

**THE CONTRIBUTION OF PRODUCER CO-OPERATIVES TO ECONOMIC
DEVELOPMENT IN THE LIMPOPO PROVINCE**

**by
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A RESEARCH PAPER

**submitted in partial fulfilment of the requirements for the degree
MASTERS OF DEVELOPMENT (MDEV)**

**in the faculty of
MANAGEMENT SCIENCES AND LAW**

**in the subject
DEVELOPMENT STUDIES**

**at
THE UNIVERSITY OF THE NORTH**

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COMPLETED: August 2004

DECLARATION

I declare that the research paper hereby submitted to the University of the North for the degree of Masters in Development has not previously been submitted by me for a degree at this University or any other university, that it is my own work in design and execution and that all material contained therein has been duly acknowledged.

Signed:

Date:

ACKNOWLEDGEMENTS

I find it important to acknowledge people who have played a major role in getting me this far.

The first is my late mother, Asnath, who persuaded me to study for a Grade 12 as well as a junior degree after I left school after passing only grade 11 due to my activities in the politics of resistance in 1976.

My elder brother, Dr. Prinsloo Nevhutalu, took over my mother's responsibilities and challenged me to continue what I had started. He encouraged me to continue even when I had already decided to throw in the towel.

Due to work pressure, it was not possible to take leave for fieldwork. However, my supervisor at work, Nerine Kahn, made it possible for me to use the little chance I got in between my work duties and offered to do my work in my absence regardless of her own busy work schedule.

My study supervisor, Mr. Kanyane, has been a source of strength. He assisted me throughout when my first supervisor was no longer available. He challenged me to continue and encouraged me to undertake the project not only for the completion of my studies, but also for its perceived value — it would add to the development of the poor in the Limpopo Province.

My wife and children missed me for several weekends when I was away for conducting fieldwork, and for this I cannot thank them enough.

EXECUTIVE SUMMARY

The study investigated the role of worker co-operatives in contributing to economic development in the Limpopo Province. This was done through an analysis of the six pilot producer co-operatives that were established with the assistance of the Limpopo Department of Finance and Economic Development in 1997. The study analysed their viability as alternative enterprises that could be used as poverty alleviation and local economic development.

The study critically analysed the successes and failures of the six pilot producer co-operatives and the challenges facing worker co-operatives in their efforts to create sustainable employment. The findings of the study will assist government and community members with interventions that are necessary for the success of worker co-operatives in the Limpopo Province.

The objectives of the study were to determine the factors that are prerequisite to and critical for producer co-operatives to contribute effectively to the development process; examine the nature and extent of the six pilot producer co-operatives' contribution to economic development in the Limpopo Province; measure the six pilot projects against the universally recognised principles of running successful producer co-operatives; and make recommendations based on the findings of the study.

The six pilot projects, strategically placed at six municipalities, were established to create sustainable employment. However, the study revealed that none of the six pilot projects was able to live up to expectations. Only

one of the projects was found to be operational, doing so with only eight of the original 106 members. The highest salary ever earned by the members was R350 per month, while the majority never received any regular income from the operations. Although the majority indicated that they had had influence on or had contributed to the decision-making processes, all of them indicated that they had had no influence on the choice of products and equipment used, let alone the start-up funds.

Chapter 1 covers the background and introduction to the study and its significance. The second chapter covers the evolution of co-operatives in general, with special emphasis on producer co-operatives, and seeks to identify the factors that led to the success of some and the failure of others. Chapter 3 examines the key principles of producer co-operatives through a literature review, while chapter 4 covers the methodology and techniques used in data collection. Chapter 5 includes both empirical and exploratory findings and analysis while the sixth chapter covers conclusions and recommendations.

The study makes a provision of the following recommendations amongst others:

- a) For co-operatives to be able to contribute to economic development, they have to be guided by certain principles, and prospective members should be trained in these principles.
- b) The principle of ownership of co-operatives differs from that of other businesses because, in co-operatives, owners are also workers. Unless

this principle is understood the co-operative may experience problems with issues such as succession and work organisation.

- c) Co-operatives should be regarded as businesses and to be successful they should be dealt with as such. Their profitability should be studied before they are ventured into. Other business acumen, such as financial management, feasibility studies, start-up funds (equity), transport and production expertise, should be applied. Members of co-operatives also have to understand the principles of democratic management and community involvement.
- d) Future research will investigate the role of communities as agencies for the implementation of successful producer co-operatives within poor societies. Unless South Africa redefines its economy within the context of socialist policies, the implementation of producer co-operatives in this current capitalist economy will continue to be difficult.

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ACRONYMS

COPAC	Co-operative and Policy Alternative Centre
COSATU	Congress of South African Trade Unions
GDP	Gross domestic product
ICOM	International Cooperative Movement
ILO	International Labour Organization
LIMDEV	Limpopo Development Corporation
NEDLAC	National Economic Development and Labour Advisory Council
NUM	National Union of Mineworkers
NUMSA	National Union of Metal Workers of South Africa
SACTWU	South African Clothing and Textile Workers Union
SAWCO	Sarmcol Workers Co-operatives
SEWA	Self-Employment Women's Association
SMME	Small, micro and medium enterprises

CLARIFICATION

[n.d.] will be used throughout the document where there is no date to the reference.

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CHAPTER 1

INTRODUCTION AND BACKGROUND

1.1 Introduction

The role of co-operatives in economic development has long been recognised, as they are basically commercial entities that operate by a broader set of values than those associated with the narrow pursuit of profit alone (Schwettmann, 1997). Co-operatives employ 100 million people worldwide and serve some 800 million members. The International Labour Organization (ILO) has adopted worker co-operatives as a strategy for fighting unemployment (ILO, 1996).

