An assessment of the performance of co-operative enterprises that have benefited from the Co-operative Incentive Scheme: A case study of the Matabane Co-operative in the Elias Motsoaledi Local Municipality in Limpopo Province of South Africa

by

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A mini dissertation submitted in partial fulfilment of the requirements for the degree of Master of Development in the Faculty of Management and Law (Turfloop Graduate School of Leadership)

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DECLARATION

I declare that the mini dissertation hereby submitted to the University of Limpopo (Turfloop Graduate School of Leadership) for the degree of Master of Development has not previously been submitted by me for a degree at this or any other university, that it is my own work in design and in execution, and that all materials contained herein have been duly acknowledged.

Surname, Initials (title)  Date
DEDICATION

This mini-dissertation is dedicated to my late father, Themba, my mother, Ramokone, my wife, Kamogelo, and my daughter, Thembi, and all my brothers and sisters for their moral support throughout the period of my studies.
ACKNOWLEDGEMENTS

I am indebted to the following people for making it possible for me to complete this mini-dissertation:

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ABSTRACT

The aim of this study was to assess the performance of co-operative enterprises that have benefited from the Co-operative Incentive Scheme (CIS). Matabane Co-operative in the Elias Motsoaledi Local Municipality in Sekhukhune District was used as a case study. Both primary and secondary data were used to analyse the performance of this co-operative. The primary data were collected through a pre-tested questionnaire, while electronic and non-electronic media were used to collect secondary data. Purposive sampling was used to select respondents and because the number of beneficiaries of the co-operative was too small (i.e., 36) all were selected for this purpose. Only tables were used to analyse data in this study. The results obtained showed that the level of participation of females and youth in co-operatives is minimal. With regard to the level of education, the study found that all beneficiaries were literate. Of the total membership, 31% had passed secondary education, 22% had tertiary qualifications, while those who had passed primary education constituted 47%. The study also found that the co-operative had generated 36 jobs. Of this number, 14% were awarded to females as compared to 86% among their male counterparts. The youth constituted only 8% of the co-operative membership as compared to the 92% of the adults and the elderly combined. With regard to income, the study found that the co-operative has managed to generate about R1,5 million, the majority of which comes from the sale of livestock and maize, namely 44% and 28% respectively.

The following challenges were established by this study: lack of access to markets, lack of sufficient land space for production, lack of support from government, lack of access to water, shortage of proper skills, and the high cost of electricity. The following recommendations are therefore made to policymakers:
• A budget for the payment of stipends to beneficiaries should be made available. The budget for the Community Work Programme (CWP) should be used for this purpose.
• The municipality should provide a subsidy for electricity to the co-operative.
• The Provincial Departments of Agriculture should provide the co-operative with adequate infrastructure.
• LIBSA and other government agencies should ensure the provision of ongoing training in technical, project management, recordkeeping and financial management skills to the beneficiaries of the co-operative.
• LIBSA should assist the co-operatives in identifying markets and in ensuring that their produce meets the required quality standards.

The assurance is hereby given by this study that the productivity of co-operatives would be enhanced if these policies were implemented successfully.
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### ABBREVIATIONS

- **CWP**  
  Community Work Programme  
- **CASP**  
  Comprehensive Agricultural Support Programme  
- **CIS**  
  Co-operative Incentive Scheme  
- **CoGTA**  
  Cooperative Governance and Traditional Affairs  
- **EPWP**  
  Expanded Public Works Programme  
- **HDI**  
  Historically disadvantaged individual  
- **ICA**  
  International Co-operative Alliance
IDP  Integrated Development Plan
LED  Local Economic Development
LIBSA  Limpopo Business Support Agency
NGO  Non-governmental organization
NCASA  National Co-operatives Association of South Africa
SADC  Southern African Development Community
The dti  The Department of Trade and Industry
CHAPTER 1:
INTRODUCTION

1.1 The aim of this chapter

The aim of this chapter is to introduce the study, starting off by presenting some background information on the history of co-operatives in South Africa. The chapter also presents the statement of the research problem, the research questions, the research objectives, significance of the study and its limitations. Definition of concepts and the chapter outline of the mini dissertation also form part of this chapter. The last part summarises the chapter.

1.2 Background

Co-operatives have a long history of success around the world and have proven to be capable of meeting socio-economic needs, including increasing people’s incomes, ensuring sustainable employment, reducing poverty and ensuring sustainable human development.

In South Africa co-operatives started to emerge as early as the nineteenth century (Phillip, 2003). The following is a synopsis of the evolution of co-operatives in South Africa:
In 1902 large commercial white farmers in South Africa organised themselves into co-operatives with the aim of reducing the production costs of their farming activities and to get access to markets. Through massive support from government, the co-operative structure started to flourish by the 1940s (Vink (1993) in the study by Checha (2011)). However, in 1990 the support was phased out and the performance of this structure started to decline. To address this challenge, external funding was sourced (Vink (1993) in the study by Checha (2011)).

During the period 1948 to 1990, consumer co-operatives owned by blacks were also formed with a view to buying goods in bulk. As these co-operatives faced their own challenges, they could not be sustained. During the same period, worker co-operatives were formed. The main aim of these co-operatives was to create jobs for people who were retrenched from the factories. However, as most of these co-operatives did not adhere to co-operative principles and did not follow best practices for the establishment of co-operatives, they failed to sustain themselves (Phillip, 2003). Stokvels and burial societies were formed during the 1980s with the aim of encouraging people to save and to ensure support to members during their period of grief. These co-operatives could also not be sustained (Phillip, 2003).

The problem of lack of sustainability of co-operatives, as highlighted earlier on, led to the transformation of the co-operative structure in South Africa. During the period 1995 to 2000, various role-players in socio-economic sectors urged government to develop legislation and support measures for co-operatives. It was during this period that the
National Co-operatives Association of South Africa (NCASA) was formed and communities gradually became aware of the concept of self-help and self-reliance, using co-operatives as a vehicle to empower themselves. Consequently, in 2001 Cabinet resolved that the mandate for the development and promotion of co-operatives would be transferred from the Department of Agriculture to the Department of Trade and Industry (the dti) to ensure that co-operatives were given recognition and allowed to flourish in all sectors of the economy (the dti, 2010). The Presidential Growth and Development Summit, held in July 2003, further endorsed special measures to support co-operatives as part of strategies for job creation in South Africa. Consequently, the co-operatives development strategy was devised in 2003. Following this, the Co-operatives Act 14 of 2005 was enacted (the dti, 2005a). During this period, the Co-operatives Incentives Scheme (CIS) was implemented with a view to providing financial support for the acquisition of infrastructure and to stock co-operatives owned by historically disadvantaged individuals (HDIs) (the dti, 2010).

1.3 Statement of the problem

The Presidential Growth and Development Summit held in 2003 resolved to provide support to co-operatives owned by HDIs. This culminated in the establishment of the Co-operatives Development Policy 2004 and the Co-operatives Act 14 of 2005, which sought to lay the foundation for a sustainable co-operative structure (the dti, 2010). Subsequent to this, the CIS was established with the aim of ensuring the provision of financial support to enable the viability and sustainability of co-operatives. Despite these efforts,
most co-operative enterprises, including those that received funding, seemed to be faced with the problem of poor performance, which is evident from their low productivity, lower profitability, less income and low job-creation abilities. So, the problem statement of this study is to establish why co-operatives that have benefited from the CIS are not performing adequately.

1.4 Research questions

This study will attempt to answer the following questions:

(a) To what extent have co-operatives in the Elias Motsoaledi Local Municipality succeeded in generating income?
(b) To what extent are females and the youth participating in the co-operatives in the Elias Motsoaledi Local Municipality?
(c) To what extent have co-operatives in the Elias Motsoaledi Local Municipality succeeded in creating jobs?
(d) What are the challenges facing the beneficiaries of co-operatives in the Elias Motsoaledi Local Municipality?

1.5 Objectives

The primary objective of this study was to assess the performance of co-operatives that have benefited from the CIS while the specific objectives of this study were to:
(a) Assess the income-generating ability of the co-operatives in the Elias Motsoaledi Local Municipality;

(b) Assess the level of participation by females and the youth in co-operatives in the Elias Motsoaledi Local Municipality;

(c) Assess the extent to which the co-operatives have succeeded in creating jobs in the Elias Motsoaledi Local Municipality; and to

(d) Identify the challenges that the co-operatives in the Elias Motsoaledi Local Municipality are facing.

1.6 Significance of the study

Some of the studies conducted in the past revealed that co-operatives in the Limpopo Province were not sustainable (Van der Walt, 2005). The studies by Checha (2011) and Mqingwana (2010), among others, also established this. A study of this kind is therefore quite significant in that it will identify the root cause of this problem and make contributions towards future policy plans that will bring about change in the face of the co-operative structure in the province.

1.7 Limitations of the study

Ideally, this study should have covered all co-operative enterprises in the Elias Motsoaledi Local Municipality, but due to time and financial constraints, only one co-operative was selected as a case study.
1.8 Definition of key concepts

- **Co-operative**

A *co-operative* is defined as ſan 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 (Phillip, 2003). Three classes of co-operatives can be identified and the following is a brief discussion of them:

- **Primary co-operative**

This is a co-operative ſhat is formed by a minimum of five natural persons whose objective is to provide employment or services to its members and to facilitate community development (the dti, 2005a).

- **Secondary co-operative**

This is a co-operative ſhat is formed by two or more primary co-operatives. The main purpose of this type of co-operative is the provision of services to its members (the dti, 2005b).
• **Tertiary co-operative**

This is a co-operative whose members are secondary co-operatives and whose objective is to advocate and engage organs of state, the private sector and stakeholders on behalf of its members, and may also be referred to as a co-operative apex. The main aim of this kind of co-operative is to ensure that affiliated co-operatives do indeed get the service that they require (the dti, 2005a).

• **Co-operative Incentive Scheme**

The CIS is a direct cash grant that is offered to qualifying entities. It is an incentive that is aimed at assisting co-operative owned by HDIs (the dti, 2005b).

• **Performance**

The concept *performance* can be described as the production of results. This is in line with Harnett and Soni (1991), who maintain that the concept refers to "the measurement of the output of a particular process or procedure."  

