Municipality provided a number of products that are set aside specifically for co-operatives' procurement (eThekweni BSMTU 2019).

6.3.4 SUPPORT SERVICES FROM THE GOVERNMENT

The support provided to the surveyed co-operatives, however, was not solely confined to one single activity. This was evident, as presented in the table below, that a sizeable proportion (14.3%) of the surveyed co-operatives received training in marketing while 11.1% received co-operative registration support.

While this is not inherently problematic, in many cases, the provision of support (access to market and finance among others) to co-operatives has the adverse effect of creating dependency on service providers to cover basic requirements. When these supports are exhausted, co-operatives, due to the unencumbered provision of such services in the past, have not made adequate provision for their future operation. These co-operatives then either have to request additional operational supports or face the prospect of closure.

Table 18: Support Services Received

Activities / Services	%	Activities / Services	%
Co-operative registration	11.1%	Training in finance	8.3%
Finance (grant)	5.1%	Training in selling	9.2%
Export assistance	0.3%	Training in marketing	14.3%
Access to consultants	3.5%	Business planning	10.8%
Marketing assistance	4.8%	Access to markets	8.3%
Business premises	2.5%	Access to research	3.8%
Tender completion assistance	4.5%	Other	1.9%

Activities / Services	%	Activities / Services	%
Training in management	11.5%		

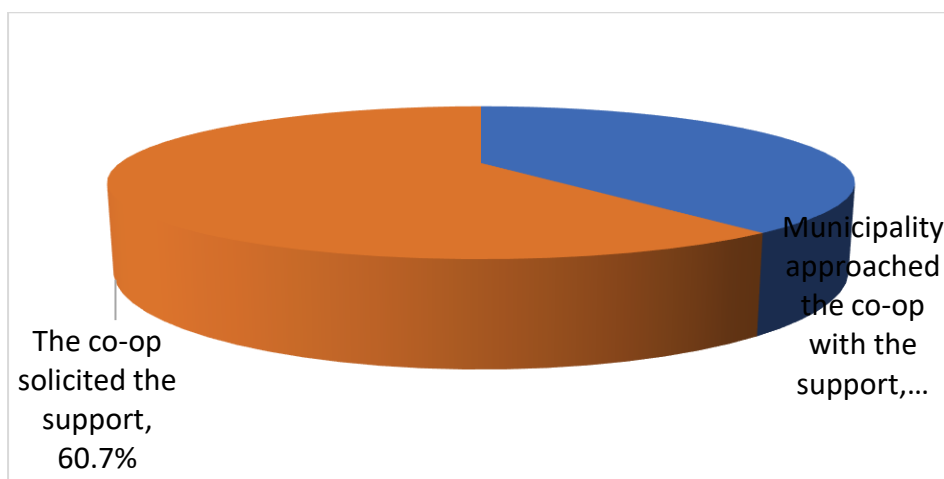
Source: Co-operatives' Survey (2018)

Based on the preceding table, which presented both financial and non-financial support services, it is clear that the sustainability of co-operatives has been the core objective of the eThekweni local government. One of the missing activities on the list of the services rendered to co-operatives in the municipality is the aftercare support. After promoting and supporting the establishment of co-operatives, providing them with both financial and non-financial supports, and then leaving them to fend for themselves without aftercare support will lead to a total collapse of these businesses. As highlighted in the literature review by Tlhomola et al. (2010:5), 23.7% of new businesses dissolved within two years after inception, while 51.7% of businesses dissolved within four years, and 62.7% within six years, because of inexperience, financial trouble and economic reasons.

6.3.5 APPROACH USED BY THE GOVERNMENT WITH THE SUPPORT

The following figure presents the approaches used by various co-operatives to reach stakeholders and access respective support. As presented below, 60.7% of the surveyed co-operatives sought support and solicited various stakeholders to receive assistance, while 39.3% said that the municipality approached co-operatives with support.

Figure 14: Approaches used by co-operatives to access support



Source: Co-operatives' Survey (2018)

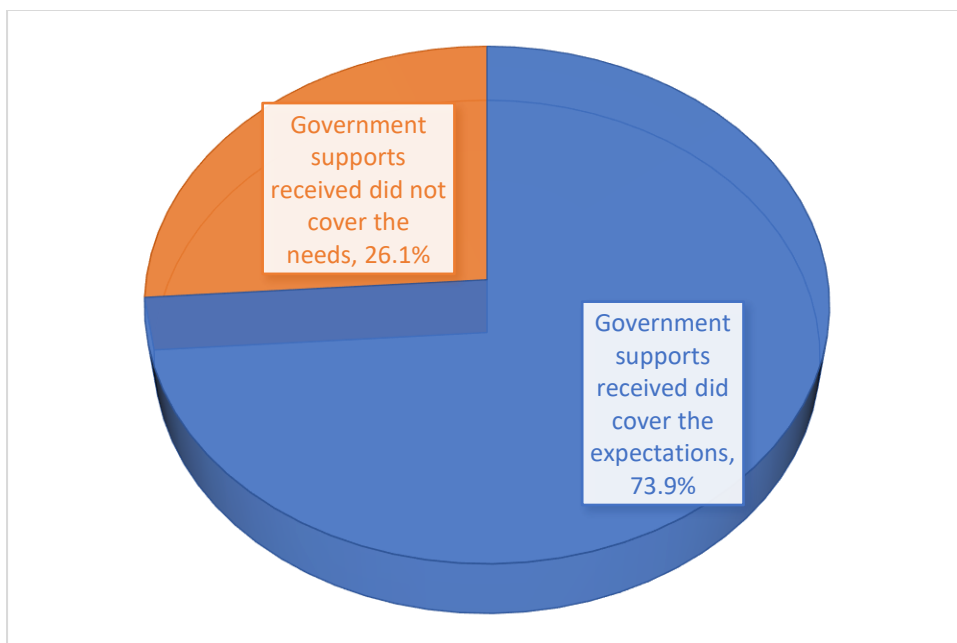
Around 40% of co-operatives have been approached by the local government with support, which is part of the constitutional mandate to be fulfilled by the eThekweni Municipality. Local government also alleviates poverty as co-operatives are an engine of growth.

Further, another fundamental push for the provision of support to co-operatives in the eThekweni Municipality is grounded in the de-racialisation of the local economy and the promotion of the previously disadvantaged individuals.

6.3.6 SATISFACTION LEVEL OF THE SUPPORT RECEIVED

Some co-operatives surveyed (26.1%) stated that the support received to date was inadequate because of limited or lack of start-up capital, lack of support in terms of technical skills, including computer related skills (typing, saving documents, and emails.) as well as lack of access to mentorship, information and advisory services. However, a sizable portion (73.9%) of co-operatives pointed out that the assistance received did satisfy their expectations.

Figure 15: Satisfaction level of the support received



Source: Co-operatives' Survey (2018)

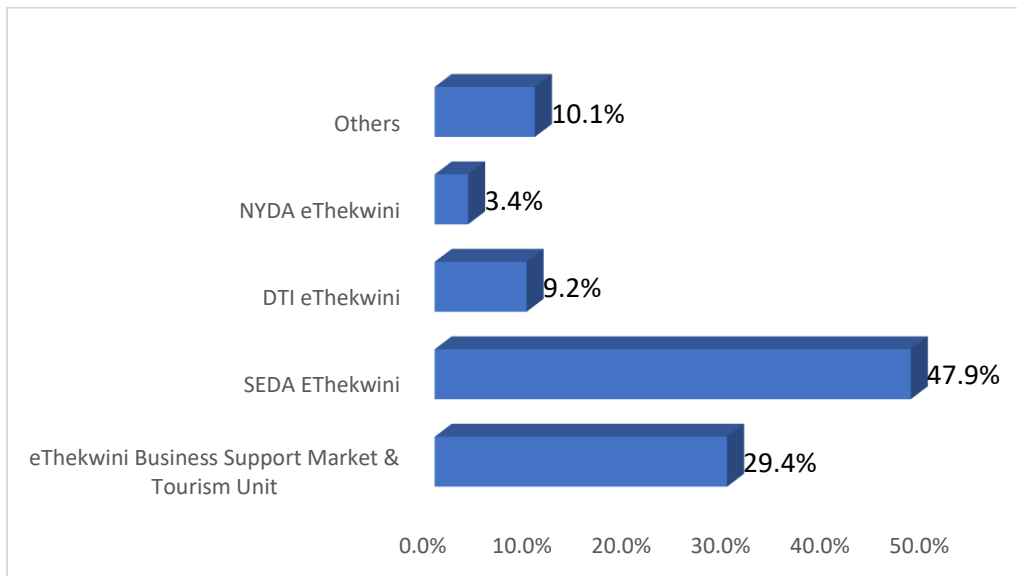
Most co-operatives surveyed said that they were satisfied with the support received from the eThekweni Municipality. However, such support must ensure that co-

operatives become self-reliant and sustainable because local government support and assistance has a limited timeframe. As soon as co-operatives become fully-fledged, they are left to fend for themselves.

6.3.7 KEY INSTITUTIONS THAT PROVIDE THE SUPPORT

The survey results indicated that the support provided to co-operatives in the eThekweni Municipality was mainly provided by the Small Enterprise Development Agency (SEDA-eThekweni) which accounted for 47.9% of the total support. The Small Enterprise Development Agency (SEDA) played a pivotal role in providing non-financial support to co-operatives focusing on developing business plans, facilitation of registration and increasing market access. The SEDA-eThekweni agency was followed by the eThekweni Business Support, Market and Tourism Unit with 29.4%. The Department of Trade and Industry eThekweni and the National Youth Development Agency (NYDA) followed with 9.2% and 3.4%, respectively.

Figure 16: Most frequently cited support providers



Source: Co-operatives' Survey (2018)

In addition to the support provided by the four stakeholders presented in the preceding figure, co-operatives indicated that they received further support from other departments and agencies, as presented in the following table.