Whether the co-operatives model is the appropriate one for fighting poverty through job creation is a question with differing responses. Phillips (1989) argues that the development of co-operatives is not a successful strategy for job creation. On the other hand, the success of the Mondragón Co-operative of Spain serves as a living example of how co-operatives could be used as a strategy to create jobs and contribute to economic development (Mondragón Corporación Corporativa, [n.d.]).

The Limpopo Province government decided to establish six pilot producer co-operatives with the purpose of reducing unemployment and as a strategy to contribute to economic development in the province. It was envisaged that their success would lead to replication in other areas of the province. This

study looks at the potential of these pilot producer co-operatives to contribute to employment and economic development in the Limpopo Province.

1.2 Background

Post-apartheid South Africa (1994 to date) is divided into nine provinces. These provinces differ in their economic contribution to the overall gross domestic product (GDP) of the country. There are great differences between the poverty levels of the nine provinces. Some provinces, such as Gauteng and the Western Cape, have large metropolitan areas and significant levels of industrial development. The 1996 poverty rates show the Limpopo Province as the poorest of all provinces at 78 per cent, followed only by the Eastern Cape at 74 per cent (Whiteford & Van Seventer, 1999).

The disparities in development date back to the time of apartheid South Africa when the major part of Limpopo Province was reduced to three so-called self-governing and independent states. Today — after ten years of democracy — some developments have taken place but the province is still, to an extent, affected by unemployment and poverty.

Limpopo contributes to a very small portion of the GDP. It is mainly composed of rural areas and a few secondary cities. The extent of its poverty is supported by the findings that 62 per cent of the population in rural areas in South Africa and 25 per cent in the secondary cities are poor (Bhorat et al., 2000:20). Limpopo has few industries, employing relatively few people, which means that government and its parastatals are the two major employers. A

small number of people are employed on farms, in shops and in the informal sector. Whereas the rate of unemployment in the whole of South Africa is estimated at 41 per cent, the rate of unemployment in the Limpopo Province is said to reach 54 per cent (Statistics South Africa, 2002).

In its pursuance of development and alleviation of poverty and unemployment, the Limpopo Province government made a decision to establish producer co-operatives in 1998. It decided to start with six pilot projects strategically placed at Bochum/My Darling, Bolobedu/Halanganani, Ellisrus/Tswelopele, Greater Thohoyandou, Ngwaritsi/Makhudu Thamaga and Zebediela.

Bochum/ My Darling is located at Bochum, is situated in the north-western part of Limpopo Province in Capricon district. It is a rural area which is about 70 kilometres north-west of Polokwane. The area is surrounded by a few commercial farms, which mainly belong to white commercial farmers. People who are not employed in the farms and government institutions commute on a daily basis to Polokwane for work. There are a few shops, which supply Bochum and adjacent villages. People selected for this co-operative come from poor families, most of which live from 'hand to mouth'.

Ellisrus/Tswelopele is situated next to the town of Ellisrus in the Waterberg district, which is about three and half-hours drive from Polokwane. The area is also made up of patches of villages, which are also surrounded by white commercial farms, which specialise in livestock and game. It is in the western side of Polokwane and is one of the under-developed areas in Limpopo Province. Local inhabitants who have some piece of land depend on subsistence farming.

There is no adequate infrastructure, which supports economic development and employment creation.

Greater Thohoyandou co-operative is situated at an industrial area, which was the product of economic development of the old South African apartheid regime established to limit rural people immigrating to the cities of South Africa. It is in the Vhembe district and about 10 kilometres from Thohoyandou town, a semi-urban town, which is the main hub of economic activity in the area. Most of those who are employed are either public servants, employed by the few businesses at Thohoyandou or self-employed. Members of the co-operative do not necessarily come from the adjacent villages, but have been chosen from as far as about 50 kilometres away.

Ngwaritsi/Makhudu Thamaga is at Jane Furse in Sekhukhune. It is also a very poor area without good infrastructure conducive for economic growth. The co-operative is situated next to the hospital at the church premises.

Bolobedu/ Hlanganani, is also situated next to the Hlanganani Municipality offices, where the access road is rough gravel road, which needs attention. There are a few shops adjacent to the municipality offices and most of them look neglected.

Zebediela is about 50 kilometres south of Polokwane in Capricon district. The co-operative is in the rural village, which is near citrus estates and surrounded by other small villages. It operated from a highly unhygienic place due to lack of water and adequate buildings.

There has been interest in South Africa in co-operatives as a means of addressing the problem of rural unemployment and providing training to those previously excluded from the mainstream economy. However, no detailed economic analyses have been done of the viability of this approach in the competitive South African economic environment. Most of the rural producer co-operatives were established by trade unions, such as the National Union of Metal Workers of South Africa (NUMSA) and the National Union of Mineworkers (NUM), to cater for their retrenched workers. Others were established by various self-help organisations.

Many projects, geared at the alleviation of poverty and hunger, were started with the assistance of the Provincial Departments of Health and Welfare and Public Works. Most of these projects failed to live up to expectations and have now turned into white elephants. Others, with almost similar results, were pursued with support from the Independent Development Trust. The researcher saw empty structures, which according to residents were either poultry farms or brick-making projects.

The Limpopo Province is known to have tropical fruit in abundance, but all this fruit is exported raw to other provinces, only to reappear on the shelves of local shops as finished products for consumption by the people of this province. Little has been done through beneficiation to add value to the fruit and vegetables that are found in abundance in this province. Many young people of active working age leave the province for cities such as Johannesburg and Pretoria in search of employment, even though they do not necessarily find work.

It is for these reasons that the Limpopo Province government decided to establish the six pilot co-operatives. The goal was to create sustainable employment for the people of the province and simultaneously contribute to a process of adding value to the abundant raw produce by using a labour-intensive production method rather than the highly mechanised production methods used in capitalist businesses.