• **Performance assessment**

The concept *performance assessment* refers to a class of assessments based on observation and judgment (Brennan and Johnson, 1995). Here, an assessor observes a
performance or the product of a performance and makes a judgement on its quality (Baxter and Glaser, 1998; Bennett and Ward, 1993). To judge one’s competence to operate a car or motor vehicle, for example, one has to pass a road test, during which actual driving is observed and evaluated (Bond, 1995; Bond et al., 1996). Similarly, Olympic athletes are judged on the basis of observed performances. Performance assessment has long been used to judge proficiency in industrial, military and artistic settings, and interest in its application to educational settings has grown at the start of the twenty-first century (Bond, 1995; Bond et al., 1996).

- **Employment**

Garner (1979) (in Checha 2011) describes employment as a contract between two parties, one being the employer referred to as a person or institution that hires people, offering hourly wages or a salary in exchange for labour and the employee referred to as a person in the service of another under any contract of hire. An employee contract can be temporary, casual, full time and or self-employed.

- **Gender**

*Gender* refers to the differences between women and men within the same household, and within and between cultures that are socially and culturally constructed and change over time. These differences are reflected in roles, responsibilities, access to resources,
constraints, opportunities, needs, perceptions and views, among others, held by both women and men (SACHET, 2011).

- Community

Community refers to a social group of any sizes whose members reside in a specific locality, share government, and often have a common cultural and historical heritage (Hampton, 2012).

- Sustainability

Sustainability refers to the ability to meet present needs without compromising the ability of future generations to meet their needs. Sustainable means using methods, systems and materials that won't deplete resources or harm natural cycles (Washington State University, 2012).

- Education

Education refers to the delivery of knowledge, skills and information from teachers to students. Education results in the empowerment of people and enables them to think clearly and act effectively to achieve self-selected goals and aspirations (Berg, 2012).
• The concept of the Community Work Programme

The CWP is a poverty alleviation programme. Its aim is to supplement the existing livelihood strategies of participants and provide a basic level of income security through work. The CWP targets unemployed people of working age, including those whose livelihood activities are insufficient to lift them out of poverty. Other features of this programme are the ability to provide access to a minimum level of regular work, that is, 2 days a week and 100 days a year at a wage rate of R65,00 a day (Phillip, 2013).

1.9 Chapter outline of the study

The research report is divided into five chapters as follows:

Chapter 1 presents the background to the study. It starts off by giving an overview to the development of co-operatives in South Africa and goes on to outline the problem statement, the research questions and objectives, significance of the study, its limitations, and definition of key concepts. The last section of the chapter presents a summary.

Chapter 2 presents the literature review on the development of co-operatives globally. It starts with a brief description of the experience of the development of co-operatives in international countries and in the Southern African Development Community (SADC), followed by the different types of legislation governing co-operatives in South Africa.
The general classification of co-operatives and ethical considerations also form part of this chapter. The last section summarises the chapter.

Chapter 3 presents the methodology and the research design used in this study, starting with the description of the area of the study, research design, population and sampling procedure used, data collection and analysis methods used. The last section summarises the chapter.

Chapter 4 presents and discusses the findings of the study, followed by the interpretation of these results. The last section summarises the chapter.

Chapter 5 presents a summary of the whole study. The presentation starts by summarising the findings of the study, policy recommendations and issues for further research. The last section of the chapter concludes the study.

1.10 Summary

This chapter presented the background to this study. It started off by giving a synopsis of the development of co-operatives in South Africa and went on to identify the statement of the problem, objectives, definition of concepts and the significance of the study. It also indicated the limitations of this study and sketched an outline of the study.
CHAPTER 2:
REVIEW OF THE LITERATURE

2.1 The aim of this chapter

The aim of this chapter is to review the literature on co-operatives. It starts off by providing the historical background on co-operatives in the Southern African Development Community (SADC) and in International Countries, looking specifically at their successes and failures. It highlights the legislative framework governing co-operatives in South Africa. The general classification of co-operatives and an overview of the different types of co-operatives also form part of this chapter. The chapter also gives a brief outline of the Community Works Programme and how this links with co-operatives.

2.2 How co-operatives started

The co-operative effort that occurred throughout history is said to have been started by men killing large animals for survival (Cobia, 1989). Since then, people have co-operated to achieve objectives that individuals could not achieve. Ancient records show that Babylonians were the first to practise co-operative farming (Cobia, 1989). The Chinese also developed savings and loan associations. In North America too people have co-operated in cultivating crops. This kind of co-operation was also practiced in the rural communities of South Africa even before the Anglo Boar War (Cobia, 1989).
The other view is that the first co-operative was formed in Britain in the nineteenth century (Phillip, 2003). Indications are that due to the depressed economic conditions that came about as a result of retrenchments in factories in that country, some people organised themselves to form a co-operative shop known as the "Rochdale Society of Equitable Pioneers". The co-operative was formed in 1844, selling grocery items such as flour and sugar to its members. The success of the Rochdale Society of Equitable Pioneers led to the development of policies governing the affairs of co-operatives. These policies were found to be so successful that they became a model for other co-operative endeavours (Phillip, 2003).

According to the International Co-operative Alliance (ICA), co-operatives grew within five distinct traditions: (a) the consumer co-operatives, whose beginnings have long been popularly associated with the 1844 Rochdale pioneers; (b) the worker co-operatives, which had their greatest early strength in France; (c) the credit co-operatives, which largely began in Germany; (d) the agricultural co-operatives, which had their early roots in Denmark and Germany; and (e) service co-operatives, such as housing and health co-operatives, which emerged in many parts of Europe (Phillip, 2003).
2.3 The international and Southern African Development Community experience of the development of co-operatives

2.3.1 The development of co-operatives in international countries

To date, the Indian Co-operatives Movement has become one of the largest in the world. Sixty-seven per cent of households and ninety-nine per cent of rural communities are in one way or another involved in the co-operatives sector (the dti, 2010).

The success of the co-operatives sector in India can be attributed to a series of legislative instruments on co-operatives that are based on the Western model, which dates back to 1904, when a commitment to develop co-operatives began in that country. In 1904 the Co-operative Societies Act was introduced to ensure socio-economic transformation, particularly in underdeveloped rural areas, where subsistence farmers were at the mercy of unscrupulous moneylenders as their only source of credit. In 1912 the law was amended to include all types of co-operatives across the country, a change that empowered co-operatives to implement their own laws. At the time of independence in 1947, the government considered co-operatives as a vehicle towards poverty alleviation and, as a result, co-operatives continue to play an important role in economic development in rural India. The applicable law currently is the Multi-State Co-operatives Societies Act of 2002, which governs the co-operatives movement (the dti, 2010).

The National Co-operative Union of India is the apex body that promotes co-operatives nationally, provides education and training, and it is, as a result, instrumental in bringing
about economic development. To fast-track the development of the co-operatives system in India, co-operatives get state support through tax benefits, financial schemes and an increasingly decentralised state system which has promoted development initiatives at the required level. Non-government organisations (NGOs) are providers of assistance, particularly in rural areas of the country (Satgar and Williams, 2008).

The model that Canada has adopted for co-operatives development involves a strong partnership between the state and the co-operatives movement. The state provides a highly enabling environment for vibrant co-operatives to operate through a legislative framework that promotes strict adherence to international co-operative principles. This has proven to be highly effective and a favourable tax regime for co-operatives. The legislative framework covers federal and provincial levels, with alignment to federal and provincial programmes and in the effective co-ordination. Co-ordination is managed via the Co-operative Secretariat, which is an intergovernmental forum for all departments that have legislation, policies and strategies for co-operatives (the dti, 2010).

The Canadian model targets the entire value chain of co-operatives, including credit unions (over US$200 billion in assets), agricultural (US$9.6 billion turnover in 2003), consumer co-operatives (US$7.3 billion in assets), housing co-operatives (US$5.7 billion in assets), insurance (over US$16 billion in assets) and worker co-operatives (US$343 million in assets). While all the different types of co-operatives are performing well, on average, the most successful co-operatives sector is that of the credit union. The least-performing is that of the worker co-operatives sector (the dti, 2010).
The co-operatives sectors were established via initial government support and are now totally self-reliant, except for the housing and the worker co-operative sectors. The housing sector is still subsidised by government with levies for low-income families, and in the worker sector the government partners with the co-operatives movement to provide funding for the establishment of new worker co-operatives and expansion of existing ones. Success factors in this regard include the following: effective co-ordination among government departments, strong partnerships with the co-operatives movement, formation of secondary co-operatives for each sector to drive their development, formation of co-operative study centres at universities to provide education and training, and conduct research and perform comparative studies on co-operatives (the dti, 2010).

2.3.2 The development of co-operatives in the Southern African Development Community

Two countries, namely Botswana and Lesotho, have been selected for discussion. The co-operatives sector in these countries received massive support from various sectors of the economy in the form of funding and other support mechanisms aimed at enhancing their sustainability. However, the support provided to co-operatives did not automatically result in their success in these two countries.

An example of a co-operative initiated in the SADC region is the Botswana weaving co-operative, which was established in a small village of Odi (Seaborn, 1979). The co-operative received support from various institutions in the form of loans. The institutions include the Botswana Christian Council, the Botswana Development Corporation and the
Canadian Development Agency (Seaborn, 1979). Since its inception, the co-operative has been successful as it managed to repay its loans within a period of three years. The co-operative also managed to create 53 employment opportunities, of which 45 were for women and 8 for men. The co-operative also managed to provide people with skills and literacy, including arithmetic and bookkeeping (Seaborn, 1979).

The Lesotho Credit Union Movement, in turn, was established in that country in the 1980s. As in the case of the weaving co-operative, it received massive funding from donors but despite this, it continued to experience the challenge of lack of adequate performance (Sparrenboom-Burger, 1996). According to the literature sources, during the period 1971 to 1991 more than US$1 was pumped into the co-operative by local donors. Despite this funding, the performance of the co-operative continued to decline. The parallel relationship between performance and the injection of funding in the co-operative could be attributed to the mismanagement of funds as a result of the high salaries that the management of the co-operative received at the expense of improvements in technologies and financing of input costs that could bring about increased performance. As a result, the activities of the co-operative ceased to operate following the withdrawal of donations (Sparrenboom-Burger, 1996).