Table 19: Stakeholders and Service Providers

Other Departments	%
Department of Agriculture	17.4%
Department of Public Works	8.7%
Department of Rural Development and Land Reforms	17.4%
Department of Social Development	13.0%
Ithala Development Finance Corporation	21.7%
eThekwini skills and development	4.3%
South African National Apex Co-operative (SANACO)	8.7%
Transport Education Training Authority (TETA)	8.7%

Source: Co-operatives' Survey (2018)

There is a sufficient number of service providers in the eThekwini Municipality that support co-operatives. This shows that the sustainability of co-operatives is an important objective of eThekwini's stakeholders. However, as pointed above, there is a need for co-ordination of these stakeholders to avoid to duplication of services and a waste of scarce resources.

THEME TWO: CO-OPERATIVE SUSTAINABILITY

6.3.8 CURRENT CHALLENGES FACED BY CO-OPERATIVES

The surveyed co-operatives identified several challenges that they faced. As long as co-operatives are still facing challenges, the eThekweni Municipality government and other stakeholders will need to continue with the provision of support services.

Table below presents general challenges and barriers faced by co-operatives. Sector-specific challenges are also presented thereafter. In the table, the most pressing challenges include the lack of access to finance (20.3%), the lack of suitable trading premises (15.9%) and the lack of technical and financial skills (11.8%).

Table 20: Current Challenges faced by Co-operatives

Challenges	%
Lack of technical and financial skills	11.8%
Lack of business skills (selling skills, marketing skills, administration skills and management skills among others)	2.0%
Lack of access to markets	5.3%
Lack of access to finance	20.3%
Lack of skilled staff or members	7.3%
Lack of suitable premises	15.9%
Electricity outages	4.5%
Lack of own transport	9.3%
High Competition	4.5%
Other	19.1%

Source: Co-operatives' Survey (2018)

The following table presents challenges faced by co-operatives from various economic sectors.

Table 21: Co-operatives' Sector Specific Challenges

SECTOR	CHALLENGES
Agriculture	– Market access is hindered by poor infrastructure, such as

SECTOR	CHALLENGES
	<p>roads for the transportation of the produce.</p> <ul style="list-style-type: none"> – Difficulties in gaining access to arable land, and, in some cases, challenges of securing leases from municipalities. – High cost of agricultural inputs (such as seedlings) and machinery. – Inability to meet quality standards and volumes set for the produce has the implication of being unable to link up into the supply chains of retailers. Shortage of technical skills and capacity. – Adverse climatic conditions affecting production. – Difficulty adopting new methods of production. – Competition from large enterprises which are able to benefit from economies of scale and supply produce at lower cost.
Wholesale and Retail Trade	<ul style="list-style-type: none"> – Lack of start-up capital. – Lack of technical skills, including computer-related skills (typing, saving document and emails among others). – High level of competition with established large companies and with foreign imports (particularly from China). – Lack of access to information and advisory services. – Lack of access to mentorship. – Lack of business premises. – Lack of knowledge about franchise trends. – Limited knowledge about import/export trends.
Manufacturing	<ul style="list-style-type: none"> – Lack of access to finance. One implication of the difficulties faced in accessing finances and equity is the inability of co-operatives to be involved in value-adding manufacturing activities. – Lack of meaningful market research which leads to limited product differentiation and heightened competition. – The bureaucracy associated with securing industry specific accreditation or certification, such as International

SECTOR	CHALLENGES
	<p>Organisation for Standardisation (ISO) certification.</p> <ul style="list-style-type: none"> – High cost of inputs, which prevent co-operatives from buying in bulk. – Lack of access to appropriate equipment and technology. Much of this stems from an inability to afford the purchase of new manufacturing equipment and machinery. – Shortage of technical skills. In some cases, this manifests in an inability to keep up with industry trends due to a lack of appropriate skills and knowledge. – Insufficient opportunities for training staff members. – Difficulty competing with large, established manufacturers.
Construction	<ul style="list-style-type: none"> – Shortage of skills and capacity. – Lack of access to finance. – Red tape, particularly with the access to Construction Industry Development Board (CIDB) certificates. – Difficult tender processes, especially when completing the tender document.
Others (catering, Transport, other service activities)	<ul style="list-style-type: none"> – Business development challenges (including lack of access to tenders, lack of networking and meetings with other small businesses, lack of business premises, lack of access to financial support). – Training and skills development challenges (including human resources skills, financial training, marketing skills, business management skills, IT and computer-related skills). – General/other needs (including weak currency of the rand, high interest rate, lack of access to information and advisory services, lack of access to mentorship).

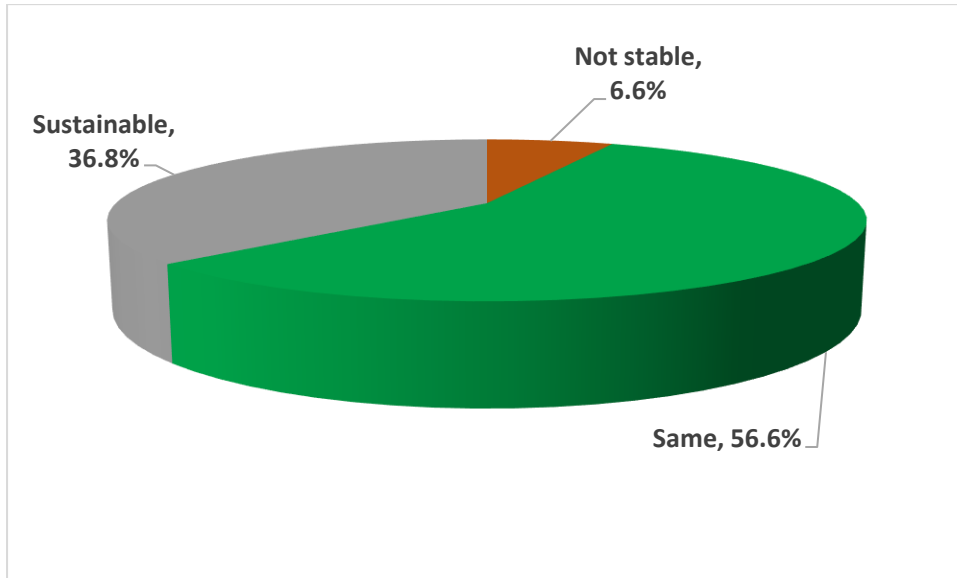
Source: Co-operatives' Survey (2018), table generated by the researcher (2019)

6.3.9 THE STATUS OF CO-OPERATIVES AFTER RECEIVING SUPPORTS

Figure below indicates that a sizable portion of co-operatives (73.9%) pointed out that the assistance received covered their needs. It is concerning to note that a sizable

portion (56.6%) of the surveyed co-operatives remained stagnant and 6.6% of them were not stable. Consequently, there is a need for a review and monitoring mechanism on the support provided to understand their real impact to date.

Figure 17: The status of co-operatives after receiving government supports



Source: Co-operatives' Survey (2018)

As pointed out in the literature review, as long as the co-operative has been defined by the National Small Business Act 102 of 1996 as a “small business”, the support provided by eThekweni Municipality is similar to that provided to SMMEs. As a result, only a few co-operatives are sustainable, as per the preceding figure. Co-operatives have a unique business form, character and diversity that need to be treated differently from other SMMEs.

The following assumptions apply if, after receiving financial and non-financial support, co-operatives are still unstable:

Sometimes the support is not enough: The eThekweni Municipality will need to double check whether the support provided to co-operatives is enough. Perhaps, the municipality provides promotional support, which is inadequate in sustaining co-operatives.

Although the support provided by the eThekweni Municipality is enough, it lacks co-

ordination. One of the challenges highlighted in the eThekweni Co-operative Development Strategy was that the Municipality lacked a well-structured mechanism to coordinate all its activities and support related to the co-operative sector. Perhaps, this challenge has not been resolved to date as the majority of co-operatives are still unstable after receiving support services.

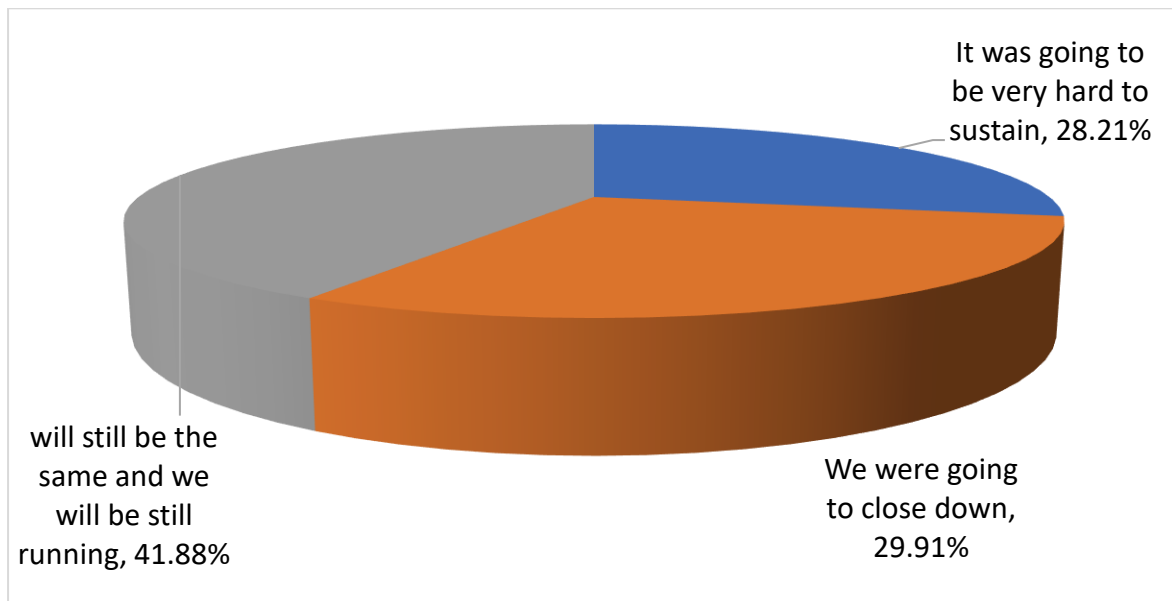
Lastly, some co-operatives have simply developed a dependency on the local government. The members of co-operatives must realise that co-operatives are business organisations which should not depend entirely on government assistance. They have to explore all business deals from both within and from without, and they have to realise that producing quality goods and services can lead to the products being demanded by outside markets. In this way, co-operatives will become financially stable.