Producer co-operatives should not be confused with other types of co-operatives, such as agricultural marketing co-operatives, consumer co-operatives and credit unions, even though they have certain principles in common. Producer co-operatives are a means of creating sustainable employment and are targeted at poor and marginalised people, most of whom (if not all) do not have any assets to contribute to the establishment of co-operatives.

Mr. Lephatswe (1997), the consultant whose services were employed to manage the six pilot projects, regards producer co-operatives as important because they "ensure sectoral growth within the economy". They have the distinctive features of requiring small amounts of capital while at the same time generating quick returns, as they are considered to realise returns within a short time. If they were established in rural communities, they would assist in controlling rural-urban migration because of their ability to adapt to change, which is regarded as an advantage over other manufacturing concerns.

1.3 Problem statement

The six pilot producer co-operatives were launched in May 1997 and received the blessing of the then Premier of the Limpopo Province, Advocate Ramathlodi. The target group was said to be mainly young unemployed residents of these areas.

The overall implementation of the projects found a home in the Department of Finance and Economic Development, with the Limpopo Development Corporation (LIMDEV) providing both material and technical support and the SMME (small, micro and medium enterprises) desk serving as the technical implementation arm of the Department of Finance and Economic Development.

In October 1998, six people, including the researcher, were appointed to serve on the board and given the task of overseeing the development of these co-operatives. The researcher was elected chairperson of the board.

During orientation visits by the members of the board to the six projects in November 1998, one and a half years after the launch, the group discovered that all was not well in the running of these co-operatives.

Within such a short time the members observed the following:

- a) None of the group members seemed to understand the basic requirements of running a successful business. Even simple matters,

such as determining their co-operatives' break-even points, were new to them.

- b) Most, if not all, did not know the prices of raw materials supplied to them because government officials delivered the raw materials to the projects.
- c) Most of the machinery and equipment supplied were not of the capacity to produce enough to sustain the projects, i.e. the number of people involved did not match the equipment supplied. In other places, the size of the workplace was too small for a healthy and productive atmosphere.
- d) Many poor people travelled distances of about 80 kilometres everyday during the six months, only to come and produce not enough to even cover their travelling costs.
- e) Some of the input materials were still imported from outside Limpopo Province.
- f) Members were not trained in business management skills. It seems that no skills audit was ever done to find out whether the members would be able to manage and run such undertakings.
- g) The members were not involved in the planning of the projects they were expected to run.

- h) There was no good understanding of the principles that govern co-operatives.
- i) People involved in the projects were not involved in the planning phase. In one of the projects, in Zebediela, members were still thinking that the project belonged to government. They still regarded themselves as employees.

1.4 Hypothesis

The hypothesis of the study is postulated as follows:

Certain critical factors seem to be lacking in the Limpopo Province producer co-operative pilot projects, launched as a strategy to create sustainable employment and contribute effectively to economic development.

1.5 Research objectives

The objectives of this study are to:

- a) determine the factors that are prerequisite to and critical for producer co-operatives to contribute effectively to the development process;
- b) examine the nature and extent of the six pilot producer co-operatives' contribution to economic development in the Limpopo Province;

- c) measure the six pilot projects against the universally recognised principles of running successful producer co-operatives; and
- d) make recommendations based on the findings of the study.

1.6 Definition of concepts

- (a) A **co-operative** is defined as an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise, based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity (International Co-operative Alliance ICA, [n.d.]).
- (b) **Local economic development** is about local people working together to achieve sustainable economic growth that brings economic benefits and quality of life improvements for all in the community. It offers local government, private sector, the non-profit sectors and community the opportunity to work together to improve their local economy, although individual areas within the local government could pursue their own strategies to uplift their own communities on their own (World Bank, [n.d.]).
- (c) **Sustainable development** is defined as 'development that meets the needs of the present without compromising the ability of future generations to meet their own needs' (What is sustainable development [n.d.]).

(d) **Sustainable employment** is defined as being 'about people achieving economic independence throughout their lives'. It also identifies the aspects of the ability of people to move into employment, spending longer periods of time in employment with shorter transition times within jobs and the opportunity of moving into higher quality jobs (New Zealand Ministry of Social Development, 2002)

1.7 Significance of the study

The study is about searching and finding answers that can lead to developing people economically. Economic development is one of the crucial areas, which, if approached correctly, can bring about the total development of the people.

Although it is good to have the intention of doing well, it is another thing to do good things right. The researcher is of the opinion that this study will identify factors that have been neglected in the establishment of the Limpopo producer co-operatives and will help to bring to light ways in which these kinds of co-operatives can become functional in the development of the province and its poor people.

1.8 Outline of chapters

The following aspects are covered in Chapter 1:

- a) The background and introduction to the study and the objectives it seeks to achieve, including the rationale for choosing the study

- b) The target group, the research methodology and the techniques adopted to collect data
- c) Definition of relevant concepts and brief definition of the co-operative's immediate environment.

Chapter 2 covers the evolution of co-operatives in general, with special emphasis on producer co-operatives. The chapter starts with selected international perspectives, covering the successes of some and the failures of others. The chapter concludes with a South African perspective, which traces the origin of producer co-operatives in South Africa. Reference is made to other studies done in South Africa, with special emphasis on factors that have led to the success or failure of producer co-operatives.

Chapter 3 contains a literature review with special focus on the definition of co-operatives in general and producer co-operatives in particular. The chapter covers the main internationally adopted principles governing producer co-operatives, such as ownership, democratic management, job creation, linkages with the community, and education.

Chapter 4 covers the research methodology. It includes the target groups and reasons why they were chosen as subjects of the study. The chapter discusses the research methods, namely observation, questionnaires, interviews and documentary survey, and how they were used. The chapter also

includes problems, limitations and challenges encountered during data collection.