The literature on co-operatives in Lesotho presented in this section paints a bleak picture of the co-operatives system in that country and in the SADC. However, this does not indicate weaknesses in the co-operative model as an engine for economic growth and development. Other literature sources suggest that co-operatives that are successful are
those that have established networks within which they operate. For instance, during the second half of the nineteenth century in Britain, the co-operative sector was supported by liberal politicians. In the post-war period in Japan the support of politicians has been important for the extensive development of farmer co-operatives. Such networks had the ability to harness political resources without infringing on the co-operatives’ autonomy (Checha, 2011).

2.4 Legislation governing co-operatives in South Africa

2.4.1 The Co-operatives Development Policy of 2004

The Co-operatives Development Policy of 2004 is one of the policies that were developed to guide the development of the Co-operatives Movement to combine the financial, labour and other resources among the masses of the people; to rebuild communities; and to engage the people in their own development through sustainable economic activity (the dti, 2004). Among other things, the strategy is geared at achieving objectives in relation to the creation of an enabling environment for co-operative enterprises that reduces the disparities between urban and rural businesses; the creation of a conducive environment for entrepreneurship; the promotion of the development of economically sustainable co-operatives that will significantly contribute to the country’s economic growth; and an increase in the number and variety of economic enterprises operating in the formal economy (the dti, 2004).
2.4.2 The Co-operatives Act 14 of 2005

The Co-operative Act 14 of 2005 (the dti, 2005a) is also one of the pieces of legislation underpinning co-operatives in South Africa. The main purpose of this Act is to promote the development of sustainable co-operatives that comply with co-operative principles and thereby increasing the number and variety of economic enterprises operating in the formal economy; and to encourage persons and groups who subscribe to the 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. In addition, the Act promotes equity and greater participation by HDIs in economic activities through co-operatives, especially women, persons with disabilities and the youth (the dti, 2005a).

The Co-operatives Act 14 of 2005 provides for the registration of the following forms of co-operatives: primary, secondary and tertiary co-operatives. Without limiting the number and variety of different kinds of co-operatives, a co-operative registered in terms of this Act may be, but is not limited to, a housing co-operative, worker co-operative, social co-operative, agricultural co-operative, financial services co-operative, consumer co-operative, marketing and supply co-operative and service co-operative (the dti, 2005).
2.4.3 The Co-operative Incentive Scheme

2.4.3.1 Background information on the Co-operative Incentive Scheme

The CIS is one of the post-1994 South African Government development grants aimed at the provision of financial support to promote enterprise development with a particular focus on the underdeveloped regions of the country (the dti, 2005b).

2.4.3.2 Definition of the concept of the Co-operative Incentive Scheme

The CIS is a direct cash grant that is offered on a matching-grant basis to qualifying entities. The CIS can also be described as an incentive for co-operative enterprises in the economy with the purpose of acquiring competitive business development services. The grant has been in operation since 2005 (the dti, 2005b).

2.4.3.3 The main objectives of the Co-operative Incentive Scheme

The main objective of the CIS is to reinforce the initiatives of government towards the development and promotion of co-operatives as a viable form of enterprise development in South Africa. It is one of the support measures towards realising the 2004 to 2014 objectives presented in the government’s Co-operative Development Strategy. The scheme targets only registered co-operatives operating in the emerging economy. The CIS is offered as a 90% matching grant towards the qualifying expenditure to be incurred
by co-operatives (the dti, 2005b). The CIS is designed to address the following market failures encountered by co-operative enterprises:

- High cost of working capital.
- Inadequate access to financial resources.
- Lack of participation by co-operative enterprises in the formal economy.

2.4.3.4 Minimum requirements to participate in the Co-operative Incentive Scheme

As a requirement, co-operative enterprises must satisfy all requirements as set below:

- Eligible entities should be incorporated and registered in South Africa in terms of the Co-operatives Act 14 of 2005.
- Co-operative enterprises should be operating or intending to operate in the emerging sector. These are majority black-owned co-operatives that are very poor and under-developed in various sectors such as agriculture and the non-agricultural sectors.
- Co-operatives that have projects in the manufacturing, retail, services and agricultural sector.
- Entities that adhere to co-operative principles. The co-operative must have members, be able to produce proof that it holds regular meetings or is ready to hold one in the near future.
• Be emerging co-operatives owned by HDIs.
• Be rural- and semi-urban-biased.
• Be biased towards women, the youth and people with disabilities.

The CIS is offered as a 90:10 matching grant, wherein the dti contributes 90% of the approved costs of the project activities and the co-operative enterprise contributes 10% (or the remainder of the costs through existing assets, cash on hand and skills for the success of the project). The maximum grant that can be offered to qualifying co-operative enterprises is R350 000,00. It is worth noting that co-operative enterprises can apply for funding projects provided that the cumulative grant award does not exceed R350 000,00 (the dti, 2005b).

2.4.3.5 The application process for the Co-operative Incentive Scheme

The following are the non-eligible expenditure, that is, costs that the CIS will not fund:

• Funded projects by other government schemes.
• Costs associated with tendering.
• Costs for the acquisition of a building.

The following must accompany the application forms for the CIS:
- Proof of registration of the co-operative in terms of the Co-operatives Act 14 of 2005.

- Proof of a decision to apply for funding. Here, the co-operative should be able to provide a resolution for it to apply for the CIS. Minutes of a meeting of the Board Members in which a decision to apply for the CIS was taken could be used for this purpose.

- The enterprise development plan should be attached.

- The co-operative business plan and quotations should be supplied.

2.5 The general classification of co-operatives

The International Co-operative Alliance (ICA) and the Co-operatives Act 14 of 2005 in South Africa classify co-operatives according to the following categories:

- **Primary co-operatives**

These are co-operatives formed by a minimum of five natural persons whose objective is to provide employment or services to their members and to facilitate community development (the dti, 2005a).
Secondary co-operatives

These are co-operatives formed by two or more primary co-operatives. The main purpose of this type of co-operatives is the provision of services to its members (the dti, 2005a).

Tertiary co-operatives

These are co-operatives whose members are secondary co-operatives and whose objective is to advocate and engage organs of state, the private sector and stakeholders on behalf of their members, and may also be referred to as a co-operative apex. The main aim of this is to ensure that affiliated co-operatives do indeed get the service that they require (the dti, 2005a).

2.6 Different kinds of co-operatives

Agricultural co-operatives

These are co-operatives where farmers pool their resources for mutual economic benefit. Agricultural co-operatives are broadly divided into agricultural service co-operatives that provide various services to their individual farming members and agricultural production co-operatives, where production resources such as land or machinery are pooled and members farm jointly (Afrin et al., 2008).
• **Consumer co-operatives**

These are co-operative enterprises owned by consumers and managed democratically with the aim of fulfilling the needs and aspirations of their members. They operate within the market system, as a form of mutual aid, orientated towards service rather than pecuniary profit. Consumer co-operatives often take the form of retail outlets owned and operated by their consumers, such as food co-operatives (Mitchell, 2003).

• **Credit co-operatives**

This refers to co-operatives in the form of a financial institution that is owned and operated by its members. The co-operatives bring people together to save, borrow at low cost rates and manage their finances. These institutions attempt to differentiate themselves by offering above-average service along with competitive rates in the areas of insurance, lending and investment dealings (Fadahunsi and Rosa, 2002).

• **Service co-operatives**

These co-operatives focus on the provision of services such as housing and health services to co-operative beneficiaries and members of the community. They are mostly available in industrial Europe (Afrin et al., 2008).
• **User co-operatives**

This refers to co-operatives in which the members are users of the co-operative's economic services, rather than being workers in the enterprise. The main purpose of a user co-operative in contrast to a worker co-operative is to provide services to its members by bringing production input closer to the location of their business. In these co-operatives, members use collective organisation to obtain goods and services at reduced prices and to create economies of scale, as a way to enhance their economic access or to gain economic advantage, whether in relation to purchasing, marketing, access to financial services, access to housing, or social services such as education and health. The main feature that distinguishes user co-operatives from worker co-operatives is that employees in user co-operatives do not assume ownership and are thus not part of decision-making. Furthermore, members of user co-operatives are not involved in the day-to-day running of the business (Phillip, 2003).

• **Worker co-operatives**

There are quite a number of definitions that attempt to describe what a worker co-operative is. Key to this is that a worker co-operative is a business entity in which worker members have democratic control and ownership. The main objective of a worker co-operative is to improve the quality of life of the worker members through the creation and maintenance of sustainable jobs. Membership in this kind of co-operative is free and voluntary, and the co-operative's work is carried out by the members themselves. All the
shares in this kind of co-operative are held by the workforce (Phillip, 2003). The system of worker co-operatives is well established in most countries. India is said to have the largest worker co-operative in the world, the India Coffee Houses, which serves as an example of a success story of worker co-operatives globally. The co-operative was started in the 1940s by the Coffee Board of India. Owing to management challenges that emerged from policy change within the institution, the India Coffee Houses closed down in the mid 1950s, leading to the loss of many jobs. The workers who were discharged then took over the branches and renamed the network the ‘India Coffee Houses’, a worker co-operative that is currently regarded as the largest in the world (Phillip, 2003). The National League of Co-operatives and Mutual Association in Italy, which has created more than 342 000 jobs, is another example of the success of worker co-operatives. The Mondragon in Spain created more than 66 558 jobs and thus serves as another example of the success of worker co-operatives. The above-mentioned examples provide an indication that worker co-operatives are a vehicle for job creation (Phillip, 2003).