6.3.10 THE STATUS OF CO-OP IN THE ABSENCE OF SUPPORT

Figure below shows that the majority (58.1%) of co-operatives are appreciative of the services and supports received. Without such support, co-operatives would not be able to sustain themselves and would possibly face the closure of their businesses.

The other significant group of co-operatives (41.9%) said that, whether there were supported or not, they were still going to be unstable, but in operation. This finding raises the issue of the contribution of the review and monitoring mechanism on the support provided to understand its real impact to date.

Figure 18: The status of co-operatives in the absence of support



Source: Co-operatives' Survey (2018)

When co-operative members said that in the absence of support from the eThekweni Municipality, their co-operatives will collapse, it simply shows the persistence of the lack of self-reliance mentality. Beneficiaries of co-operatives in eThekweni have yet to acknowledge that the creation of co-operatives should be based on the principle of self-sufficiency. Although there could be a need for subsidisation, particularly at the early stage of formation, the aim should be self-sufficiency from the start. Many co-operatives in the municipality have not embraced the concept of self-sufficiency.

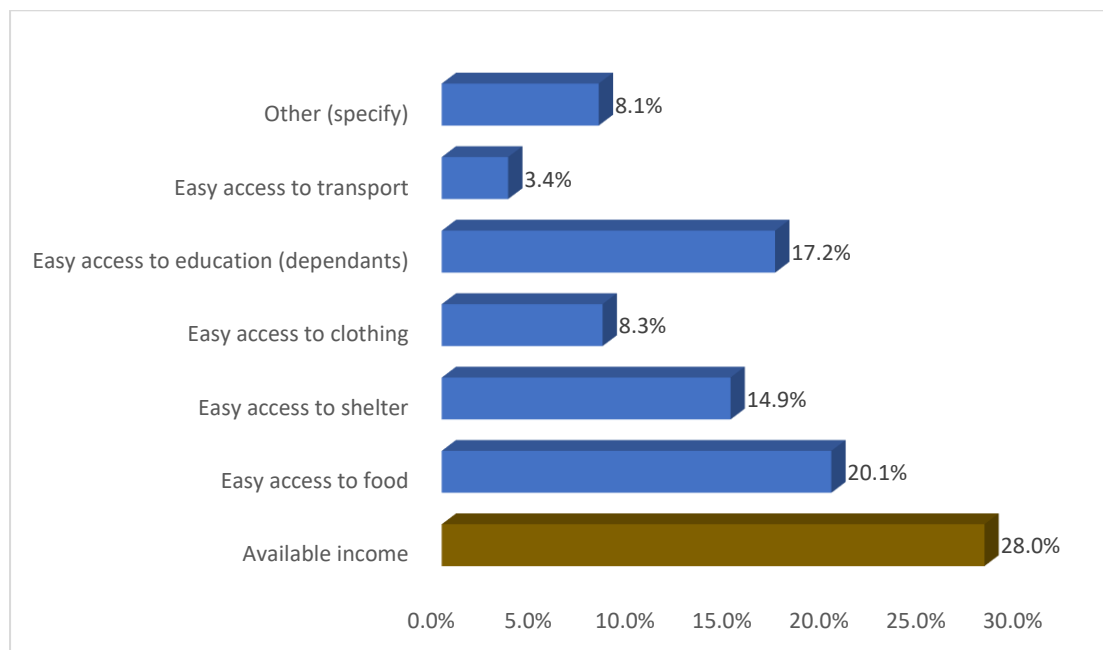
Co-operative members must pay their membership fees and support their co-operative to ensure that they have a solid foundation. The co-operative movement has to be anchored in its own capacity to finance and support its existence to ensure its independence. A pattern of dependence which currently characterises many co-operatives in the municipality needs to be discontinued and replaced with a system that will instil self-reliance.

THEME THREE: POVERTY ALLEVIATION

6.3.11 TANGIBLE POSITIVE CHANGES THAT HAPPENED TO CO-OPERATIVE AS A RESULT OF THE SUPPORT FROM THE GOVERNMENT

Figure below shows that a sizeable group of co-operative members (28%) have the available income. The availability of income is followed by easy access to food (20.1%), and the easy access to education and shelter with 17.2% and 14.9%, respectively. Figure below depicts the impact that the government support had on co-operatives and the municipal economy.

Figure 19: Tangible Impacts from the Support Received



Source: Co-operatives' Survey (2018)

6.3.12 ANALYSING THE POSITIVE CHANGES AND IMPACTS

6.3.12.1 Income Availability

Several co-operatives pointed out that they were in a position to pay out earnings to their members following the support that led to the sustainability of the businesses. While almost all co-operative members were not able to disclose the amount regularly paid to their members, some pointed out that payments ranged from R 1200 to R 1800 per month.

The helplessness of the poor people can be addressed through redressing low-income levels, social inequalities, marginalisation and isolation. The income availability from co-operatives has a potentially considerable role to play. For example, available income provides access to markets, social and medical services and education opportunities.

6.3.12.2 Employment

Employment is a key metric by which the impact of co-operatives can be measured. While most co-operatives are dependent on their members to provide the required labour services, sometimes additional staffing is necessary. This is particularly true for agriculture-based co-operatives, which generally require additional employees during the harvest season.

The survey results indicated that, prior to receiving support, all co-operatives indicated that they only had their core members. However, with the support, 36.8% of them pointed out that they were able to employ an additional one to three people and are hoping to employ more in the near future.

It should be noted that unemployment is one of the major causes of domestic and social conflict, political dissatisfaction and criminal activity, which undermine social stability, because, to survive, some of the unemployed may be tempted to resort to criminal or marginalised activities (McCord 2002:89). Therefore, employment created by co-operatives in the eThekweni Municipality is able to fight against poverty and criminal activities, as well as political and social conflicts.

6.3.12.3 Community Improvement

One of the seven principles of co-operatives is to work for the sustainable development of their communities. Therefore, the provision of support had a significant impact on the extent of the market area serviced by co-operatives.

Prior to the receipt of the support services, co-operative owners said that they only catered for people within their local neighbourhood. After receiving the support, some

of the co-operatives indicated that they were able to increase their market area and provide services to the nearest town and communities.

When questioned about the factors that drove this expansion in the market area, several co-operatives indicated that the access to market and funding had assisted them in increasing their production capacity and permitted them to service a wider area.

6.3.12.4 Human Peace, Stability and Security

Co-operative members are able to access their basic needs, including food, shelter, education, water and electricity for their family members because of the sustainability of their co-operatives after receiving support services. Traditionally the notions of peace, stability and security concentrated mainly on a state's ability to counter external threats, such as wars. Recently, the thinking about these notions has shifted. In Africa, for instance, such a shift is traced to the internal struggles of African people against poverty, hunger, unemployment, illiteracy, ill-health and other maladies. According to the United Nations Commission on Human Security (2003:4), human security is more than just the absence of violent conflict. It encompasses human rights, good governance, access to education and health care, access to available employment and the opportunity and choice for everyone to fulfil his/her own potential.

Further, from their income, co-operative members can access clean or safe water. It should be noted that unsafe water and a lack of basic sanitation cause an estimated 80% of all diseases in the developing world and together kill more people than all forms of violence, including war. Close to half of all people in developing countries are suffering at any given time from a health problem caused by water and sanitation deficits. Lack of access to clean water has had many ripple effects impacting health, education, income, and quality of life (Sparks 2010). Access to safe water is an indicator of the health and wellbeing of citizens and poor water quality accessed by households could be detrimental to health and, therefore, affect the labour supply of the local economy.

Co-operative members are also able to access electricity. Access to energy is a necessary condition to reach the development goals (improving health care and

education, increasing level of incomes to cross the poverty line),. The electrification of homes and schools will have an influence on education as this allows studying at home and will attract teachers to rural schools. Also, impacts related to health are possible by improving cooking situations and boiling water. Consistent access to electricity allows businesses to operate efficiently, thereby promoting economic growth and development.

6.3.12.5 Other impacts

Where the employment, income, and market impacts discussed above relate to the aggregated results from the survey, there were a number of impacts that arose from selected co-operatives not directly captured in the factors above. While these impacts were not universal, they represent several areas where co-operatives have a positive effect on the broader community.

Some co-operatives were able to expand their product range. This permitted them to enter other market segments that were more profitable. This was facilitated by the marketing training and funding process which served to remove some of the financial barriers associated with entering new market segments. It is important to note that entering new markets have their own associated risks. If not mitigated against, such risks may negatively affect the co-operative's overall sustainability (including its original market segment).

Other co-operatives benefited from technological upgrades, where they are now able to utilise more efficient production approaches. Whilst still operating within the same market segment, these co-operatives were able to benefit from higher profit margins, as the technological improvements allowed them to lower their production costs. This entails not only increased profit margins for the co-operative, but also improved resource allocation.

A range of other benefits accrued to communities in which co-operatives operated. Some of these benefits included:

- Offering informal training to community members on elements that they had received;

- Provision of goods and services, at subsidised rates, to charitable causes;
- Products and services from some co-operatives were procured by the public sectors. Some examples include fruit and vegetables that were utilised in school feeding nutrition programmes by the Department of Basic Education and the use of tractors in ploughing activities by the Department of Rural Development and Agrarian Reform; and
- Promotion of local enterprises.

6.3.13 ETHEKWINI MACRO-ECONOMIC IMPACT

While the preceding sub-section presented the impact of the support provided to co-operatives in terms of the outcomes of the survey, the subsequent sub-section seeks to assess this impact in terms of a high-level economic impact assessment.

6.3.13.1 Economic Impact Results

The following sub-sections quantify the economic impact of funding provided to co-operatives. Due to the confidentiality policy signed, many government departments were not in the position to divulge the exact amount of the fund provided to co-operatives. Nevertheless, the Department of Trade and Industry, through the Co-operative Incentive Scheme (CIS) and the Ithala Development Finances Corporation provided financial assistance to co-operatives.

Based on the average amount provided, an estimation was calculated from the current database of all assisted co-operatives in the eThekwini Municipality. The total amount was estimated at R 27 330 631; applying this amount to the input-output model, several results were generated, as presented in the following table.