Chapter 5 covers the research findings and interpretation. The findings are divided into empirical and exploratory findings, based on the methodology used to collect the data.

Chapter 6 contains recommendations and conclusions, informed by analysis of the data collected.

1.9 Conclusion

While the attempt by the Limpopo Province government to use producer co-operatives as a vehicle for economic development and reduction of unemployment is a noble one, observations made by the researcher during a visit to the pilot projects revealed that all was not well. This view was also supported by the meeting of the Limpopo producer co-operatives, which agreed that there were many shortcomings in embracing the key values and principles of co-operatives. The researcher's, as well as the board's, concerns had been raised six years ago. This study presents an opportunity to test the researcher's concerns and, if supported, help the Limpopo Province government to address the shortcomings in contributing to sustainable producer co-operatives in the province.

CHAPTER 2

EVOLUTION OF PRODUCER CO-OPERATIVES

2.1 Introduction

The organisation based on the co-operative spirit has a long and international history. Many societies in Africa and Asia developed along these lines several centuries ago, and today there are a great variety of rural and urban co-operatives in Africa, India and South America. In South Africa, unions and other non-governmental organisations have introduced producer co-operatives as a strategy to address unemployment and poverty, although without clear co-ordination.

As a result of the struggle for freedom against slavery in the Caribbean, many groups of people developed co-operative ways of living and working. In Scotland, co-operative organisations date back to the 16th century, although we do not usually think of the modern co-operative as beginning in Britain until the 19th century when the Rochdale Pioneers set up a co-operative shop to provide goods at reasonable prices. The movement grew slowly, and it was only in 1976 when the Industrial Common Ownership Movement produced its first Model Rules that we began to see rapid growth in the number of worker co-operatives. This trend has continued up to now (Transport and General Workers' Union, [n.d.]).

The Model Rules pay special attention to the following characteristics of co-operatives (Transport and General Workers' Union, [n.d.]):

- a) They should be locally owned, creating and retaining profits and jobs within their communities.
- b) They should be democratically controlled, putting into practice principles of social justice and equal opportunity.
- c) They should operate in the competitive market and combine commercial and social objectives.
- d) They should not be controlled by remote shareholders who seek short-term gain.

2.2 International perspective

Producer co-operatives can be traced back to the 19th century in France, Britain and Italy. The idea of forming co-operatives came through the utopian thinkers, one of which is Owen, who were not pleased with the relationship between the capitalists and poor labourers (Worker Co-operatives ..., [n.d.]).

The revolution that had taken place in France between 1789 and 1794 placed the capitalist classes in power and enabled capitalism to grow at a faster pace. While the capitalist classes grew wealthier, the masses of workers and peasants became poorer. Similar developments took place in other parts of

Europe where growth in industrial capitalism brought about many changes in the lives of people. The growth of capitalism started to cause great social upheaval. Thousands of landless proletarians became homeless and herded together in the worst sections of large towns. As a result, family and religious traditions broke down (Worker Co-operatives ..., [n.d.]).

It was against this background that a group of utopian thinkers, namely Saint-Simon, Fourier and Owen, emerged. They tried to develop ideas to solve the social problems caused by the growth in capitalism. They believed that the creation of new, small societies within the larger societies would bring about co-operation and that people would achieve more through co-operation than competition. The utopian thinkers believed that workers could achieve more by co-operating with the bosses than by fighting them, and that the practice would win over the capitalists to the building of a new society where bosses and workers would live together in harmony (Worker Co-operatives ..., [n.d.]).

Owen planned to introduce producer co-operative societies that would do away with employers. In 1844, 28 weavers who were influenced by Owen's ideas opened a co-operative retail store in Rochdale. The profits made through buying and selling groceries were returned to the members of the society in proportion to the amount of goods they bought from the co-operative. This meant that the profits that would have gone to the owners of private shops went to the customers instead. This co-operative was run on a democratic basis with decisions being made collectively and each member having only one vote, regardless of the number of shares held. What was unique about this co-operative was that they had the backing and support of the workers' unions.

From 1850, the growth in co-operatives started but the ideal was lost along the way. Co-operatives degenerated and started to behave like capitalist companies because of their failure to embrace the principles of co-operation. This seemed to support the hypothesis that co-operatives, especially worker co-operatives, cannot be economically successful over a long time without degenerating into conventionally run economic enterprises which had to disregard co-operative principles.

Very few co-operatives have continued sharing profits with workers and have been run on the principle of 'one person, one vote'. By the 1880s, only 24 of the 222 co-operatives registered between 1850 and 1880 gave only part of their profits to their workers. The growth of co-operatives showed a greater momentum in England than in other parts of Europe. This is attributable to the growth of the trade union movement, which in England took place long before other countries in Europe (Worker Co-operatives ..., [n.d.]).

It was only in Britain, France and Italy that producer co-operatives were set up as early as 1830. However, a socialist by the name of Louis Blanc had spread the idea of setting up producer co-operatives workshops with the belief that artisans could free themselves from being "the slaves of capitalism" by going into partnership and setting up their own workshops.

Although the French government sponsored the formation of co-operatives with a grant of 13 million francs, only a few survived, with the exception of the one formed by a group of spectacle makers in Paris, which survived to the

end of the 19th century. Workers realised that the utopian socialists' idea of forming co-operative societies was a way for them to advance their own class interests. They took from the utopian socialists what was good for them and discarded what they considered unrealistic, especially the idea of co-operating with bosses. They did not opt for the challenge of the capitalist system, but for an alternative to the capitalist system where the "entire produce of labour belong to those who laboured" (Worker Co-operatives ..., [n.d.]).