Marketing and supply co-operatives, in turn, are aimed at supplying input to members, as well as to market members’ products. A good example of this could be a farming co-operative that acquires input such as seeds and fertilisers for its members and, furthermore, assists the members in accessing the markets for the products they produce (Phillip, 2003).
2.7 The Community Work Programme and co-operatives

2.7.1 Background of the Community Works Programme

This programme was initiated in South Africa by the Office of the Presidency in 2007 (CoGTA, 2007). A pilot programme to test the approach was implemented under the auspices of a partnership between the Presidency and the Department of Social Development. As a result of initial performance during the pilot phase, in 2008 the CWP was accepted as a new element within the second phase of the Expanded Public Works Programme (EPWP), and provisionally located within its new ‘non-state’ sector. In 2009, as further lessons from the pilot emerged, it became clear that the CWP could achieve significant scale, and could also contribute to a number of key strategic goals of government. In the State of the Nation Address on 3 June 2009, South African President Jacob Zuma committed government to ‘fast-tracking’ the CWP. To optimise the scale, it was necessary to establish the CWP as a fully-fledged government programme, with access to full programme funding. Accordingly, a decision was taken to locate the CWP in the Department of Co-operative Governance and Traditional Affairs (CoGTA) from 1 April 2010. The government’s future plan of is to have 75% of the activities of the CWP associated with co-operatives by the year 2014 (CoGTA, 2007).
2.7.2 What is the Community Work Programme?

The Community Work Programme is a strategy which aims to provide an employment safety net by providing a minimum level of regular work opportunities to participants, with a predictable number of days of work provided per month. The Community Work Programme supplements the existing livelihood strategies of participants and provides a basic level of income security through work. The main targets for the CWP are the unemployed and the under-employed people of working age (CoGTA, 2007).

The Community Work Programme is implemented at the local level at a site which is generally comprised of a community/ward, designed to employ a target of at least 1000 people in each site on a part-time basis. It provides access to a minimum level of regular work i.e 2 day per week which equals to 100 days per year at a wage of R67.00 per day (CoGTA, 2007).

2.7.3 Institutional arrangement

The Community Work Programme has five categories of employees namely, the site manager who is the overseer of the programme at ward level, coordinators who supervises the actual work on the ground and the last category is that participants who do spade-work. Other people forming part of the structure are the safety officers who take care of safety issues and the storekeepers who is responsible for keeping stores. The
reference committee—known as steering committee is also formed to assist in identifying useful work (CoGTA, 2007).

2.7.4 The kind of work of the Community Work Programme

The kind of work performed by the participants is normally determined by the reference committee. These include the following:

- Food security;
- Home-based care, mainly for HIV and TB affected households and auxiliary care: cooking and cleaning;
- Care of the orphans, the vulnerable children and child-headed households;
- Social programmes to tackle alcohol abuse, violence crime, development of recreational spaces, sporting facilities targeting youth;
- Environmental rehabilitation (CoGTA, 2007).

2.7.5 Community Work Programme Rollout Site Selection

Selection of CWP site is based on Provincial Indices of Multiple Deprivation (PIMD)-Area-based measures of deprivation and the following are the five domains of deprivation:

- Income and material deprivation;
- Employment deprivation;
- Health deprivation;
Education deprivation; and
Living environment deprivation (CoGTA, 2007).

The other strategy used to select CWP sites is evidence from other National Interventions and Programmes such as War on Poverty. Political Mandates and Cabinet Decisions also play a role in identifying CWP sites (CoGTA, 2007).

2.7.6 The Community Work Programme targets for 2014

To measure the effectiveness of the Community Work Programme, three main targets were identified for the CWP as follows:
The Community Work Programme should be implemented in at least two wards in each municipality by 2014;
The Community Work Programme should by the year 2014 have created 237 000 job opportunities.
30% of the job opportunities that shall have been created should be in functional co-operatives by 2014 (CoGTA, 2007).

2.7.7 How does the Community Work Programme link-up with co-operatives?

The Community Work Programme and co-operatives have a very close relationship in that both programmes aim at alleviating poverty in rural communities targeting mainly the females and youth and moreover the CWP aims at having a certain percentage (30%
to be specific) of participants that are expected to be in co-operatives by the year 2014. So it is quite clear from these statements that CWP is a means to assist and to encourage communities to form co-operatives (CoGTA, 2007). Perhaps the challenge here could be that instead of the two programmes complementing one another, the CWP seeks to have 30% of the current job opportunities in co-operatives. According to the views of other researchers, Limpopo Province has a high rate of collapse of co-operatives. So the idea at this stage is not to have additional co-operatives but to find ways and means of reviving and sustaining the co-operatives that are available on the database kept by LIBSA. It is the views of this researcher that to bring about sustainability in co-operatives, there should an effort to link the two programmes and government should take a lead in this regard.

2.8 Summary

This chapter presented a review of the literature on co-operatives. It started off by providing the historical background on co-operatives. It also focused on the review of successes and failures of co-operatives in international countries and in SADC. It went further to highlight the legislative framework governing co-operatives in South Africa and the financial support mechanisms that were in place. The last part of the chapter presented background information on the CWP, ethical consideration for this study, the general classification of co-operatives and an overview of the different types of co-operatives.
CHAPTER 3:
RESEARCH METHODOLOGY

3.1 The aim of this chapter

The aim of this chapter is to provide an outline of the research methodology applied in collecting and analysing both the primary and secondary data in this study. It focuses on the description of the study area; theoretical background on the research design and its rationale; a description of the population and sampling procedure; and an indication of the research process followed in collecting and analysing data in this study. The last section of this chapter contains the data analysis techniques applied and the ethical consideration adhered to in conducting this study.

3.2 Description of the study area

The study was conducted in the Elias Motsoaledi Local Municipality. The municipality is located in the Sekhukhune District Municipality of the Limpopo Province, South Africa. The local municipalities neighbouring the Elias Motsoaledi Local Municipality are Ephraim Mogale, Makhuduthamaga, Fetakgomo and the Greater Tubatse. The geographical area of the Municipality is 3 668.333820 square kilometres and the population comprises about 247 488 people (Elias Motsoaledi Local Municipality, 2011).
3.2.1 Analyses of the population

The population of Elias Motsoaledi Local Municipality stands at 247,488. According to Table 3.1, the black population group constitutes 98.88% of the total population while Indians/Asians and whites stood at 0.23% and 0.89% respectively. Coloureds constitute 0% of the population (Elias Motsoaledi Local Municipality, 2011).

<table>
<thead>
<tr>
<th>Population group</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black</td>
<td>244 707</td>
<td>98.88</td>
</tr>
<tr>
<td>Coloured</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>Indian/Asian</td>
<td>579</td>
<td>0.23</td>
</tr>
<tr>
<td>White</td>
<td>2 199</td>
<td>0.89</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>247 488</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Elias Motsoaledi IDP 2011-2012

3.2.2 Analyses of the level of education

This section is an analysis of the levels of education of the population. According to this analysis, the level of illiteracy in Elias Motsoaledi Local Municipality constitutes more than 50% of the total population. Table 3.2 shows that 51% of the population has no literacy skills at all, while only 5% managed to pass primary education. However, 39% managed to pass junior and secondary school education, while those that have tertiary
qualifications constitute only 5%. The overall view of this analysis shows that Elias Motsoaledi Local Municipality has a very high level of illiteracy.

Table 3.2: Level of education of the population of Elias Motsoaledi Municipality

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>No schooling</td>
<td>46 551</td>
<td>51</td>
</tr>
<tr>
<td>Primary education</td>
<td>4 229</td>
<td>5</td>
</tr>
<tr>
<td>Junior secondary education</td>
<td>22 796</td>
<td>25</td>
</tr>
<tr>
<td>Senior secondary education</td>
<td>12 407</td>
<td>14</td>
</tr>
<tr>
<td>Tertiary education</td>
<td>4 686</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>103 826</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Elias Motsoaledi IDP 2011-2012

3.2.3 Analyses of the employment profile of the adult population

Table 3.3 shows the employment profile in the Elias Motsoaledi Local Municipality. This information indicates that the majority of the population (57%) is not economically active. A total of 27% of the population is employed, while a total of 16% is unemployed. This is an indication that the majority of the population in Elias Motsoaledi Local Municipality is economically inactive.
Table 3.3: Employment profile of the adult population

<table>
<thead>
<tr>
<th>Employment status</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed</td>
<td>38 098</td>
<td>27</td>
</tr>
<tr>
<td>Unemployed</td>
<td>21 704</td>
<td>16</td>
</tr>
<tr>
<td>Economically inactive</td>
<td>79 066</td>
<td>57</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>138 868</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Elias Motsoaledi IDP 2011-2012

3.3 Research design

A research design is a plan for scientific enquiry which specifies the method of research to be used in a particular study (Babbie, 1994). Welman and Kruger (2005) describe research design as a plan for collecting and analyzing data in order to get answers to the research questions. Creswell et al., (2007) describe a research design as procedures for collecting, analyzing, interpreting and reporting data in research studies. In addition, Creswell (2009) describes a research design as plans and procedures for research that span the decisions from broad assumptions to detailed methods of data collection and analysis. A research design is the plan and structure of investigation so conceived as to obtain answers to the research question. It includes an outline of what the investigator will do from writing hypotheses and their operational implications to the final analysis of data (Cooper and Schindler, 2011). This is supported by Kerlinger (1986) who describes the concept research design as a plan, structure, and strategy to be followed by the researcher in order to obtain answers to research questions. Johnson and Christensen
(2000) also agree to this as they regard research design as a plan or strategy that the researcher uses to solicit answers to the research question. According to these authors, a research design is a road map or an overall plan outlining how a particular research will be conducted from start to finish. Based on these definitions, the research design of this study is indeed a plan outlining how the research was conducted from start to finish. It also outlines the research processes from the design of questionnaires, to the collection and analysis of data (Leedy and Orrod, 2001; Mouton, 2001).

3.4 Population and sampling procedure

3.4.1 Population

A population in research refers to all the organisms that belong to the same species and live in the same geographical area (McKay, 1999). The population can be close-knit or loose-knit (McKay, 1999). According to McKay (1999), the population is said to be close-knit if there is a strong bond between the members and loose-knit if there is no strong bond between them. Welman and Kruger (2005) describe the population as the study object which consists of individuals, groups, organisations, human products and events or the conditions to which they are exposed. It encompasses the total collection of all units of analysis about which the researcher wishes to make specific conclusions. The population is the full set of cases from which a sample for the collection of data is taken (Welman and Kruger, 2005). The population can also be described as a large collection of individuals or objects that is the main focus of a scientific query (Welman
and Kruger 2005). It is also known as a well-defined collection of individuals or objects known to have similar characteristics (Creswell et al., 2007). Based on these definitions the population of this study is the beneficiaries of the Matabane Co-operative, the officials from the Elias Motosledi Local Municipality, the Limpopo Business Support Agency (LIBSA) and the Department of Agriculture.