Table 22: Impact of co-operatives' funding on production (in millions of Rands; 2017 prices)

	Direct	Indirect	Total
New Business Sales	R 29 411 299	R 33 529 973	R 62 941 272
Gross Value Added	R 12 166 917	R 12 670 599	R 24 837 516
Income Multipliers	R 2 478 862	R 5 643 608	R 8 122 470
Employment Multipliers	32	66	98

Source: Table generated by researcher from the input-output model (2019)

6.3.13.2 Impact on General Business Sales

Due to the increased economic activity that resulted from the provision of a fund to co-operatives, there is an increase in business sales in the eThekweni Municipality. The result for business sales from the input-output model presented in the preceding table indicates that the amount of R 27 330 631 million (2017 prices) directly provided by the selected departments to the co-operatives led to the expansion of business sales (production) by R 62 941 272 million.

There is significant potential for this fund is used on the local suppliers to encourage the development of local business due to the dominance of existing business and skills in the eThekweni Municipality. It is expected that the increase in direct business sales will have positive spin-off effects on the supporting businesses, for example, sub-contractors and suppliers of various inputs and materials. A total of R 33 529 973 million in new business sales is generated as a result of the indirect impact of the injected capital expenditure of R 29 411 299 as a result of direct impact.

6.3.13.3 Impact on Employment and Job Creation

In addition to effecting new business sales, the provision of funding to co-operatives also had an impact on employment levels. The impact on employment from the input-output model, as presented table above, from the funding provided to co-operatives suggests that a total of 98 employment opportunities were created in a range of various industries, such as business services, trade, agriculture, real estate and insurance. Of this amount, 32 employment opportunities were created directly and 66 indirectly. Elevated unemployment imposes significant costs on individuals, families, the society and the municipality. Most of the costs are due to there being no offsetting gains to the costs that everyone must bear. Prolonged unemployment can lead to an erosion of skills, basically robbing the economy of otherwise useful talents. At the same time, the experience of unemployment can lead to greater scepticism and pessimism about the value of education and training and lead to workers being less willing to invest in the long years of training that some jobs require.

6.3.13.4 Impact on Gross value added

The capital expenditure for the injection of a fund to co-operatives will impact on the gross geographic product of the eThekweni Municipality. The results for gross value-added or Gross Geographic Product (GGP) from the input-output model are presented in the table above.

The increase in new business sales coupled with higher consumer expenditure by newly created employment opportunities helped to generate, in total, an estimated R 24 837 516 of additional gross value added or GGP into the eThekweni Municipality. Of this, R 12 166 917 will be directly added, and a further R 12 670 599 will be an indirect investment.

6.3.13.5 Impact on Incomes

The creation of an estimated 98 employment opportunities by various projects undertaken by the co-operatives with the funding they received, generated approximately R 8 122 470 million in personal income for these workers. Of this, R 2 478 862 will be direct and R 5 643 608 indirect. The household income levels serve as an important tool when assessing a local area's level of socio-economic development. The household income reflects the living standards of a household and influences factors such as asset ownership. An integral part of the economic structure of an area is the spending power and multiplier effect of spending within the local economy. On a similar note, the absence of income (created by unemployment) can force families to deny educational opportunities to their children and deprive the economy of those future skills.

6.4 SUMMARY

The primary goal of this chapter was to discuss and analyse the findings from the empirical component of the study considering the literature reviewed in previous chapters. The chapter detailed the results generated by each research instrument and presented the key findings that emerged from the information collected and analysed through constructive discussion.

The findings concluded in a detailed discussion around the various themes that emanated from the study and were presented in two sections. The first section presented and discussed findings from the co-operative supporting institutions. The second section highlighted findings that emerged from co-operatives themselves. Analysing the overall impact of the support received, both economic and social impacts were tangible in co-operatives' sustainability. This discussion creates a sound platform for the development of conclusions and recommendations. The conclusions and recommendations will follow in chapter 7 of the study.

CHAPTER 7: CONCLUSIONS AND RECOMMENDATIONS

7.1 INTRODUCTION

The previous chapter discussed the findings of the research instruments and established links to the three chapters making the literature review of the study. This chapter presents the conclusions that were drawn from the study. It further presents recommendations and provides a summary based on the interpretation of results.

7.2 SUMMARY OF THE STUDY

This thesis established the impact of local government support on the sustainability of co-operatives and its role on poverty alleviation in the eThekweni Municipal Region. The underlying foundation or rationale to the research area was the promotion of the small business sector, particularly the co-operatives.

The study is an empirical analysis to gain insight into the impact of local government support on the sustainability of co-operatives and its role on poverty alleviation. The study focused on co-operatives in the eThekweni Municipality in the province of KwaZulu-Natal (South Africa). The eThekweni Metropolitan Municipality is home to approximately 3 633 952 people, living in 1 052 291 households.

The research aim was to develop an inclusive and sustainable approach/model for supporting co-operatives in the eThekweni Municipal Region to achieve sustainable growth and alleviate poverty. The main objectives of the study were:

- to establish the impact of local government support and interventions, such as the provision of business incubators, the access to finance and access to market on the sustainability of co-operatives; and
- to establish the importance of sustainable co-operatives in alleviating poverty.

To address the objectives of the study, attention was paid to the type of research methodology that would be most appropriate for a study of this kind. The research explored and described the impact of local government support on the sustainability of co-operatives using the mixed methods approach.

The qualitative paradigm aimed to gain an in-depth understanding of interviewees'

experiences on the support services provided to co-operatives as well as the interpretation of their experiences in their respective organisations.

The qualitative approach in this study led to a more nuanced and comprehensive understanding as to whether local government support to co-operatives has an impact on their sustainability. While the qualitative approach leads to a more nuanced and comprehensive understanding of the topic, the quantitative approach was able to uncover rich numerical information and figures on the level of support satisfaction provided by local government to co-operatives.

Additionally, the “case study approach” was utilised as the eThekweni Municipal Region has been selected as the study area, as it is one of many local municipalities which has programmes aimed at supporting co-operatives in the country.

This research uses a multi-pronged strategy for collecting data, including the following: secondary sources; interviews with key informants; and co-operatives’ survey. In establishing the impact of local government support on the sustainability of the co-operatives, both primary and secondary data were collected during this study.

Local government in the eThekweni Municipal region has a list of 134 co-operatives that have been assisted by the local government. A sample of 100% was sought and 121 co-operatives were surveyed representing a 90.3% return rate. The thematic coding was undertaken to analyse the data collected qualitatively and quantitatively.

The thesis was organised into seven chapters as follows:

The first chapter introduced the study and outlined the research problem, its rationale and objectives. The delimitation and methodology of the study were also presented in this chapter.

The second chapter described the international perspectives of co-operatives. It presented a historical narrative of the origins of co-operatives and explained how conditions, such as poverty, unemployment and exploitation, motivated the emergence of collaborative initiatives, such as co-operatives at the international level.

The third chapter presented co-operatives within the South African context. The chapter highlighted the evolution of co-operatives in South Africa during two distinct eras: the first era predates the democratic dispensation. In both eras, the role of local government in supporting co-operatives and the impact of sustainable co-operatives on poverty alleviation were outlined.

The fourth chapter outlined the co-operative perspectives at local government. The role of the eThekweni Municipality in the support of co-operatives, as a local government, was highlighted in this chapter. The impact of the support of the eThekweni Municipality on poverty alleviation and economic growth was presented in this chapter. This chapter also highlighted the best-case examples of co-operatives that have changed the lives of their members for the better.

The fifth chapter presented the methodology and techniques employed in the collection of information. It also discussed the research design, the target population and the applied sampling technique. Other issues addressed in this chapter included the reliability and validity of research instruments and data collection procedures.

The sixth chapter presented, discussed and analysed the findings from the information collected, during the course of the study, from co-operatives and departments located within the eThekweni Municipality. The chapter considered the findings from the empirical component of the research alongside the theoretical premises raised in the literature review chapters.

The seventh chapter brings this study to its closure with conclusions, which are based on the findings from the study. Based on the interpretations of the results, this chapter offers a set of recommendations related to the improvement of the role of local government in the support of co-operatives. It presents the required support that the eThekweni Municipality can further provide to make co-operatives sustainable to create employment and alleviate poverty.

7.3 RECAPPING THE FINDINGS

7.3.1 MOTIVATION TO START THE CO-OPERATIVE

Most of the co-operatives surveyed started their businesses mainly because they saw an opportunity or a gap in the market, and most of them have been operating for more than five years. This finding indicates that the trading environment is becoming more conducive for business stability and growth, and the bottom-up approach of starting a business indicates the level of improvement in the entrepreneurship skills in the municipality and, therefore, needs to be encouraged.

7.3.2 SERVICES OFFERED / RECEIVED

Co-operatives in the eThekweni Municipality have been provided with a variety of support, including access to training, business premises, access to market and marketing assistance, export assistance, co-operative registration, customer care, finance (grant) and business premises tender completion assistance.

However, the provision of support to co-operatives has been undertaken without a clearly set up a mechanism for a regular assessment and review. Therefore, the lack of a tracking mechanism or system to monitor the provision of services may result in the wasting of scarce resources. Additionally, it will be challenging to monitor the impact that the provided service has made in the lifecycle of the co-operatives.

Further, in some cases, the provision of support (access to market and finance) to co-operatives has the adverse effect of creating dependency on service providers to cover basic requirements. When this support is exhausted, co-operatives, due to the unencumbered provision of such services in the past, have not made adequate provision for their future operation. These co-operatives then either have to request additional operational supports or face the prospect of closure.

7.3.3 TYPES OF SUPPORT

Various departments in the eThekweni Municipality have used many categories of support to reach co-operatives with assistance; these include the Direct Support, Aftercare Support, Co-operative Indirect Support, Co-operative Holistic or Regular Support, Co-operative Promotional Support, and Co-operative Once-Off Support.

While the dominant modes used were the direct support (which consists of any assistance provided directly to the co-operative itself for its operations) and the aftercare support (which also consist of assisting existing co-operatives that have already been operating with additional services), it was discovered that the municipality has also been using the promotional support mode, which is sometimes called “a top-down approach”.

The eThekweni Municipality makes use of such an approach to promote the establishment of co-operatives mainly because co-operatives alleviate poverty and help the previously disadvantaged individuals to access the mainstream of the economy.