The quest for alternative economic models, of which co-operation is one, continued regardless of the failure of some co-operatives and the success of a few others. The three international examples of surviving co-operatives worth mentioning are the Mondragón of Spain, the Media Group in Germany and Radical Routes in the United Kingdom.

Mondragón, which is hailed a success, is the largest of the three. It was founded in the 1950s in the Basque area of Spain. Today the Mondragón Co-operative is, as far as sales volume and number of workers are concerned, the largest business corporation in the Basque country and the eighth largest business in Spain. In 2002, the Mondragón worker co-operative — the Mondragón Corporación Corporativa, as it is called — had 66 558 workers in its employ, assets worth 8 474 million euros and annual sales totalling about 11 600 million euros (Mondragón Corporación Corporativa. [n.d.]; COPAC, 1999).

All three models, the Mondragón of Spain, Radical Routes of the United Kingdom and the Media Group of Germany, are hailed as having the

characteristics of worker control in common, which far exceeds 'nice capitalist' consultation exercises because they have been able to uphold the principles of co-operation and have still become financially viable and sustainable over a long period.

In Spain, the idea came from a young priest, José Maria Arizmendiarieta, who came to Mondragón in 1941 and became the driving force and source of encouragement for the Mondragón Co-operative, which has become a model and point of reference for all co-operatives.

José Maria did not just start by setting-up a worker co-operative, he started with a democratically run school for the young people in the area. In this way he instilled the principles of democracy and sharing among the young. In 1956, five young men who studied at the same school where he taught founded the first manufacturing co-operative.

The Mondragón Co-operative developed into many primary co-operatives and also contributed to wider community development through the building of schools and other social infrastructures. In support of the co-operatives, the government of Spain subsidised their establishment with 12,5 to 20 per cent of the capital required through loans with low fixed interest rates (Davidmann, 1996).

Italy has three co-operative federations. One of them, called Lega, claimed membership of 3 million in 1984 (COPAC, 1999). Its strength can be attributed to its political consciousness and a planned programme and common

objectives at both national and regional levels. The types of co-operatives that dominated Lega were construction, services, and industrial and small workshops. During bad economic times, Lega could also assist in converting companies into co-operatives to prevent them from a total collapse. Its other strength was its ability to develop policies that led to vertical integration and reduced competition among member co-operatives. The government of Italy promoted co-operatives and also sought their help with loss-making enterprises.

Although government intervention played a positive role in Italy, it led to the opposite effect in India. Democratic management of co-operatives was implausible to the Indian government. Government reacted by subjecting governing boards of the co-operative movement to constant supervision and administration. This practice ended after about 5000 women petitioned the government. A single forum was ultimately formed which brought the administration of all co-operatives into a single network under the law of the union government (*1994 is declared...*, [n.d.]).

One example of such co-operatives was the Self-Employment Women's Association (SEWA). This led to the formation of Shri Mahila SEWA Sahakari Bank, which was owned by and for self-employed illiterate rural peasant women who were vendors and seamstresses (*1994 is declared...*, [n.d.]). This co-operative services well over 25 000 women. Without the co-operative they had not been able to get any financial services from banks. The Gujarat State Women's Co-operative Federation trained members of co-operatives in

administration and accounting skills. These skills were found to be some of the critical skills for the sustainability of co-operatives.

2.3 South African perspective

South Africa does not have a co-ordinated programme of producer co-operatives. However, many primary co-operatives were started, all as a vehicle to create employment for the retrenched workers or poor communities during apartheid and post-apartheid South Africa.

Due to the economic crisis and political upheaval in South Africa in the mid 1980s which generated strikes across the mining, metal and textile industries, the Rochdale-type of producer co-operatives were introduced by two workers' unions, NUMSA and the South African Clothing and Textile Workers Union (SACTWU). These co-operatives were established to create jobs for retrenched workers, "keeping workers organised as their new unemployed status threatened their union affiliation, contributing to the development of workers' education, skills, confidence and self-reliance" (Adatto, 1993; Sathgar, 1999). In 1985, NUMSA started the Sarmcol Workers Co-operatives (SAWCO), which in 1993 had three projects involved in T-shirt printing, vegetable and poultry farming and a theatre group, together employing 32 workers. SACTWU opened a clothing factory for retrenched workers, which had approximately 140 workers in 1993. The NUM co-operatives programme was considered the largest and most developed of all trade union co-operatives initiatives (Adatto, 1993:16).

At the same time, co-operatives were also promoted in the Northern Province, now Limpopo Province, the Eastern Cape and Mpumalanga, as a means of job creation that could be "spearheaded by workers and community members themselves" (Phillips, 1989). Although many of the co-operatives started during that time failed to be sustainable, 12 of them were still operating in 1997, with most of them being self-financing and viable economic entities (Phillips, 1989).

Other examples worth mentioning are Thusanang Co-operative and the Faranani Co-operative of Tsianda in Limpopo. The Thusanang Co-operative was formed in Brits by the Unemployed Workers Committee. The Committee consisted of retrenched employees of B&S Engineering, which closed down in 1984 (Jaffee, 1988). Both Thusanang and Faranani had the support of the Roman Catholic Church and Self-Help Action for Development Economics. Both of them could not make it to this day.

Producer co-operatives in South Africa are often unsuccessful because they:

- a) are started before due diligence is done;
- b) are set up in areas where even normal businesses would struggle to survive;
- c) do not pay attention to the economic fundamentals of co-operative projects and to practical issues of production organisation and financial management and planning;

- d) tend to absorb more labour than their production capacity can carry;
- e) lack management skills;
- f) lack a sense of ownership because projects are fully funded through grants, hence there is hardly any financial contribution by the members/ workers; and
- g) have a tendency to adopt a welfarist approach, therefore forgetting that they are businesses (Phillips, 1997).