3.4.2 Sampling procedure

A sample in research refers to a group of people, objects, or items that are taken from a larger population for measurement (Welman and Kruger, 2005). A sample should be representative of the population. Cooper and Schindler (2011), in turn, describe a sample as those people, events or records that contain the desired information and can answer the measurement questions. Two types of sampling procedures can be identified, namely (i) probability and (ii) non-probability sampling. Probability sampling determines the probability that any element or member of the population will be included in the sample, while non-probability sampling by contrast, cannot specify the probability that any element or member of the population will be included in the sample (Welman and Kruger, 2005). Simple random sampling, stratified random sampling, systematic sampling and cluster sampling are some examples of probability sampling (Welman and Kruger, 2005). Examples of non-probability sampling are accidental sampling, quota sampling, purposive sampling, snowball sampling, self-selection sampling and convenience sampling (Welman and Kruger, 2005). In this study non-probability sampling, specifically purposive sampling, was used in selecting the sample for this
study. The main reason for using purposive sampling in this study is that the researcher was looking for people who were knowledgeable about the subject matter. This is in line with Welman and Kruger (2005) who said that purposive sampling is the method in which the researcher uses own experience and knowledge in obtaining a unit of analysis in such a manner that the sample obtained may be regarded as being representative of the relevant population.

The purposive sampling method was used to select samples from the Matabane Co-operative in this study. The co-operative has 36 members, of whom 33 are males and 3 are females. As the sample was too small, all members of the co-operative were selected for interviews. In addition, 1 Local Economic Development (LED) Manager from the Elias Motsoaledi Local Municipality, 1 Enterprise Development Manager from the LIBSA and 1 Extension Services Manager from the Department of Agriculture were also selected for this study. The total number of samples selected was therefore 39.

3.4.3 How performance was assessed in this study

Some measures were used to make an assessment of the performance of the Matabane Co-operative. Three instruments were used for this purpose. The following is a brief outline of these instruments:

The income-generating ability of the co-operative was the first instrument used to assess the performance of this institution, followed by an assessment of the level of participation
by females and the youth in the co-operative’s activities. The last part of this assessment focused on the extent of job creation by the co-operative and the job-spread in terms of gender and youth.

3.4.4 Research methodology

Research methodology refers to the specific research method that involves the forms of data collection, analysis and interpretation that the researcher proposes for their study (Creswell, 2009). It considers and explains the logic behind research methods and techniques (Welman and Kruger, 2005). The other view is that research methodology refers to a way to systematically solve the research problem (New Age International, 2012). The application of research methods varies depending on the type of research being conducted. Some research requires qualitative methods, while others require quantitative methods. Some research requires the use of both qualitative and quantitative methods, and that refers to a phenomenon known as triangulation. Welman and Kruger (2005) describe qualitative research as the type of research with an emphasis on processes and meanings that are not rigorously examined or measured in terms of quantity, amount, intensity or frequency. This type of research method establishes the socially constructed nature of reality. By contrast, a quantitative research method is used to measure and analyse causal relationships between variables within a value-free context (Welman and Kruger, 2005). The main aim of quantitative research is to evaluate objective data consisting of numbers, while qualitative research deals with subjective data that are produced by the minds of respondents or interviewees (Welman
and Kruger, 2005). In quantitative research, flexibility is limited to prevent any form of bias in presenting the results, while qualitative research is based on flexible and explorative methods. Qualitative research enables the researcher to change the data progressively so that a deeper understanding of what is being investigated can be achieved. However, both qualitative and quantitative research methodologies are aimed at obtaining reliable and valid research results (Creswell, 2009). In this study qualitative research methodology was applied.

3.5 Data collection

3.5.1 Pilot study

The concept pilot study refers to a mini version of a full scale study before the actual study could commence (Dawson, 2007). The main purpose of a pilot study is to test the adequacy of the research instrument. Furthermore, the pilot study aims to make an assessment of the feasibility of the full-scale study (De Vause, 1993).

3.5.2 Secondary data collection

Secondary data is information gathered for purposes other than the completion of a research project. It is the data collected by someone other than the user (Steppingstones Partnership Inc, 2012.). Common sources of secondary data for social science include censuses, surveys, organisational records and data collected through qualitative
methodologies or qualitative research (Steppingstones Partnership Inc, 2012.). In this study secondary data were collected through the review of project documents from the Matabane Co-operative, Elias Motsoaledi Local Municipality, the Department of Agriculture, LIBSA and the dti.

### 3.5.3 Primary data collection

Primary data refers to the data collected by researchers through interactions with respondents. It is also called first-hand data or original data (Swindells, 2012). This statement is also supported by Dawson (2007) who describes primary data as "the study of a subject through first-hand observation and investigation." Primary data can be collected through interviews, surveys, focus groups, among other methods, in which questionnaires and interview guides are used.

In this study primary data were collected from beneficiaries of the Matabane Co-operative and other institutions, such as the Department of Agriculture and the Elias Motsoaledi Local Municipality. Structured questionnaires were used to collect the data.

### 3.6 Data analysis

Analysing data involves examining the database to address the research questions. Qualitative data analysis begins with coding the data, dividing the text into small units (i.e., phrases, sentences, paragraphs) and assigning a label to each unit (Creswell et al.,
As this study did not require statistical analysis, Microsoft Excel was used to produce tables for analysing the data.

### 3.7 Ethical considerations

Sound ethical standards were adhered to in conducting this study. This is in accordance with Mouton’s (2001) view that before the study can start, the researcher should seek written permission to conduct it. Relevant institutions such as the Elias Motsoaledi Local Municipality and the Department of Agriculture were consulted regarding this. The researcher also ensured that questions posed during interviews did not subject participants to embarrassment or loss of self-esteem (Leedy and Ormrod, 2001). The rights of participants were spelt out and they were made aware of their right to opt out of the interviews. Participants were also assured of privacy and confidentiality of the information provided during the research process. This played a role in encouraging their full participation during the research process. The culture, norms and beliefs of participants were respected. This avoided any potential harm to the participants during the research process (Welman and Kruger, 2005).

### 3.8 Summary

This chapter presented an outline of the research methodology applied in collecting and analysing both the primary and secondary data in this study. It started with a description
of the study area, the research design, the population, and sampling procedure followed in selecting samples, and the research methodology used in this study.
CHAPTER 4:
PRESENTATION OF RESULTS

4.1 The aim of this chapter

This chapter presents the findings of an assessment that was carried out at Matabane Co-operative. These findings include the beneficiaries’ demographic information, their level of participation in co-operatives issues and the number of jobs that the co-operative has managed to create. Other issues that form part of this chapter are the income-generating ability of the co-operative and the challenges that the co-operative faces.

4.2 Demographic representation of the beneficiaries of the co-operative

According to Table 4.1, the adult population of this co-operative is in the majority (78%) while the youth category constitutes only 8%. The elderly group constitutes 14% of the total population and is almost double the percentage of the youth. According to the Co-operatives Act 14 of 2005, women and the youth are the main targets for this initiative. So, the low level of participation by the youth in this programme becomes a serious challenge that needs to be addressed as a matter of urgency. There is a need for policymakers to seriously consider alternative strategies to attract young people into the programme.
Table 4.1: Demographic representation of the beneficiaries of the co-operative

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Youth (15–34 years)</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>Adults (35–59 years)</td>
<td>28</td>
<td>78</td>
</tr>
<tr>
<td>Elderly (60 years and above)</td>
<td>5</td>
<td>14</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>36</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Field survey (2012)*

### 4.3 Analysis of beneficiaries’ level of education

An analysis of the level of education shows a high level of literacy. According to Table 4.2, 47% of the total number of beneficiaries had passed primary education, while those who had passed secondary education constituted 31% of the total population. The study also found that 22% of the total member of the co-operative had a tertiary qualification. The overall view of these results shows that members of the Matabane Co-operative are literate and the implication here is that given sufficient resources and technical skill, the co-operative will go a long way in creating more jobs for the people of the Elias Motsoaledi Local Municipality and the surrounding villages.
Table 4.2: Analysis of the level of education of the beneficiaries of the co-operative

<table>
<thead>
<tr>
<th>Level of education</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>No schooling</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Primary education</td>
<td>17</td>
<td>47</td>
</tr>
<tr>
<td>Secondary education</td>
<td>11</td>
<td>31</td>
</tr>
<tr>
<td>Tertiary education</td>
<td>8</td>
<td>22</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>36</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Field survey (2012)*

4.4 Analysis of the level of participation by females and the youth in co-operatives

The level of participation by females and the youth in co-operatives in the Elias Motsoaledi Local Municipality is of serious concern. Tables 4.3 and 4.4, which analyse the number of jobs, show that males constitute 92% the total number of beneficiaries, while female constitute only 8%. Although it is not clear as to what led to this situation, the assumption that this study is making is that the women in the Elias Motsoaledi Local Municipality and neighbouring communities of Sekhukhune District are not motivated to participate in co-operatives due to the lack of incentives such as stipends or immediate benefits for members of co-operatives.
4.5 Analysis of the number of jobs created by the co-operative

4.5.1 Analysis of the number of jobs created in terms of gender

The analysis of jobs in this study shows that the co-operative has generated only 36 jobs. According to Table 4.3, 86% of the number of the jobs created is occupied by males, while females occupy 14% of the total number of jobs respectively. The overall analysis of these results shows that females and the youth occupy very few positions.

Table 4.3: Analysis of number of jobs in terms of gender

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Males</td>
<td>31</td>
<td>86</td>
</tr>
<tr>
<td>Females</td>
<td>5</td>
<td>14</td>
</tr>
<tr>
<td>Total</td>
<td>36</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field survey (2012)

4.5.2 Analysis of the number of jobs created for the youth

The creation of job opportunities for the youth remains a challenge for the Matabane Co-operative. Table 4.4, which analysis the number of job opportunities created by the co-operative for the youth and the elderly, reveals that young people are in the minority as compared to the adults and the elderly population of the co-operative (8% versus 92%). This is a serious challenge that this co-operative faces as this situation does not conform to the objectives of the Co-operatives Act 14 of 2005. There is therefore an urgent need
to consider remedying this situation immediately. As poor people need immediate cash relief, the recommendation can be made to policymakers that they consider the option of paying stipends to young people and the CWP in the CoGTA Department could be considered for this purpose.