Promotional support involves all the steps and activities undertaken by stakeholders to promote the establishment of new potential co-operatives in the region. The promotional support may involve identification of new opportunities for co-operatives; identification of potential individuals that may form a co-operative (for example, unemployed youth), accessing, gathering and compiling of information; campaigning; relationship building; arranging site visits; and alliances and networking.

Although one might argue that the government tries to uplift the lives of the previously disadvantaged individuals and groups through the mobilisation of people to start co-operatives, there is a need to understand that mobilising co-operatives using the top-down approach has produced many premature co-operatives, which are not yet ready for the business.

7.3.4 APPROACHES USED TO PROVIDE SUPPORT

Both departments and co-operative members approached each other to provide and to solicit support. However, the majority (55.5%) of the stakeholders and institutions interviewed said that they approached co-operatives with support; while a sizeable proportion (60.7%) of co-operatives surveyed pointed out that they approached the service providers to solicit support. This finding shows how the lack of proper co-ordination in the industry is apparent between those providing the services and those receiving them.

Further, approaching co-operatives with the support looks like a “medical doctor approaching someone without a sickness”. In many cases, whether the co-operative is in need or not, it will always accept the support as it is given for free. Consequently, many resources may run the risk of being wasted.

7.3.5 STATUS OF THE SUPPORTED CO-OPERATIVES

While a sizable (73.9%) portion of co-operatives pointed out that the assistance received did cover their need; it is concerning to note that 56.6% of them remained stagnant and 6.6% of them were not stable.

However, departments and institutions clearly and confidently pointed out that, out of all the co-operatives that they have supported with various services, 66.6% of them are not sustainable.

It is concerning that 66.6% of co-operatives that received support are not sustainable. This problem should be given special attention to ensure that the support provided leads to a larger number of sustainable co-operatives.

7.3.6 LACK OF SUPPORT

After being assisted and supported, co-operatives are still facing a number of challenges including the lack of technical and financial skills, lack of business skills (selling skills, marketing skills, administration skills, and management skills among others), lack of access to markets, lack of access to finance, lack of skilled staff or members, lack of suitable premises, electricity outages, lack of own transport and high competition.

This means that government and other stakeholders will need to continue with the provision of support services; because, in the absence of support, many co-operatives will struggle to remain sustainable, and others will collapse. There are other consequences that co-operatives will face in the absence of support, including missing opportunities, lacking empowerment and security.

7.3.7 SOCIO-ECONOMIC IMPACTS / POVERTY ALLEVIATION AND DEVELOPMENT OF THE MUNICIPALITY

SOCIO-ECONOMIC IMPACT

Sustainable co-operatives lead to employment creation. eThekweni has an unemployment rate of 30% (Quantec:2017). The income or wages generated through employment can reverse the harmful impacts of unemployment.

The employment creation impact is followed by income generation. There have been tight linkages between poverty alleviation and income. Income generation, in many cases, contributes to the development of society by increasing school enrolment and participation, decreasing child malnutrition and decreasing social instability. The vulnerability of the poor people can be countered by redressing low-income levels, social powerlessness and isolation. This is because the availability of income from co-operatives plays a critical role in providing access to markets, social and medical services and education opportunities.

In addition, wages increase the domestic demand and make the local market attractive for both domestic and international investments, thereby stimulating the macroeconomic growth of the country. Rural areas generally have limited amounts of money in circulation. Therefore, the injection of funds (the amount of cash in the area where sustainable co-operative members live) through wage transfer is likely to stimulate local markets and informal employment activities.

One of the seven principles of co-operatives is concern for the community. While focusing on members' needs, co-operatives work for the sustainable development of their communities through policies accepted by their members. Therefore, the provision of support had a significant impact on the extent of the market area serviced by co-operatives. Prior to the receipt of the support services, owners of co-operatives said that they only catered for people within their local neighbourhoods. After receiving support, some of the co-operatives indicated that they were able to increase their market area and provide services to the nearest town. When questioned about the factors that drove this expansion in the market area, several co-operatives indicated

that the access to markets and funding had assisted them to increase their production capacity which then permitted them to service a wider area.

Further, when co-operative members are able to access their basic needs, including food, shelter and education for their family members, because of the sustainability of their co-operatives after receiving support services; peace, stability and security are achieved. Human security is more than just the absence of violent conflict; it encompasses human rights, good governance, access to education and health care, access to available employment and the opportunity and choice for everyone to fulfil his/her own potential.

Other socio-economic impacts include the following:

- Improvement of the quality of goods and services produced for communities;
- Creation of competition and reduced prices in the market;
- Multiplier effect by buying from other businesses and circulating money locally,
- Provision of affordable price to members; and
- Resolving communities' socio-economic issues.

7.3.7.1 ECONOMIC IMPACT

By using the input-output model, the economic impact is presented through four indicators, namely production, employment, income and gross domestic product (GDP).

7.3.7.2 Impact on General Business Sales

Due to the increased economic activity that resulted from the provision of funding co-operatives, there was an increase in business sales in the eThekweni Municipality. The result for business sales from the input-output model presented above shows that the amount of R 27 330 631 million (2017 prices) directly provided by the selected departments to the co-operatives led to the expansion of business sales (production) by R 62 941 272 million.

There is significant potential for this fund if it is used on the local suppliers to stimulate the development of local business and skills in the eThekweni Municipality. It is

expected that a possible increase in direct business sales will have a positive spin-off effect on supporting businesses, for example, sub-contractors and suppliers of various inputs and materials. A total of R 33 529 973 million in new business sales is generated because of the indirect impact of the injected capital and R 29 411 299 as a result of direct impact.

7.3.7.3 Impact on Employment and Job Creation

In addition to effecting new business sales, the provision of funding to co-operatives also had an impact on employment levels. The impact on employment from the input-output model from the funding provided to co-operatives suggests that a total of 98 employment opportunities were created in a range of various industries, such as business services, trade, agriculture, real estate and insurance. Of this number, 32 employment opportunities were created directly and 66 indirectly.

7.3.7.4 Impact on Gross value added

The capital expenditure for the injection of the fund to co-operatives will impact on the gross geographic product of the eThekweni Municipality. The results for gross value-added or Gross Geographic Product (GGP) from the input-output model are presented in table 22.

The increase in new business sales coupled with higher consumer expenditure by newly created employment opportunities helped to generate an estimated R 24 837 516 of additional gross value added or GGP into the eThekweni Municipality. Of this, R 12 166 917 was directly added, and a further R 12 670 599 was an indirect investment.

7.3.7.5 Impact on Incomes

The creation of an estimated 98 employment opportunities by various projects undertaken by the co-operatives generated approximately R 8 122 470 million in personal income for these workers. This figure comprised of R 2 478 862 of direct income and R 5 643 608 of indirect income.

7.4 MAPPING THE FINDINGS TO THE OBJECTIVES AND THEMES OF THE STUDY

The following table maps the objectives to the findings of the study.

Table 23: Mapping the Objectives of the study to the findings

Objectives	Findings	Themes
Main Objectives		
To establish the impact of local government support and interventions on the sustainability of co-operatives	The support from government has very high impact on the sustainability of co-operatives.	This is in alignment with both Local Government Support and Co-operative Sustainability themes as findings have shown that local government support has relationships with co-operative sustainability.
To establish the importance of the sustainable co-operatives in alleviating poverty	Both economic and social benefits have been highlighted.	This is in alignment with the poverty alleviation theme which has shown that socio-economic benefits are available once co-operatives are sustainable.
Supporting Objectives		
To establish the types of local government support provided to co-operatives	Both financial and non-financial support have been provided to co-operatives	This is in alignment with the Local Government Support theme to establish types, kinds and levels of support provided.
To establish the importance of sustainable co-operatives on poverty alleviation through tangible changes/achievements that have happened to the	Tangible changes at the micro level were employment, income generation, peace stability, improvement of quality of life through access to basic	This is in alignment with the poverty alleviation theme and the economic growth of the eThekweni Municipality as shown in findings both at micro and macro levels.

Objectives	Findings	Themes
beneficiaries (access to basic needs such as food, shelter, education, transport, education and employment)	needs. At the macro level, besides employment creation, the sustainable co-operatives increase the GDP of the municipality.	
To assess whether the support from the local government is adequate	As long as co-operatives are still facing many challenges, the current support is still not enough.	This is aligned to the Local Government Support theme which ensures that the support needs to be holistic.
To identify the socio-economic consequences that may arise if co-operatives are not supported	Co-operatives will close down or remain stagnant if there is no support. This will deepen the poverty level of their members.	This is in alignment with the sustainability of co-operative theme as well as to poverty alleviation since the closure or the collapse of co-operatives means members will remain in poverty.

Source: Table generated by the researcher (2019)

7.5 RECOMMENDATIONS

The following sections set out a range of recommendations to improve the effectiveness of the support in enhancing the sustainability of co-operatives to play both social and economic roles to alleviate poverty in the eThekweni Municipality.

These recommendations are based on:

- the objectives of the study;
- the key themes of the study;
- best-practice case studies;
- the literature review; and
- the outcomes of the primary data collection process.

7.5.1 REDUCE THE PROMOTIONAL SUPPORT

Co-operative Promotional Support involves all the steps and activities undertaken by key stakeholders to promote the establishment of new potential co-operatives in the community. Some politicians use the promotional support to further their political interest in a particular community. Such promotional support will impact positively on the performance of the co-operatives. Wanyama et al. (2009) argue that due to the close association and participation of the state in co-operatives and also use of co-operatives for political interests, the state is failing to meet the developmental goals of co-operatives.

The promotional support may involve Identification of new opportunities for co-operatives, identification of potential individuals that may form a co-operative (for example, unemployed youth), accessing, gathering and compiling of information, campaigning, relationship building, arranging site visits, alliances and networking. However, co-operative promotional support needs to be undertaken cautiously because, in many cases, it has been associated with promoting the personal interests and political ambitions of political organisations.

Although one might argue that the government tries to uplift the lives of the previously disadvantaged individuals and groups through the mobilisation of people to start co-operatives, there is a need to understand that mobilising co-operatives using the top-down approach has produced a large number of premature co-operatives, not yet ready for the business. It should be noted that:

- Co-operatives are not about promoting the personal interests and political ambitions of political organisations;
- Co-operatives are not a stepping-stone for developing capitalist businesses;
- Co-operatives are not about developing the next generation of capitalists;
- Co-operatives are not a panacea that should be peddled to the people in a populist way;
- Co-operatives are not an end in themselves; and
- Co-operatives alleviate poverty by helping the previously disadvantaged individuals to access the mainstream economy;

Therefore, genuine co-operatives need to be self-driven and subject to certain preconditions for success.