Worker co-operatives in KwaZulu-Natal, Gauteng, the Eastern Cape, Mpumalanga and the Western Cape cited the following as constraints limiting their development and sustainability (Department of Labour, 2004):

- a) Lack of government policy governing and supporting co-operatives
- b) Limited resources, including lack of skills and access to finance
- c) Lack of market opportunities
- d) Lack of access to suitable working premises
- e) Lack of transport facilities and raw materials

f) Lack of access to information on available support services

South African producer co-operatives do not reflect the ability to create sustainable jobs and contribute to economic development. The reasons for their failure are, among others, lack of planning, lack of financing, poor marketing, poor education, problems with expansion, isolation and a breakdown of democracy. It was discovered that with the Thusanang co-operative, the lack of finances led to the selection of equipment on the basis of lower costs instead of output. In one of the projects, the sewing project used domestic sewing machines instead of industrial ones, and this placed a limit on the production output (Jaffee, 1988).

Davies (1990) also blames the failure on poor management of donor funding, both on the side of the donors and on the side of the recipients. It has also been discovered that co-operatives in South Africa are fragile, underdeveloped and not viable because they are built on the margins of the economy, among the worst disadvantaged and desperate sectors of the community. They are found to play a short-term defensive role and form "a rear-guard against the worst ravages of capitalism" (Adatto, 1993).

For a co-operative to be recognised as a legal entity in South Africa, it must be registered under the Co-operatives Act (No. 91 of 1981). This Act, which is due for amendment soon, recognises two kinds of co-operatives only, namely the agricultural and trading co-operatives. Worker co-operatives do not feature anywhere in the Act. If worker co-operatives wanted to register, they would have to do so, with difficulty, as trading co-operatives.

The history of co-operatives reveals that South African producer co-operatives have mushroomed all over the country, with some successes and failures. Those that failed outnumber those that succeeded by a large margin. A financial analysis of a rural producer co-operative in South Africa, which was conducted over a period of 12 years, discovered evidence of lack of maintenance and expansion of capital, lack of innovation in the design of new and improved products, and the absence of marketing skills. The study also discovered that perceiving profitable business and adapting to new markets is not easy for members of rural co-operative and difficult to exercise collectively (Oldham & Hickson, 1991).

Regardless of failures by many, the Limpopo Province government was convinced that the producer co-operative strategy was a viable one for the promotion of economic development. The Growth and Development Summit Agreements also included the promotion of co-operatives as a strategy for economic development and poverty alleviation (NEDLAC, 2003).

The former premier of Limpopo Province, Advocate Ramathlodi, as early as 1997, believed that the Limpopo Province government, in its fight against unemployment, could benefit from the development and promotion of producer co-operatives. The challenge remains in finding out whether the commitment to the ideal has been sufficient to make the six pilot projects viable enterprises run on co-operative principles and values, and whether these projects can contribute to the economic development of the Limpopo Province.

2.4 Conclusion

This chapter traced the evolution of worker co-operatives back to the period of the Rochdale Pioneers. Worker co-operatives evolved throughout history in many countries including South Africa. Although worker co-operatives did not always become viable, the chapter also covered those which were implemented with success, like the Mondragon of Spain and the Self-Employment Women's Association (SEWA), and provided the reasons why they succeeded. South African worker co-operatives, which started in the late 80s by workers unions and other non-government-organisations also produced different results. Many of them collapsed while only a few became successful.

CHAPTER 3

LITERATURE REVIEW

3.1 Introduction

Producer co-operatives, as a strategy for reducing unemployment and poverty, have a long history. The history of co-operatives sheds light on why some succeed and some fail. In June 1996, the International Labour Organisation (ILO) issued Recommendation R127, which recommended the role of co-operatives in the economic and social development of developing countries. The recommendation endorsed adherence to the main principles of co-operatives (ILO, 1996).

This chapter seeks to investigate the basic and main principles of successful co-operatives and the reasons for the failure of others. In doing so, the chapter will look at the different general definitions of co-operatives, the principles they are based on and how these principles contribute to the success of producer co-operatives.

3.2 Definition of co-operatives

Co-operatives are economic enterprises that bring people to meet a common need. The ILO definition of a co-operative is that of:

"an association of persons who have a common end through the formation of a democratic controlled organisation, making equitable contribution to the capital required and accepting a fair share of the risks and benefits of the undertaking in which members actively participate" (ILO, 1998).

Worker co-operatives genuinely empower workers and benefit them collectively through the pooling of resources and sharing of benefits equitably (Theron, 1999).

Adeye's (1978) definition of a co-operative introduces a principle widely written about: a co-operative is seen as a form of organisation wherein persons voluntarily associate as human beings on a basis of equality for the promotion of economic interest. Rama (as referred to by Adeye, 1978), who at the time was the director of the International Co-operative Alliance, introduces the concept of social responsibility of co-operative members: a co-operative is a form of business which is established by the members on a basis of equality to promote their economic and social interest. Anthorpe (in Adeye, 1978) opposes the concept of social responsibility and instead recommends that co-operatives should place less emphasis on social responsibility but be sensitive to economic development at local level.

Co-operatives are placed where they should be by defining them as enterprises (as opposed to just organisations) that are owned by their members for the purpose of providing mutual benefits. The definition stresses their business character. They are viewed as enterprises that operate within a market economy with the aim of integrating social and

economic objectives, and not as charities. Although they are products of the market economy, they are seen as an alternative to it (Hughes, [n.d.]).

In its submission on the Draft Co-Operatives Bill, submitted to the Department of Agriculture on 30 March 2001, COSATU (Congress of South African Trade Unions) seemed to adopt the ILO definition of 1996 which defines a co-operative as:

"an association of persons who have voluntarily joined together to achieve a common end through the formation of a democratically controlled organisation, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking, in which members actively participate" (COSATU, 2001; ILO, 1996).