Table 4.4: Analysis of the number of jobs created for the youth

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Youth</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>Adults/Elderly</td>
<td>33</td>
<td>92</td>
</tr>
<tr>
<td>Total</td>
<td>36</td>
<td>100</td>
</tr>
</tbody>
</table>

Source Field survey (2012)

4.6 Income generated by the co-operative

The financial viability of any business enterprise is determined, among others things, through an analysis of its financial statements which indicate the inflow and outflow of cash. On analysing the financial statements, one needs to differentiate between positive and negative net cash flow. The implication of positive net cash flow is that the financial viability of a business is sound, while negative net cash flow implies the non-financial viability of a business. In this study financial statements could not be made available; beneficiaries provided verbal information on the income and expenditure of the co-operative for the financial year 2011/12. Other information was found on pieces of papers. The high fees charged for auditing the books of accounts was cited as the main
reason for the non-availability of the financial statements. The types of crops that are under cultivation in the area are cabbages, spinach, onion and other vegetables. Table 4.5 presents an analysis of the crops and livestock. According to this table, livestock seems to be the main source of income of the co-operative, contributing 44% of the total income. Maize and vegetables contribute only 28% and 17% respectively, while sunflowers contribute only 11%. The total income for the financial year under review is R1 499 000.00. Of this amount, R1 440 000.00 goes into salaries. On average, each member gets R40 000 per annum and the balance pays for running costs, which is very little to keep the activities of the co-operative going.

Table 4.5: Analysis of income generated in terms of crop types and livestock

<table>
<thead>
<tr>
<th>No</th>
<th>Crop type and livestock</th>
<th>Total sales (R)</th>
<th>Sales (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Maize</td>
<td>422 000</td>
<td>28</td>
</tr>
<tr>
<td>2.</td>
<td>Sunflower</td>
<td>165 000</td>
<td>11</td>
</tr>
<tr>
<td>3.</td>
<td>Vegetables</td>
<td>255 000</td>
<td>17</td>
</tr>
<tr>
<td>4.</td>
<td>Livestock</td>
<td>657 000</td>
<td>44</td>
</tr>
<tr>
<td>Grand total</td>
<td></td>
<td>1 499 000</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field survey (2012)
4.7 Challenges facing the co-operative

4.7.1 The views of the beneficiaries

Some of the challenges that affect the adequate performance of the co-operatives were raised during interviews with the beneficiaries of the co-operative, LIBSA, Elias Motsoaledi Local Municipality and the Department of Agriculture. The challenges facing the Matabane Co-operative have been summarised as follows:

- Lack of access to adequate funding.
- Lack of access to adequate markets.
- Lack of sufficient land for grazing and crop production.
- Lack of sufficient government support.
- Lack of access to water.

4.7.1.1 Lack of access to adequate funding

Shortage of funds is one the challenges that the co-operative is facing. Although the co-operative has at some stage received funding from the dti, this could not meet all the needs as the larger portion of the money was utilised for the purchase of a tractor, few implements and the construction of a shed. According to the beneficiaries, the co-operative needs more funding in order to sustain its activities.
4.7.1.2 Lack of access to adequate markets

Another challenge that this co-operative is faced with is the lack of access to adequate markets. As the co-operative produces a variety of products, finding a good market in most instances is quite problematic; for instance, sometimes vegetables do not sell according to the co-operative’s wishes as the market for this commodity is flooded and few people buy them. As a result, these products get spoilt. With regard to livestock, people who own butcheries have the tendency to offer very low prices for the cattle and because there is no alternative, the co-operative practically ends up giving away the cattle at low prices. This is a serious challenge.

4.7.1.3 Lack of sufficient land for grazing and crop production

As one of its economic activities, the co-operative raises cattle for sale to butcheries. Table 4.5, which is an analysis of the income of the co-operative, shows that livestock is the main source of income. The co-operative plans to specialise in cattle farming but due to the lack of sufficient grazing, this dream becomes shattered. It is the beneficiaries’ wish to obtain more hectares of land for this purpose.

4.7.1.4 Lack of sufficient government support

It was also picked up during the interviews that the support that the beneficiaries get from government is minimal. Beneficiaries raised the concern that they received no support
from the Elias Motsoaledi Local Municipality. As an LED initiative, a project of this nature should be supported by the municipality for its growth and sustainability. Furthermore, beneficiaries claimed that the Department of Agriculture was the only government organ providing them with continuous support through its extension services. Moreover, the beneficiaries also cited that the dti only provided them with CIS funding and that the department did not do any monitoring or evaluation to determine if any progress was being made on the project.

4.7.1.5 Lack of access to adequate water

Shortage of water is one area of concern raised by the beneficiaries. As they do not have adequate water supply for irrigation, they find themselves cultivating maize only in rainy seasons, and during dry seasons, the harvest is very poor. There is therefore a need for water to be made available for irrigation.

4.7.2 The views of the Limpopo Business Support Agency and other government structures

Officials from LIBSA and other government structures who participated in the interviews also raised some challenges that make it difficult for the co-operatives to perform adequately. These challenges include the lack of access to markets, sufficient land for grazing and crop cultivation, lack of access to adequate water, poor infrastructure, lack of technical skills, high electricity rates and lack of funding to buy input. Table 4.6 presents
these findings. All respondents seem to agree on the number of challenges listed in Table 4.6.

<table>
<thead>
<tr>
<th>No</th>
<th>Types of challenges raised</th>
<th>LIBSA</th>
<th>Government</th>
<th>Municipality</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Lack of access to markets</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>2.</td>
<td>Lack of land and water for irrigation</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>3.</td>
<td>Lack of technical and financial management skills</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>4.</td>
<td>High electricity rates</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>5.</td>
<td>Lack of access to funding</td>
<td>i</td>
<td>i</td>
<td>x</td>
</tr>
</tbody>
</table>

**Source:** Field survey

### 4.7.2.1 Lack of access to markets

According to the respondents, the co-operative faces a serious challenge in the lack of access to markets. As the beneficiaries do not have sufficient resources, they find themselves in a situation where they cannot take their produce and livestock to the market and, as a result, they end up selling at prices below the market value. Flooding of the market is another challenge confronting this co-operative. According to the respondents, the produce of this co-operative is in abundance, and in terms of the law of supply and demand, the oversupply of goods and services impacts negatively on the market price. The negative market price therefore makes it difficult for the co-operative to perform adequately. There is a need for the Department of Agriculture to provide guidance on the
types of crops that are in high demand, and have the potential for good yields and financial returns.

4.7.2.2 Lack of land and water for irrigation

Table 4.6 indicates that maize and livestock are the income sources on which the co-operative can rely. Despite the limited land space that the co-operative uses for grazing and crop production, beneficiaries have, through these sources of income, managed to generate more than 80% of total sales during the financial year 2011/12. It is without doubt that the co-operative would generate more income should more land be made available. It is fundamental that the beneficiaries of the co-operative, in partnership with both the municipality and the Department of Agriculture, secure more land. The local traditional leader may be consulted for help.

Associated with this scarce resource is the problem of lack of sufficient water for the crops. As there is a shortage of water, the beneficiaries rely on rainfall to cultivate maize, and during dry seasons, crop failure is experienced. There is a need for government to assist the co-operative in accessing sufficient drinking water for the livestock and irrigation in the fields.
4.7.2.3 Lack of technical and financial management skills

Lack of technical and financial management skills is another challenge that the beneficiaries are faced with. According to the respondents, beneficiaries do not have sufficient technical skills and, as a result, traditional methods of livestock farming are being practised. The methods that they use in crop cultivation are of an unprofessional standard which might be one of the reasons why the co-operative’s access to markets is limited. As has been highlighted earlier on, the co-operative does not have financial statements. On the day of the researcher’s visit, information on the financial standing of the co-operative was on scraps of papers which were not put together. This is an indication of poor financial management skills.

4.7.2.4 High electricity rates

Respondents also identified the problem of the high cost of electricity as one of the challenges that confronts the co-operative. It was established during the interviews that the larger portion of the co-operative’s running costs goes towards electricity and, as a result, the beneficiaries are not able to buy sufficient input for crop and livestock production. In reality, the larger portion of the budget for the co-operative goes into salaries and electricity. To address this challenge, the municipality should, in consultation with LIBSA and other government departments, assist the co-operative in securing subsidies.
4.7.2.5 Lack of access to funding

The interviews with an official from the Elias Motsoaledi Local Municipality revealed that the co-operative was not performing adequately as it did not have sufficient funding. As this co-operative is owned by people from poor financial backgrounds, they rely heavily on grants and donations which are not enough to sustain the co-operative’s production activities. An example in this regard is the CIS Fund which beneficiaries only managed to utilise for the purchase of a tractor, few implements and the construction of a shed. It is the view of the municipality that for the co-operative to sustain its activities, government should provide the institution with sufficient funding.

4.8 Analyses and interpretation of results

Analyses of the findings of this study show that the adult and the elderly people who form part of the beneficiaries are in the majority (92%), while the youth constitute only 8% of the total population. The implication here is that the co-operative may experience a sharp decline in productivity as the kind of work performed requires physical strength. The low level of participation by the youth is another challenge that this co-operative faces and this could be as a result of the co-operative not having the ability to offer people immediate access to cash. As a result, engaging in co-operative activities could be viewed by these youth as time-consuming. The other view could be that young people in that area are reluctant to participate in co-operatives as they regard agricultural activities as business activities meant for elderly people. So, to correct this situation, policymakers
should come up with strategies that would ensure the high level of participation by both females and the youth. Incentives in the form of stipends to the youth could be considered as one option that could be used to attract young people into co-operatives, and these stipends should also be extended to females to encourage their participation in co-operatives activities. Another option could be to popularise the concept of co-operatives through road-shows and social structures such as churches and community organisations. Gatherings where traditional leaders discuss issues that relate to their traditions and customs could also be used to disseminate information on co-operatives to the communities.