7.5.2 INCREASE THE AFTERCARE SUPPORT

The main objective of the aftercare support is to assist existing co-operatives that are already operating. Aftercare support, therefore, refers to the range of services undertaken to support existing co-operatives, encouraging them to retain and expand their co-operatives, undertake follow-on investment, and create greater linkages with the local economy.

Some of the advantages of aftercare support include improving low implementation rates, keeping existing co-operatives from collapsing, extracting benefits for development, gaining reinvestments, and diversifying the economy through support opportunities for other higher value business activities.

Co-operative aftercare activities include the following:

- Understanding co-operatives' needs and perceptions;
- Building long-term, collaborative relationships with co-operatives and addressing their needs;
- Helping remove obstacles and solving problems faced by co-operatives in their start-up, operations or expansion phases;
- Helping co-operatives to meet and co-operate with officials, local suppliers, service providers and other co-operatives;
- Providing updated information to co-operatives about doing business locally (for example, change in laws and regulations);
- Providing customer care service for day-to-day problems, which include:
 - Frequent visits to co-operatives;
 - Taking a pro-active, not reactive approach;
 - Focusing on co-operatives' growth and maximizing opportunities;
 - Taking a coordinated, long-term view that involves all key players;
 - Involving high-level client engagement;
 - Assistance with export/trade promotion;
 - Assistance with expansion of business;

- Offering encouragement and supporting the development of new, upgraded, higher value-added products and services of strategic value to the firm's network; and
- Policy advocacy activities (report on the change of policy and regulations).

7.5.3 IMPROVE THE HOLISTIC SUPPORT THROUGH A FIFTEEN-YEAR CO-OPERATIVE SUPPORT PACKAGE WITH AN EXIT STRATEGY

Co-operative support should not occur on a once-off, ad-hoc basis, linked solely to a single application submitted by a co-operative. Businesses generally only become sustainable after a number of years. Co-operatives, however, face several additional challenges necessitating a longer-term intervention plan. The Department of Rural Development and Land Reform (DRDLR) under the AgriParks Programme is planning to support emerging farmers and agricultural co-operatives for a period of ten years. Landry (2008) points out that Canada has a 20-year programme to support co-operatives. This programme involves the government, institutions of higher learning, civil society and the private sector.

Therefore, based on experience from other countries, it is recommended that a fifteen-year support package be developed for each co-operative.

The package should detail:

- How support will be provided;
- Clear targets namely income, production, and training that need to be met, before the next tranche of support is released;
- Gaps in the business plan;
- Actual and potential weaknesses in the co-operatives' operating model;
- Mechanisms to address or mitigate these weaknesses;
- Plan to hold co-operatives accountable to measurable and achievable targets; and
- An exit strategy for the funding provided.

7.5.4 INCUBATION SUPPORT FOR CO-OPERATIVES

Business incubation is a public and/or private, entrepreneurial, economic and social

development process designed to nurture businesses from idea generation to start-up companies. A comprehensive business support programme helps co-operatives in the establishment and acceleration of their growth and success (InfoDev-Business Incubation Basics 2009).

Business incubation is a business support process that accelerates the successful development of start-up and fledgling companies by providing entrepreneurs with an array of targeted resources and services. Such services are usually developed or orchestrated by business incubator management and offered both in the business incubator and through its network of contacts (InfoDev-Business Incubation Basics 2009).

A business incubator's main goal is in producing successful firms that will leave the programme financially sustainable. These business incubator graduates have the potential to create jobs, revitalise neighbourhood economies, commercialise new technologies and strengthen local and national economies (InfoDev-Business Incubation Basics 2009).

Critical to the definition of a business incubator is the provision of management guidance, technical assistance and consulting tailored to young growing co-operatives/companies. Business incubators usually provide their clients with access to appropriate rental space and flexible leases, shared basic business services and equipment, technology support services and assistance in obtaining the financing necessary for co-operative/company growth (InfoDev-Business Incubation Basics 2009).

The preceding definition reflects the following key elements of successful business incubation:

- I:** Innovation & Entrepreneurship;
- N:** Networks and collaboration;
- C:** Competitiveness;
- U:** Understanding the Roles: Public-Private;
- B:** Buy-In;

- A:** Access to resources;
- T:** Technologies;
- O:** Outreach; and
- R:** Review: Monitoring and Evaluation.

Since the intended goal of an incubation phase is in the establishment of fully-functioning open-source businesses, incubators provide three main ingredients for growing successful businesses: an entrepreneurial and learning environment; ready access to mentors and investors; and marketing visibility (InfoDev-Business Incubation Basics 2009).

An entrepreneurial and learning environment: During incubation, members continue with the learning process, which is more sector-specific and market oriented. Training and supervision in enterprise management allow them to adapt daily to the fluctuations of the markets.

Skills development is critical to the success of any funding programme. Currently, many co-operatives face skills shortages and gaps. These lead to lower pricing, poor quality products and loss of product. A training programme should be designed and provided in the incubation period for all co-operatives that access support and should be included as part of the fifteen-year support package. The training programme should take the varying needs of the co-operative into account, depending on the stage of the co-operative's implementation process (for example the focus may initially be on crop production and harvesting, then on marketing before the first harvest, and then on financial management when income is generated).

Visibility in the marketplace: A lack of access to markets is a major problem facing many co-operatives. A fully researched and realistic marketing strategy should be developed during the incubation period for each co-operative as part of the fifteen-year support package to identify and assess potential markets for products. Where markets cannot be identified or accessed, the objectives could be revised to focus on nutrition for the beneficiaries and the community, as opposed to being commercially oriented.

Visibility of a business in the marketplace means that a co-operative is fully running a business at its own pace, or even part-time, among other existing businesses. This visibility stage is mainly created from the previous linkages developed by the co-operatives with various line departments and services providers.

Ready access to mentors and investors: The mentorship phase will be undertaken throughout the incubation process, as members still need a number of support services. It should be noted that a mentorship programme entails a supportive relationship established between stakeholders who share knowledge, skills and experience. A mentee is someone seeking guidance in developing specific competencies, self-awareness and skills in early intervention. A mentor is a person who has expertise in the areas of need identified by the mentee and can share his/her wisdom in a nurturing way (eThekweni BSMTU 2019).

In this relationship, the mentee can ask questions, share concerns, and observe a more experienced professional or parent within a safe, protected environment. Through reflection and collaboration between the mentor-mentee pair, the mentee can become more self-confident and competent in his/her integration and application of the knowledge and skills gained in the mentorship demonstrating best practice (eThekweni BSMTU 2019).

Apart from auditing, inspecting and monitoring the business, the mentorship programme, during the incubation phase, will provide the following additional support:

- Link businesses to other businesses from the same sector (an advantageous network);
- Link businesses to line departments for procurement;
- Link businesses to needed services administrative and financial services dealing with invoicing, payroll, VAT, taxes and various kinds of fees, a legal platform for the co-operatives and liability insurance);
- Link co-operatives to markets;
- Continuous auditing of co-operatives; and
- Monitoring and evaluating their progress.

7.5.5 ESTABLISHMENT OF CO-OPERATIVE SUSTAINABLE AND DEVELOPMENT MODEL (CSDM)

Although the local government tries to uplift the lives of the previously disadvantaged individuals and groups by encouraging people to start co-operatives, there is a need to understand that a co-operative is a business and requires thorough preparation during the formation stages. For example, some co-operatives have members who never met; other co-operatives have members who do not understand that, at some stage, the co-operative must become independent from government support; others have members who think that forming a co-operative is another way of accessing the governmental social grant. Lack of effective preparation from an early stage causes many administrative and managerial challenges that lead to the failure of co-operatives in the eThekweni Municipality. Such a failure, therefore, needs to be adequately addressed.

The co-operative sustainable model for co-operative development in the eThekweni Municipality is based on the following three main phases:

- Co-operative establishment;
- Provision of support services; and
- Monitoring and evaluation of the sustainability of the supported co-operatives.

7.5.5.1 Co-operative Establishment Phase: top-down and bottom-up approaches

Some co-operatives fail to sustain themselves because of the lack of effective preparation from the early stage through the misapplication of both top-down and bottom-up approaches. Both top-down and bottom-up approaches are utilised to promote the establishment of co-operatives in the eThekweni Municipality.

Bottom-up approach

To keep co-operatives as both social and economic entities, the local government has to play an enabling role of protecting and strategically supporting them. In practice, this means that local government will respond to the initiatives, pathways and efforts by co-operatives to transform production, consumption, saving and conditions to sustain life and alleviate poverty. In this regard, the local government does not lead but ensures that its power is harnessed for transformation from below (Okem 2016).

Through this approach, there will be an identification of existing legally registered co-operatives that require assistance for their sustainability and growth. A legally registered co-operative is understood as a co-operative that is registered with the Companies and Intellectual Property Commission (CIPC), captured in the central database and has been registered with the eThekwini vendor portal.

The main objective in this bottom-up process is to ensure that the established emerging co-operatives are supported to transform their ideas into legally constituted companies with marketable finished products. The main contribution of this process is that it guarantees that co-operatives entering the programme are “ready to be developed” (eThekwini BSMTU 2019).

This approach is crucial as it will ensure that co-operatives are developed in accordance with the members’ needs and capacities and not in terms of government objectives. Co-operatives, established in this regard, will cultivate the autonomous and independent impulses within them for sustainability.

Top-down Approach

The top-down approach has been misused and received a negative denotation mainly because the individual members often mistake co-operatives as being government organisations; in this regard, they can even think, as pointed above, that forming a co-operative is another way of accessing the government’s grant. The result of this inefficient preparation is the current large number of weak and unsustainable co-operatives in the municipality.