All the abovementioned definitions lead to defining a worker co-operative as a business, which is democratically owned and controlled by the people who work in it for economic reasons. It is a business that belongs to the workforce. The study should therefore be understood within the context of this working definition.

3.3 Types of co-operatives

All over the world, one finds different kinds of co-operatives. Co-operatives appear in different guises and happen for different reasons. In South Africa, four types can be distinguished:

- a) The first is the **market or user co-operatives** (also called economies of scale) where members combine for the purpose of setting up an enterprise to service their common need, be it collective purchasing, marketing or gaining financial power. This type of co-operative does not necessarily operate on democratic principles because, in this type of co-operative, the workers are not necessarily owners. The principle of 'one person, one vote' does not apply.
- b) The second is the **housing co-operative** where the tenants manage the properties they live in as a collective.
- c) The third is the **credit union**, commonly known as *stokvels*, where members can save and borrow from the fund.
- d) The fourth type, which is what this study is about, is called **worker or producer co-operatives**. Key characteristics of producer co-operatives are that, unlike other enterprises where managers and shareholders decide the fate and direction of the business, workers are the ones who set policy, approve budgets and develop overall production plans and targets. Workers, not outside shareholders, are the ones who appoint management. They also have authority to dismiss a manager who is not performing according to their expectations.

3.4 Key principles of producer co-operatives

3.4.1 Ownership

Although there may be managers as in all other firms, a producer co-operative has no outside owners. All employees have the right to be members and to make decisions at regular meetings. Members, who are also employees, own the business. The real control and ownership rest with the workers. Although a co-operative can still make use of outside advisers and consultants, membership is restricted to employees only. The principle of 'one person, one vote' applies regardless of length of service or the amount of money invested in the venture (Transport and General Workers' Union, [n.d.]).

Given the different origins of co-operatives, the way they are financed and the consciousness of the members, understanding of ownership takes different dimensions. Some co-operatives are not based on the internationally recognised classical co-operative model.

One of the studies on co-operatives conducted in South Africa revealed different forms of ownership. In the case of Pfananani, if the co-operative were to be disbanded, the assets would revert to Wilgerspruit. In the case of SAWCO, the ownership principle structure took a social dimension (Erasmus, 1994). The study revealed that ownership in these two co-operatives gave rise to alienation and degeneration.

In only one of the co-operatives, Nonthutuzelo, was the form of ownership found to be based on the classic co-operatives model. Finances for the Nonthutuzelo co-operative was raised entirely from its members and therefore gave the members a sense of collective ownership. In cases where the classical co-operative ownership model does not apply, as is the case with co-operatives started among the unemployed, it is important to build a sense of group identity (Erasmus, 1994).

3.4.2 Democratic management

The principle of democratic management was used throughout the history of co-operatives, and it is the one aspect that held members of the co-operatives together. In a co-operative, members are equally represented regardless of the number of shares they hold in the enterprise. Each and every member has one vote in all decision-making processes of the enterprise.

This type of management, which is used in co-operatives throughout the world, is called democratic management. It is found to be necessary for the production of the organisation. Democracy and managerial authority are the very concepts that differentiate producer co-operatives from other enterprises. Democracy and management are found to present "tensions rooted in the society in which they are embedded". Stronger education is therefore needed to deal with such tensions (Adatto, 1993).

To address the tensions inherent in democracy and management, a structure is proposed that will allow the flow of authority as a means to address

possible conflict. It is extremely important to have a structure for maintaining worker participation, which would lead to smooth and effective joint management by workers and their elected leaders (Beinstein, 1976).

The type of democratic authority practised in producer co-operatives is one that is unknown in capitalist economies. Because of the pressure of capitalism which is encroaching from all directions, there is a need for capacity to deal with the pressure. In co-operatives, workers are expected to come to terms with a form of democratic authority and develop a fuller understanding of democracy than their experience has yet offered (Adatto, 1993:3)

Co-operative democracy should not be institutionalised; without the input of valuable ideas it remains empty. It is an illusion to believe that the presence of democratic institutions would generate ideas (Kasimir, 1996).

It is the desire to embrace the practice of democratic management that compels the Mondragón Co-operative to hire a stadium for their general meetings. They do so to ensure that all members participate in decision-making. This not only ensures a lot of input, but also is an example of a genuine level of participatory democracy which leaves all members feeling that they own the results of decisions made (Mondragón Corporación Corporativa, [n.d.]).

3.4.3 Education

In its definition of a co-operative, the International Cooperative Movement (ICOM) includes the importance of co-operative education. It is necessary to understand education for co-operation in a "broader perspective than as courses or curricula offered by educational institutions" because this type of education involves both planned and unplanned educational activities and relates directly to the enterprise in question (ICOM, 1995).

The need for education is derived from the need to invest in the development of human resources and continue with the purposeful education of members of co-operatives. The purpose of member education should not merely be to explain the values and principles of co-operatives in abstract, but to raise members' level of awareness to make them recognise the imperatives of co-operation (Birchall, 2003).

Members of co-operatives need to understand how the values and principles of co-operation, when practised, can contribute to their social and economic development and the creation of a culture that nurtures a spirit of self-reliance and entrepreneurship. When consolidating the work of Jaroslav Vanek, Paul Beinstein and Branco Horvat into a set of conditions that were seen to facilitate self-management, Gunn (1984:54) also included the need for co-operative education among members. In the past, member education focused on ideology and "conventional orthodoxy" of co-operatives and failed to evoke interest among ordinary members because it was far removed from the "daily grind and toil" that they normally experience.