The study has observed with appreciation that almost all beneficiaries of the co-operative under study have literacy skills and this is commendable. However, it is disappointing to note that 78% of the jobs created in the co-operative were allocated to males. This is not in line with the aims and objectives of the Co-operatives Act 14 of 2005 which seek to encourage the participation of females and the youth in co-operatives.

With regard to income generation, the study found that the main sources of income generation for the co-operative are mainly maize and livestock. According to these results, livestock has generated more than 44% of the total income, while maize products generated 28%. The interpretation of these results shows that maize and livestock are the strong economic activity on which this co-operative should focus on. There is no doubt that this co-operative could be doing better if the area of activities were focused on
maize-growing or livestock. So, there is a need for this co-operative to consider one field of economic activity, either maize farming or livestock farming.

Various challenges were identified and the most critical ones are the lack of access to markets, lack of sufficient land and water, and lack of technical and financial management skills. It goes without saying that an economic activity of this magnitude cannot be sustained if the land on which farming activities takes place is small. There is therefore a need for policymakers to assist this co-operative in acquiring more land space which would be used as grazing camps and for maize production. Traditional leaders in that area could be consulted to make more land available. Alternatively, the Department of Rural Development and Land Reform could be approached with a view to securing land for the co-operative to utilise for this purpose.

Lack of adequate access to markets was also found to be another challenge that affected the performance of this co-operative. This can be attributed to lack of modes of transport and information. As beneficiaries do not have resources and market information, they are not able to tap into national markets for the sale of their crops and livestock in bulk. As a result of this, the local buyers of the co-operative’s produce take advantage of this situation and fix prices over which beneficiaries have no control. Skills scarcity is also a challenge because for this co-operative to be able to participate in national and international markets, its produce should be of good quality and this can only be achieved if beneficiaries have proper technical skills to enable them to engage in their activities in a more scientific manner. So, there is a need for policymakers to seriously consider the provision of continuous training in this field. Lack of funding is another challenge that
was raised. It has been established that the co-operative under study has benefited from the CIS. According to the co-operatives principles, beneficiaries of the co-operative should make a contribution to their business through subscriptions and government could assist where there are shortfalls. The allegation that the co-operative has no access to funding is therefore unfounded.

The contribution that this study is making is that the performance of co-operatives is not only based on funding and skills, but on identifying strong markets that beneficiaries can capitalise on to sustain their production activities. On analysing the sales of the co-operative during the period under study, one could conclude that the institution could have done better if its economic activity were either maize or livestock.

This study makes contributions to the body of knowledge. The first one is that funding does not necessarily relate to increased productivity and the second one is that implementation of multiple economic activities might cause a challenge in ensuring business growth as more resources will be needed for the proper management of the business.

4.9 Summary

This chapter presented the results of the study. It started off by providing an analysis of the beneficiaries of demographic information which reflects the low level of participation of females and the youth in co-operatives. It went further to provide an analysis of the
level of education by beneficiaries who had a 100% literacy level, their level of participation and the number of jobs created of the co-operative. The last part of the chapter presented an analysis of the income generated by the co-operative. In this section, it was pointed out that maize and livestock seemed to be this co-operative’s main sources of income. Some of the challenges this co-operative faced were also highlighted with the lack of access to adequate markets, and the shortage of land, water, technical skills, infrastructure and high electricity rates dominating in terms of the challenges the co-operative faced.
CHAPTER 5:  
SUMMARY OF THE RESEARCH FINDINGS, POLICY  
RECOMMENDATIONS AND CONCLUSION

5.1 The aim of this chapter

This chapter presents a summary of the whole study, focusing on its findings. Other issues in this chapter include the policy recommendations that policymakers should consider in future plans to enhance the performance of co-operatives in the Elias Motsoaledi Local Municipality, and the last part of this chapter concludes the study.

5.2 Summary of the findings

An assessment of the Matabane Co-operative in this study revealed that females and the youth are in the minority, accounting for only 14% and 8% respectively, and this is a serious challenge considering the aims and objectives of the Co-operatives Act 14 of 2005, which seeks to empower females and the youth. With regard to the level of education of beneficiaries, the study found that almost all of them were literate and this brings hope for improvement in performance as the dissemination of technical information on new farming methods could be made with ease. Although the co-operative could be commended for its effort to create jobs, this is not sufficient, taking into consideration the fact that the co-operative had at some stage received funding which, according to this researcher, could have been used to create more than the number of jobs that have been created so far. The study also established that during the financial
year under review, the co-operative managed to generate about R1.5 million rand. About R1 million of this amount was generated from the sale of maize and livestock. According to this researcher, the co-operative should have generated more income if its activities were better focused. What can be observed from the findings of this study on this aspect is that the co-operative has multiple activities, some of which might not be easy to manage. The view of this researcher is that instead of having multiple activities, as is the case at the moment, the co-operative could consider either maize or livestock farming as its main activities. This option could work better in terms of cutting costs and thereby increasing productivity.

A number of challenges were also revealed by this study. They include lack of access to adequate markets, which is a general problem as indicated in previous research. Moreover, this study also revealed lack of access to sufficient land for crop production and grazing as the challenges facing the co-operative. The problem of lack of access to sufficient land by this co-operative is crucial because, without this resource, maize production and livestock farming, which seem to be the main business activities of this co-operative, cannot yield good returns. There is therefore an urgent need to secure more land space for this purpose. Linked to this challenge is the lack of access to adequate water resources. The commodities that the Matabane Co-operative regards as its main source of income rely on water and the absence of this resource could cause the co-operative to fail. It is important for the co-operative to find ways to get more water for maize growing and to provide drinking water for the livestock. Equally challenging is the problem of the lack of infrastructure. It was established during the interviews that the co-
operative was not easily accessible due to the poor road infrastructure. This on its own can limit accessibility to markets as customers find it difficult to access the co-operative. Therefore, the Elias Motsoaledi Local Municipality must address this challenge as it will contribute towards the growth and development of this co-operative.

### 5.3 Policy recommendations

The following are the policy recommendations that this study seeks to bring forward:

- Policy makers should ensure payment of stipends to beneficiaries through the CWP.
- The municipality should subsidise the co-operative to pay for electricity costs.
- The Department of Agriculture should, through its Comprehensive Agricultural Support Programme (CASP), provide the co-operative with adequate infrastructure.
- LIBSA and other government agencies should provide continuous training on technical, project management, recordkeeping and financial management skills. Beneficiaries also need to be trained in other forms of funding from which they could benefit.
- LIBSA and other government agencies should assist the co-operative in identifying markets and in ensuring that their produce meets the required quality standards in order to improve the competitiveness of the co-operative in the market.
5.4 Issues for further research

The following are the areas that need further research:

- Can stipends be used as a means to attract young people into co-operatives?
- Can funding alone be sufficient to sustain the activities of co-operatives?
- Can the implementation of multiple production activities enhance productivity in co-operatives?

5.5 Conclusion

This study made a number of revelations on issues that affect productivity in co-operatives. These issues include the lack of resources such as water and land, lack of access to markets, lack of technical and financial management skills, high electricity rates, and lack of adequate infrastructure. Although the challenge of the lack of funding was raised by beneficiaries, this allegation was dismissed as this co-operative had benefited from the CIS. The Co-operatives Act 14 of 2005 stresses the principle of self-reliance. The assumption of this principle is that government’s role is not to fund all costs but to provide a subsidy to supplement what the co-operative has. So, it would be incorrect for co-operatives to depend only on government for funding. The other observation that this study has made is that seeing that the CWP has a budget to pay stipends, there is a need to integrate it with the CIS. This move will go a long way in ensuring a high level of participation by females and the youth in co-operatives. Should
these suggestions be implemented correctly, the Matabane Co-operative will double the number of jobs that have been created so far.
REFERENCES


SACHET, 2011. "Definition of gender" (Online):


APPENDICES

Appendix I: Questionnaire for beneficiaries of Matabane Co-operative

Welcome to this interview session. Please feel free to participate and you are allowed to stop the interviews should you feel that the question raised is in conflict with your beliefs and moral values.

Name of the co-operative: é é é é é é é é é é é é é é é é é é é é é é é é é é.

Type of the co-operative:
é é é é é é é é é é é é é é é é é é é é é é é é é é ...

Name of the municipality: é é é é é é é é é é é é é é é é é é é é é é é é é é

Section (a): Demographic information of the beneficiaries

(i) Age analysis of beneficiaries of the co-operative

<table>
<thead>
<tr>
<th>Age category</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 15 years</td>
<td></td>
</tr>
<tr>
<td>15 years – 34 years</td>
<td></td>
</tr>
<tr>
<td>35 years – 59 years</td>
<td></td>
</tr>
<tr>
<td>60yrs and above</td>
<td></td>
</tr>
</tbody>
</table>

(ii) Level of education of beneficiaries of the co-operative

<table>
<thead>
<tr>
<th>Level of education</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>No education</td>
<td></td>
</tr>
<tr>
<td>Primary education (Grade 1–6)</td>
<td></td>
</tr>
<tr>
<td>Secondary education (Grade 7–12)</td>
<td></td>
</tr>
<tr>
<td>Tertiary level of education</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
</tbody>
</table>
(iii) Gender analysis of the beneficiaries of the co-operative:

<table>
<thead>
<tr>
<th>Gender</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
</tbody>
</table>

Section (b): Information of the co-operative

(iii) Does your co-operative have properties?

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

(iv) If yes, furnish types and values of these properties.

<table>
<thead>
<tr>
<th>No</th>
<th>Type of properties</th>
<th>Values</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>N</td>
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</tbody>
</table>

(v) Did your co-operative manage to create some jobs during financial year 2011/12?