However, the local government needs to use the top-down approach in a positive way to facilitate the formation and establishment of co-operatives in the area. The top-down approach implies that local government makes use of strategic support when dealing with co-operatives. In this regard, strategic support implies a thorough undertaking of proper groundwork planning with co-operatives. The groundwork includes education of co-operative members, model design of the co-operative, feasibility assessment, co-operative business planning, constitutional development, and general capacity building to develop viable member-driven co-operatives (Satgar 2019:150).

In the municipal area, there are many people or groups of people who have entrepreneurial skills but are not aware that organisations, such as co-operatives, exist. Therefore, local government needs to undertake a process of identifying such groups of individuals and enable them to understand co-operative businesses and the establishment process.

In this regard, the underpinning work will entail the following activities:

- gathering information to analyse the context within which a co-operative is envisaged to operate;
- identification of workers who have a large entrepreneurial potential;
- identification of groups of people who have a reservoir of business skills;
- identification of people who have real business acumen, creativity, dynamism and innovation;
- identification of business opportunities in the municipality to be workshopped to the identified groups of individuals;
- organisation of the workshop sessions with aspiring co-operatives;
- letting them decide on the way forward. The way forward in this regard requires members to develop a concept document that clarifies important aspects of the co-operative, such as the objectives, principles and values, membership rights and obligations, legal arrangements and decision-making structures, the ownership model and the role in the economy.

7.5.5.2 Provision of support services

Co-operatives in the eThekweni Municipality face many challenges ranging from the lack of access to funding, lack of access to market opportunities, lack of access to information and skills development, lack of access to technical skills, lack of entrepreneurship skills and lack of managerial abilities. To ensure that co-operatives in the municipality are sustainable, these challenges will need to be addressed.

The provision of support services will need to be undertaken through the establishment of the Co-operative Development Support Unit (CDSU). The role of the CDSU is to act as a centralised management body that administers and channels support programmes to co-operatives.

The following activities will be undertaken at the CDSU, depending on the needs assessment outcome:

- Roll out the holistic support through a fifteen-year co-operative support package with an exit strategy;
- Roll out the incubation programme; and
- Provision of support programmes presented in the following table.

Table 24: Support Programmes

No	Programmes	Descriptions
1	Input Support	<ul style="list-style-type: none"> – Agricultural input supply control, in terms of quality, quantity and timeous deployment of inputs; (seed/seedlings, fertiliser, pesticides, herbicides, fuel) – Sector specific and specialised inputs
2	Training Support	<ul style="list-style-type: none"> – Compulsory Information session – Theoretical training – Practical training and demonstrations – Extension support and training, using the private sector, provincial departments, universities, graduates and National Rural Youth Service Corps (NARYSEC);
3	Mechanisation	Tractor (Planting), Tractor (Other implements), Ripper, Ridger (disc ploughs), Planter and plougher, Spreader, Combine (Harvester), Trailer, Truck, Mulcher (Ground preparation), Grain tank, Baler, Fertiliser spreader, Boom sprayer, Lime spreaders, Transportation and Crumbler/Tillage.
4	Logistics support	<ul style="list-style-type: none"> – Local storage; – Primary produce collection; – Auction facilities for local markets; – Machinery, servicing workshop facilities; – The delivery of inputs, transportation post-harvest, transportation to local markets;

No	Programmes	Descriptions
		– Fuel (energy centre).
5	Value-Adding	<ul style="list-style-type: none"> – Processing for local markets (small scale mills); – The weighing of produce and stock; – Sorting of produce for local and other markets; – The packaging of produce for local markets; – Pulp and tray; – Knitted vegetable pockets.
6	Specific Programme	<ul style="list-style-type: none"> – Provide market information on commodity prices (ICT); – Banking services; – tender support.

Source: Table generated by the researcher (2019)

7.5.5.3 Monitoring and evaluation of the sustainability of the supported co-operatives

Although the term “monitoring and evaluation” tends to be grouped together, monitoring and evaluation are, in fact, two distinct sets of organisational activities, which are related, but not identical.

Monitoring is the periodic oversight of the implementation of an activity or intervention while seeking to establish if inputs (resource invested), processes (activities conducted and their quality) and outputs (direct deliverables) are proceeding according to plan. It includes the regular collection and analysis of information which is used in assisting and making timely decisions, ensuring accountability and providing the basis for evaluation and learning (KZN EDTEA, 2010).

Evaluation is a process that attempts to determine, as systematically and objectively as possible, the relevance, effectiveness, efficiency, sustainability and impact of activities in light of specified objectives. It aims at answering specific management questions, to judge the overall value of an intervention and supply lessons learned to improve future actions, planning and decision-making (eThekweni BSMTU 2019).

The common thread that runs through monitoring and evaluation is focus on learning from what has been done and how it has been done; this implies efficiency, effectiveness and impact.

Efficiency implies that the input into the work is appropriate in terms of the output. This could be input in terms of money, time, staff and equipment. When a project is run and there is a concern about its replicability or about going to scale, it is very important to get the efficiency element right (Shapiro 2002).

Effectiveness is a measure of the extent to which a development programme or project achieves the set specific objectives (Shapiro, 2002; (KZN EDTEA, 2010).

Impact tells whether an issue has been resolved or not with respect to the problem situation that had been identified. Before deciding on an expansion of a project, there is a need to be sure that what is done makes sense in terms of the impact to be achieved (Shapiro 2002; eThekwini BSMTU 2019).

From this perspective, it is clear that monitoring and evaluation are best done when there has been proper planning to assess progress and achievements.

A Co-operative Database

To undertake efficient monitoring and evaluation on the role of local government on the sustainability of co-operatives and poverty alleviation in the eThekwini Municipality, there is a need to develop a co-operative database. This database should include both successful and unsuccessful co-operatives so that the specific reasons why a co-operative was not successful in the past can be reevaluated in future. Such a database will help to manage and mitigate the duplicate provision of support to co-operatives. It is imperative to ensure monitoring and evaluation of the role of the eThekwini Municipality in the support of the local co-operative as well as performance and contribution of the co-operatives to poverty alleviation in the municipality. Key tasks of the database include:

- Profiling information about the co-operative namely membership, income, expenses, production levels;

- Tracing of support services to co-operatives through:
 - The verification of a number of tenders awarded;
 - The verification of a number of training sessions accessed,
 - The verification of a number of other resources and support benefits from the programmes and stakeholders;
- Tracing the employment information;
- Tracing challenges currently being experienced; and
- The number of sustainable co-operatives being supported.

Also, the eThekweni Municipality should undertake a review of their co-operative support programmes to assess their efficiency and effectiveness. The outcomes of this review process should, in turn, inform the redesign of the programme, where applicable. Such reviews should consider:

- How effective the programme has been at meeting its stated objectives and targets;
- What impact the support has had on its targeted beneficiary group in terms of poverty alleviation and economic sustainability; and
- Programme design deficiencies, challenges experienced and mechanisms by which these issues can be addressed.

7.6 CONTRIBUTIONS TO NEW KNOWLEDGE

As pointed above, sustainable co-operatives play a substantial role by alleviating poverty of the majority of previously disadvantaged, vulnerable, and marginalised groups as well as those without resources. Unlike other studies and reports (Okem, A.E. 2016, Department of Trade and Industry. 2012, eThekweni Business Support Market and Tourism Unit. 2006, eThekweni Business Support Market and Tourism Unit. 2019) that have recommended blank increased government support to cooperatives, this study concludes that unorganised government support will not solve the problems facing cooperatives at the local level and especially in the eThekweni Municipality.

The study has shown that there is ample government support for co-operatives at the local level. This researcher further highlights that the nature of government support

has created a system of dependence that is not conducive to co-operative empowerment and sustainability.

Conversely and innovatively, findings of this study show that the challenges facing the sustainability of co-operatives can be addressed by amalgamating a number of approaches including the limitation of promotional support to co-operatives to limit the use of co-operatives for political interest.

Further, this study has shown that the sustainability of co-operatives can be attained when the stakeholders undertake aftercare support services. As presented above, once-off support is when an organisation or a stakeholder is prepared to assist a co-operative just once in its lifetime. One of the consequences of such support is that, if the co-operative has no other opportunities in accessing other much needed support, it may collapse. Therefore, this study has shown that the aftercare support is able to encourage co-operatives to retain and expand their activities and create greater linkages with the local economy. This process may be undertaken as presented in this study through holistic support (fifteen-year co-operative support package with an exit strategy) and or by an incubation support programme.

Additionally, the study has shown that co-operative sustainability will be achieved by the establishment of a co-operative sustainable and development model (CSDM)

Finally, this study is necessary to inform policy and document the success/failure of government initiatives to create an enabling environment and address imbalances created through past regressive policies.

7.7 SUGGESTIONS FOR FUTURE RESEARCH

This study has provided insights into the impact of local government support on the sustainability of co-operatives and its role in alleviating poverty in the eThekweni Municipal Region. The study suggested innovative ways on how the sustainability of co-operatives in this region can be achieved. Future research should include co-operatives from across the nine districts of the KwaZulu-Natal Province. This will contribute to further understanding the similarities and differences of the research area

across the districts, thus extending the scope of general findings and conclusions about the provincial and national co-operative movement.

This study has shown how an organised support mechanism by the local government can render a co-operative sustainable. However, when asked, some co-operative members said that, in the absence of support from the eThekweni Municipality, their co-operatives will collapse. This raises a number of questions such as: Is it simply a persistence of the lack of self-reliance mentality? Or why such co-operatives were established in the first place? This shows that there is a room for further studies to understand why there is a lack of self-reliance in current co-operatives. Ultimately, findings from such studies could contribute to building a strong and dynamic co-operative sector in the province as a whole. Lessons from such studies could also be valuable in strengthening the co-operative sector in the country and across Africa.

7.8 SUMMARY

Sustainable co-operatives create job opportunities and have become a source of income for many people worldwide (100 million people). The vision for sustainable co-operatives is to address the needs of members in a long-term manner to make them economically stable and resilient.

In this regard, the eThekweni Municipality developed a co-operative programme since 2001 aimed at eradicating poverty by empowering people who were living below the poverty line to step into the mainstream of the economy. However, although this example has been successful in terms of facilitating the establishment of new co-operatives, there are some challenges that still need to be addressed (DTI 2012:35). Such challenges stem from the mobilisation of co-operatives using the top-down approach which has led to the establishment of many premature co-operatives. In this regard, Ndumo (2019:41) says that the government investment in co-operatives and the substantial increase in the registration of co-operatives have not been accompanied by a related increase in the contribution of co-operatives to the growth of the economy.