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

(vi) If yes, indicate number of jobs as specified below

<table>
<thead>
<tr>
<th>Job spread in terms of gender and age groups</th>
<th>In terms of gender</th>
<th>In terms of age groups</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Males</td>
<td>Females</td>
</tr>
<tr>
<td></td>
<td>Youth</td>
<td>Adults</td>
</tr>
</tbody>
</table>
(vii) Has your co-operative received any income during the financial year 2011/12?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

(viii) If yes, please supply this information according to economic activity

<table>
<thead>
<tr>
<th>No</th>
<th>Economic activity</th>
<th>Income (R)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

(ix) Did your co-operative receive any support from any institution?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

(x) If yes, indicate the kind of support

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial support</td>
<td></td>
</tr>
<tr>
<td>Technical support</td>
<td></td>
</tr>
<tr>
<td>Training</td>
<td></td>
</tr>
</tbody>
</table>

(xi) Does the co-operative have access to adequate markets?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

(xii) If yes, what type of market is it

<table>
<thead>
<tr>
<th>Type of market</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
(xiii) If not, specify market challenges you are encountering.

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Solution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(xiv) In your opinion, what could be the possible solution to these challenges?

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Proposed Solution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(xv) What are the other challenges that your co-operative has?

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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<td></td>
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<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

We have come to the end of this interview. Your participation in this interview will add value to improved performance of the activities of the co-operatives at Elias Motsoaledi Local Municipality. Thanks for your participation in this interview session. Have a safe journey home.
Appendix II: Questionnaire for Department of Agriculture, Elias Motsoaledi Local Municipality and LIBSA

Welcome to this interview session. Please feel free to participate and you are allowed to stop the interviews should you feel that the question raised is in conflict with your beliefs and moral values.

Name of the institution: é é é é é é é é é é é é é é é é é é é é é é é é é é 
Type of service rendered: é é é é é é é é é é é é é é é é é é é é é é é é 

(xvi) Did your institution provide any support to the co-operative institution?

<table>
<thead>
<tr>
<th>No.</th>
<th>Dept. of Agriculture</th>
<th>Elias Motsoaledi Local Municipality</th>
<th>LIBSA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
</tbody>
</table>

(xvii) If yes, indicate the kind of support provided

<table>
<thead>
<tr>
<th>No.</th>
<th>Type of support</th>
<th>Dept. of Agriculture</th>
<th>Elias Motsoaledi Local Municipality</th>
<th>LIBSA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
(xviii) Do co-operatives in your area have access to markets?

<table>
<thead>
<tr>
<th>No.</th>
<th>Dept. of Agriculture</th>
<th>Elias Motsoaledi Local Municipality</th>
<th>LIBSA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
</tbody>
</table>

(xix) If yes, what type of market is it?

<table>
<thead>
<tr>
<th>No.</th>
<th>Type of market</th>
<th>Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Dept. of Agriculture</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(xx) If not, specify market challenges that co-operatives are encountering.

<table>
<thead>
<tr>
<th>No.</th>
<th>Type of challenge</th>
<th>Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Dept. of Agriculture</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(xxii) In your opinion, what could be the possible solution to these challenges?

<table>
<thead>
<tr>
<th>No.</th>
<th>Possible challenges</th>
<th>Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Dept. of Agriculture</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
What are the other challenges that the co-operative has?

<table>
<thead>
<tr>
<th>No</th>
<th>Type of support</th>
<th>Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Dept. of Agriculture</td>
</tr>
</tbody>
</table>

We have come to the end of this interview. Your participation in this interview will add value to the improved performance of the activities in Elias Motsoaledi. Thanks for your participation.
Appendix III: Map of Elias Motsoaleadi Local Municipality

Source: Elias Motsoaledi IDP 2011-2012
Appendix IV: Application form for the Co-operative Incentive Scheme

THE CO-OPERATIVE INCENTIVE SCHEME (CIS) APPLICATION FORM

- All questions must be answered.
- This Scheme is for Primary Co-operatives only.
- Your Co-operative must not be receiving financial assistance from a government or semi-government source for the activity for which you are applying for assistance.

SUPPORTING DOCUMENTATION REQUIRED
(Refer to Guidelines for description of documentation)

The following documentation must be attached to this application form:

- Proof of registration of the co-operative
- Original valid tax clearance certificate
- Copy of Constitution
- Three comparable quotations per activity applied for
- Certified copies of directors’ IDs
- Copy of minutes & resolutions to apply for CIS
- Copy of the latest Bank Statement
- Copy of CVs for all members
- Business plan

Please return completed forms by registered mail or by courier/hand deliver to:

<table>
<thead>
<tr>
<th>Registered Mail</th>
<th>Courier</th>
<th>Hand Delivery</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Enterprise Organisation Private Bag X86 Pretoria 0001</td>
<td><strong>the dti Campus</strong> Building A, Ground Floor 12 Esselen Street Sunnyside, Pretoria 0002</td>
<td><strong>the dti Campus</strong> Building A, Ground Floor 77 Meintjes Street Sunnyside, Pretoria 0002</td>
</tr>
</tbody>
</table>

- Website: [www.thedti.gov.za](http://www.thedti.gov.za) Call Centre: 0861 843 384
SECTION A: CO-OPERATIVE DETAILS

<table>
<thead>
<tr>
<th>Name of the co-operative:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Assistance applied for, please tick:</td>
<td>New (Start Up)</td>
</tr>
<tr>
<td>Registration no.</td>
<td>Income Tax No.</td>
</tr>
</tbody>
</table>

Details of the contact person:

<table>
<thead>
<tr>
<th>Name and designation:</th>
<th>Cell Phone:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telephone:</td>
<td>Fax (if any):</td>
</tr>
<tr>
<td>E-mail (if any):</td>
<td></td>
</tr>
</tbody>
</table>

Physical Address of co-operative (Location of operation/ Place from which the co-operative conducts business) | Postal Address of co-operative
---|---

<table>
<thead>
<tr>
<th>Province:</th>
<th>Code:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Province:</td>
<td>Code:</td>
</tr>
</tbody>
</table>

Financial year end:

| Bank Balance of the Co-operative (attach the latest statement) |  |
| Current Turnover (Sales) (if operating) |  |
| Projected Turnover (Sales) (for the next 12 months) |  |
| List all the Raw Materials and sources |  |
| Transport of Raw Materials |  |

How do you transport your products?

| Name the main products and/or services provided by your co-operative? |  |
| Description of Products or Service(s) | Main Customers |

| Main Competitors |  |
| Name | Product |
|      |        |
|      |        |
## SECTION B: LIST OF MEMBERS/EMPLOYEES

<table>
<thead>
<tr>
<th>Name and Surname</th>
<th>Member / Employee</th>
<th>Gender M/F</th>
<th>Race Youth Less than 35 Yes/No</th>
<th>Disabled Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tr>
</tbody>
</table>

## SECTION C: ACTIVITIES APPLIED FOR: What assistance does the co-operative apply for?

<table>
<thead>
<tr>
<th>Activities (List of machinery/equipment)</th>
<th>Preferred Supplier *</th>
<th>Cost of activity (As per quote)</th>
<th>Applicant’s contribution (10%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tbody>
</table>

* [If the cheapest quotation is not accepted, attached a motivation letter why you prefer to use a more expensive quotation]

## SECTION D: OTHER SOURCES OF SUPPORT RECEIVED

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Type of Support (if monetary state amount in Rand value)</th>
<th>When received</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
</tbody>
</table>

## SECTION E: DECLARATION

I hereby declare that the information in this application is a fair and true reflection of our intended project. I am aware of the fact that the information which we have submitted above will have a material bearing on the adjudication of the application and if it therefore subsequently appears that any information in the application with addendum was not correct, or that certain information was omitted, the Adjudication Board shall be entitled to withdraw or amend its approval and without prejudice to its rights, to recover any amounts already paid or to withhold further payments due.

I/We have declared that I/we are authorised to make this application and I/we have read and accept the terms and conditions listed in the guidelines.

I/we authorise you to make any enquiries in accordance with your procedures in connection with this application.

<table>
<thead>
<tr>
<th>Name of Authorised official</th>
<th>Designation (Job title/role)</th>
<th>Signature</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tr>
</tbody>
</table>
## BUSINESS PLAN TEMPLATE (Proposed minimum contents)

1. **Executive Summary**
   - Insightful overview of the Plan (generally completed at the end of the business plan and highlights critical aspects of the entire plan)

2. **History and Background of the Co-operative**

3. **Product or Service Idea**
   - Specifications of Product/Service
   - Benefits of Product/Service
   - Unique selling proposition
   - Output capacity and details on fixed assets involved in production.
   - Empowerment considerations.

4. **Management Team**
   - Detailed CVs of Directors and their responsibilities.
   - Complementary skills
   - Statements of experience of Directors

5. **Marketing**
   - Market analysis (size and growth)
   - Target Market
   - Competition and competitive analysis
   - Marketing Strategy to realise objectives

6. **Business Systems and Organisation**
   - Process of putting together and managing the activities and people needed to deliver the product to customers
   - Accounting systems and control features (debtors, creditors, bank account etc.)

7. **Realisation and Roll out Schedule**
   - Funding required and basis of utilisation
   - Important milestones in the development of the business
   - When must these milestones be reached?

8. **Risks**
   - Identify and assess the risks the business might face
   - How will these risks be dealt with and impact minimised?
   - A proper SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis of the business.

9. **Financial summary**
   - Historic annual financial statements for at least the last 3 years for existing businesses
   - Projected Income statement, Balance sheet and Cash Flow statement for the next 3 years
Appendix V: Letter from the copy-editor of the mini dissertation

P O Box 3070
Parklands
Johannesburg
2121
10 August 2012

Registrar: Academic
Dean: Faculty of Management and Law
Turfloop Graduate School of Leadership
University of Limpopo

Dear Sir/Madam

Declaration of copy-editing: “An assessment of the performance of co-operative enterprises that have benefited from the Co-operative Incentive Scheme: A case study of the Matabane Co-operative in the Elias Motsoaledi Local Municipality in Limpopo Province of South Africa by Madimetja Matthews Chabalala” (A mini dissertation submitted in partial fulfillment of the requirements for the degree of Master of development)

I, Diana Coetzee, hereby declare that I have copy-edited and proofread the above-mentioned mini dissertation.

I have not verified the sources cited, but have edited the referencing style.

Yours faithfully

(Ms) Diana Coetzee
Senior Editor
South African Reserve Bank
Mobile telephone number: +27 8245 81626

(Formerly, Acting Director: Publications, Africa Institute of South Africa; Senior Editor: Unisa Press; Deputy National Chair: Professional Editors’ Group (PEG) and Branch Chair: PEG.)