This study has emphasized the importance to assist local government to enhance its support for co-operatives' sustainability and the improvement of effectiveness and efficiency amongst local stakeholders for improved service delivery. The study further assists the eThekweni Municipality to adhere to its constitutional mandate of alleviating poverty in its milieu through a coordinated and monitored provision of support. This study, therefore, not only strives to draw attention to the research problem but also paves the way to improve the support system in local government and create a new vision for co-operative development.

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ANNEXURE 1: QUESTIONNAIRES

1.1 QUESTIONNAIRES FOR INTERVIEW WITH CO-OPERATIVE STAKEHOLDERS

FACULTY OF MANAGEMENT SCIENCES

DEPARTMENT OF ENTREPRENEURIAL STUDIES AND MANAGEMENT

QUESTIONNAIRE FOR INTERVIEW WITH CO-OP STAKEHOLDERS

Introduction to the project:

Good morning/afternoon. My name is _____ I am conducting a survey to measure the impact of the local government support on the sustainability of co-operatives in the eThekweni Municipality.

This is a letter of introduction indicating we are working for the PHD research program at the Durban University of Technology. I am collecting data that will help assess the impact of the local government support to co-operatives and the interventions that could possibly be executed to improve the business environment of co-operative sector in the Municipality.

You have been randomly selected for this questionnaire. I would like to have your input. The information collected will be confidential, and only the researchers will have access to the original data. Would you agree to help me fill this questionnaire? The questionnaire will take around 5 minutes of your time.

Do you agree to participate	01 = No	02 = Yes
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If no. Can you tell me why you do not want to participate in this study (*write down the reasons below*):

If yes. Thank you for agreeing to participate. Please sign a consent form.

INFORMED CONSENT STATEMENT

We are conducting interviews for the DUT PhD research with a wide variety of co-operatives in the eThekweni Municipality, in an attempt to understand the impact of the local government support on the sustainability of your co-operative.

Participation is completely voluntary. Please note that we can stop the questions at any time. Feel free to say if there are questions which you do not want to answer. Note that there are no direct benefits for your participation.

Your responses will be confidential, and your name will not be recorded on the final research.

I READ THE ABOVE CONSENT STATEMENT TO THE RESPONDENT AND TO THE BEST OF MY KNOWLEDGE IT WAS UNDERSTOOD, AND THE RESPONDENT HAS AGREED TO PARTICIPATE.

Signature of Enumerator

Date

Signature of Respondent

Date

If the respondent is willing to sign, but not necessary

Interview Starting Time: _____

**FACULTY OF MANAGEMENT SCIENCES
DEPARTMENT OF ENTREPRENEURIAL STUDIES AND MANAGEMENT
QUESTIONNAIRE FOR INTERVIEW WITH CO-OP STAKEHOLDERS**

PART I: DEMOGRAPHIC INFORMATION

Name of interviewer	
Date of interview	
Name of Interviewee	
Organisation	

Question 1: What types of services does your department/organisation provide to co-operatives?

No	Government Supports	No	Government Supports
1	Co-operative registration	9	Training in finance
2	Finance (grant)	10	Training in selling
3	Export assistance	11	Training in marketing
4	Access to consultants	12	Business planning
5	Marketing assistance	13	Access to markets
6	Business premises	14	Access to research
7	Tender completion assistance	15	Customer care
8	Training in management	16	Other Specify

Question 2: How do you rate the level of the support that you have provided to co-operatives?

Very little	Fair	Enough

Question 3: Did you approach the co-operatives with the support or vice versa

Municipality approached the co-op with the support	
The co-op solicited the support	

Question 4.1: Are co-operatives that received the support now sustainable or

self-reliant?

Yes	
No	

Question 4.2 If yes what are the key benefits of that sustainability on the Municipal economy and poverty alleviation

1	
2	
3	
4	
5	

Question 5: what would happen if you didn't provide any support to co-operatives?

1	
2	
3	
4	
5	

Question 6: Are there other co-operatives that didn't receive any of your support being sustainable?

Yes	
No	

Thanks for your participation

1.2 QUESTIONNAIRES FOR INTERVIEW WITH CO-OPERATIVE MEMBERS

FACULTY OF MANAGEMENT SCIENCES DEPARTMENT OF ENTREPRENEURIAL STUDIES AND MANAGEMENT QUESTIONNAIRE FOR INTERVIEW WITH CO-OP MEMBERS

Introduction to the project:

Good morning/afternoon. My name is _____ I am conducting a survey to measure the impact of the local government support on the sustainability of co-operatives in the eThekweni Municipality.

This is a letter of introduction indicating we are working for the PHD research program at the Durban University of Technology. I am collecting data that will help assess the impact of the local government support to co-operatives and the interventions that could possibly be executed to improve the business environment of co-operative sector in the Municipality.

You have been randomly selected for this questionnaire. I would like to have your input. The information collected will be confidential, and only the researchers will have access to the original data. Would you agree to help me fill this questionnaire? The questionnaire will take around 5 minutes of your time.

Do you agree to participate	01 = No	02 = Yes
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If no. Can you tell me why you do not want to participate in this study (*write down the reasons below*):

If yes. Thank you for agreeing to participate. Please sign a consent form.

INFORMED CONSENT STATEMENT

We are conducting interviews for the DUT PHD research with a wide variety of co-operatives in the eThekweni Municipality, in an attempt to understand the impact of the local government support on the sustainability of your co-operative.

Participation is completely voluntary. Please note that we can stop the questions at any time. Feel free to say if there are questions which you do not want to answer. Note that there are no direct benefits for your participation.

Your responses will be confidential, and your name will not be recorded on the final research.

I READ THE ABOVE CONSENT STATEMENT TO THE RESPONDENT AND TO THE BEST OF MY KNOWLEDGE IT WAS UNDERSTOOD, AND THE RESPONDENT HAS AGREED TO PARTICIPATE.

Signature of Enumerator

Date

Signature of Respondent

Date

If the respondent is willing to sign, but not necessary

Interview Starting Time: _____

PART I: DEMOGRAPHIC INFORMATION

Name of interviewer		
Date of interview		
Name of co-operative		
Name of Interviewee		
Co-op contact details	Tel	
	Fax	
	Email	
	No of Members	
	Physical Address	
Gender of co-op owner	Male	
	Female	
Age group of co-op owner	0 - 18	
	19 – 35	
	36 – 55	
	65+	
Population Group of	African/Black	
	Coloured	
	Indian	
	White	

PART II: BUSINESS INFORMATION

Question 1: What motivated you to start your co-operative?

1	I was encouraged by the municipality
2	I saw an opportunity or a gap in the market
3	I had an interest in a particular product or service
4	Because I enjoy it
5	I had relevant skills
6	I wanted to have my own business
7	I did market research and found there was demand
8	I wanted to make an income or to create wealth for myself
9	Other

Question 2: How long has your co-operative been operating for?

1	< 1 year
2	1 to 3 years
3	4 to 6 years
4	7 to 10 years
5	> 10 years

Question 3: What work/service is your co-op doing (to be filled by the Interviewer)?

No	Activities	No	Activities
1	Agriculture, forestry and fishing	9	Real estate activities
2	Wholesale and retail trade	10	Education
3	Manufacturing	11	Human health and social work activities
4	Electricity, gas, and air conditioning services	12	Arts, entertainment and recreation
5	Water supply; sewerage, waste management activities	13	Information and communication
6	Construction	14	Mining and quarrying
7	Catering services	15	Transportation and storage
8	Accommodation services	16	Other service activities

PART III: GOVERNMENT INTERVENTIONS**Question 4: Please indicate which of the following supports you have benefited from the government**

No	Government Supports	No	Government Supports
1	Co-operative registration	9	Training in finance
2	Finance (grant)	10	Training in selling
3	Export assistance	11	Training in marketing
4	Access to consultants	12	Business planning
5	Marketing assistance	13	Access to markets

6	Business premises	14	Access to research
7	Tender completion assistance	15	Other Specify
8	Training in management		

Question 5: Have the Government supports received did cover all your business expectations? or were they enough?

GOVERNMENT SUPPORTS	Yes	Neutra	No	In no, what was your expectation?
1. Co-operative registration				
2. Finance (grant)				
3. Export assistance				
4. Access to consultants				
5. Marketing assistance				
6. Business premises				
7. Tender completion assistance				
8. Training in management				
9. Training in finance				
10. Training in selling				
11. Training in marketing				
12. Business planning				
13. Access to markets				
14. Access to research				
15. Other Specify				

Question 6: Were you approached with the support or vice versa?

1. Municipality approached the co-op with the support	
2. The co-op solicited the support	

Question 7: How is the state of your co-op when comparing the time before and after receiving government supports

	Sustainable	Same	Not stable
Before Support			
After Support			

Question 8: Would you please cite some of the tangible positive key changes that happened to this co-operative and to its members as a result of the support received from the government.

1	Available income
2	Easy access to food
3	Easy access to shelter
4	Easy access to clothing
5	Easy access to education (dependants)
6	Easy access to transport
7	Easy access to education
8	Other (specify)

Question 9: What would happen if you didn't receive any support from the government?

1	
2	
3	
4	
5	

Question 10: Please indicate which organisation provided you with the intervention.

1	eThekwini Business Support Market & Tourism Unit
2	SEDA EThekwini
3	DTI eThekwini
4	NYDA eThekwini
5	Others (please specify)

Question 11: What are the current challenges that your co-operative faces

N o	CHALLENGES	No	CHALLENGES
1	Lack of technical skills	7	Lack of skilled staff
2	Lack of financial skills	8	Lack of suitable premises
3	Lack of business skills (selling skills, marketing skills, administration skills and management skills)	9	Electricity outages
4	Lack of previous experience	10	Lack of own transport
5	Lack of access to markets	11	Too many competitors
6	Lack of access to finance	12	Other

Thanks for your participation

The project involves some quality control that will confirm that I have not falsified this questionnaire. Would it be possible for my supervisor to possibly phone you briefly to do this check? Yes / No

If yes, can I ask you for a telephone number: _____

Interview End Time:_____