After discovering the need for management and related training, the ILO (1985) developed a training manual, called *MATCOM (Cooperative Management Training)*. The manual covers areas such as initiatives, planning, market and marketing, pricing and product selection, premises and equipment selection, selection of raw materials, financial management and decisions, diagnosis and remedial action, and planning for expansion.

3.4.4 *Job creation and economic development*

At its 50th General Conference held in Geneva in 1966, the ILO adopted the Co-operatives Recommendation R127, which considered the role of co-operatives in the economic and social development of developing countries. The recommendation applied to a wide range of categories of co-operatives, including worker co-operatives (ILO, 1996).

In its recommendation, the ILO stated that co-operatives should be established and developed as a means of (ILO, 1996):

- a) improving the economic, social and cultural situations of persons with limited resources and opportunities as well as encouraging their spirit of initiative;
- b) contributing to the economy an increasing measure of democratic control of economic activity and of equitable distribution of surplus; and

- c) increasing national income, export revenues and employment by a fuller utilisation of resources, for instance in the implementation of systems of agrarian reform and of land settlement aimed at bringing fresh areas into productive use and in the development of modern industries, preferably scattered, processing of local raw materials.

According to Birchall (2003), co-operatives have great potential as part of a wider set of less formal self-help organisations. Co-operatives and similar member-owned businesses are an extremely flexible form that can be adapted successfully to solve a variety of economic problems. They also have potential to contribute to the poverty reduction strategies of a wide range of international organisations. However, they need to be better organised.

Co-operatives have to realise economic returns and be able to provide for the material needs of its members beyond temporary survival. They have to be able to do this in relation to other sources of income and provide an alternative work environment (Erasmus, 1991). A rural co-operative should have a guaranteed demand for its products and produce goods that can compete in terms of price, quality and service. Distribution channels should be established and service organisations formed to assist in the provision of markets (Oldham & Hickson, 1991).

3.4.5 Linkages with communities and the presence of a support structure

The success of co-operatives has been and is always attributable to the supportive structures within which they operate. A broader, socio-political and economic environment shapes the co-operative movements located in it (Adatto, 1993).

The capacity of any co-operative to succeed depends on the kind of resources it can draw on and the kind of assistance provided by agencies set up by government to assist small enterprises (Theron, 1999). Co-operatives should also invest positively in developing a correct relationship with the community they serve (Anderson, 1983).

Structures to oversee the development of co-operatives are recommended (Adatto, 1993). A study conducted among co-operatives in Port Elizabeth recommends the establishment of a "well-organised and effective back-up system" in the form of a simple structure, which should be located within the community that it is intended to serve. The structure should be capable of providing "a variety of programmes related to education in co-operative principles and behaviour, training in business organisation and management", especially product quality, pricing and marketing. For co-operatives to contribute to community development and therefore job creation, they should form part of comprehensive community development strategies "rather than simply lumping them with in with employment creation strategies" (Adatto, 1990:85 in Davies, 1990).

However, supportive structures should not mean that the autonomy of co-operatives is undermined. This occurs in some governments where its officials have an overwhelming presence and are seen as omnipotent, often domineering, demanding, rigid and unbending (Birchall, 1986:152).

When the government took over the control of co-operatives in Asia, the situation turned chaotic and disastrous. Government's role should be limited to one of setting an organisational framework and not one of using the co-operatives to pursue its political, developmental, economic or social goals (ILO, 1998). A case study conducted by Ibnoe Soedjomo among worker co-operatives in Indonesia discovered that many lost their identity as member-based organisations because they were used as government instruments (ILO, 2001)

The problems faced by emerging co-operatives in South Africa can be overcome by economic and social development that integrates community development. Co-operatives should rather be fitted into an integrated regional development plan than dealt with on an ad hoc basis (Phillips, 1989:375). If producer co-operatives in South Africa are to survive, they would need a range of forms of protection, support and servicing from within the broad framework of a democratic movement (Adatto, 1993).

Co-operatives that have survived in South Africa have always had the support of the unions, non-governmental organisations or churches. The first worker co-operative formed by former Foskor mineworkers in Phalaborwa was under the umbrella of NUM. This was later followed by other co-operatives in

Transkei and Lesotho, Swaziland and Kimberley that were also under the support of NUM (Adatto, 1993). England (1987) blames the absence of strong democratic unionism in Zimbabwe and hails the presence of strong unionism in South Africa as the reasons for their failure and success respectively.

3.5 Conclusion

History has shown that co-operatives, especially producer or worker co-operatives can be trusted as a form of job creation and development in any country. The main principles of 'one person, one vote', joint ownership and participatory democratic management have proven to be cast in stone and can, if adhered to, contribute to their success.

It has also been shown that co-operatives are not welfare projects meant to keep people busy. They should be treated as businesses that only differ from mainstream businesses in the way they are owned and managed.

Although South Africa does not have many examples of viable co-operatives, there are others, such as the Elsie River, in the Western Cape Province, printing co-operative, that can pay its workers monthly salaries ranging from R3500 to R4900. Unlike the one in Khayelitsha, which is also found in the Western Cape Province, Elsie River printing co-operative has never been in a situation where it was not able to pay salaries to its members (Department of Labour, 2003).

Co-operatives that adhere to co-operative principles and regard their establishments as business enterprises are able to go from strength to strength. However, other factors, such as access to finance, markets, skills and legislative support, are also crucial to the success of co-operatives.

CHAPTER 4

RESEARCH METHODOLOGY

4.1 Introduction

The first part of this chapter covers the target groups chosen for data collection and the rationale for selecting them. The second part covers different kinds of methodologies and instruments for data collection, together with the process followed during data collection.

4.2 Target groups and sampling

The researcher identified two main target groups for the study. The first target group is made up of the current and former members of the six pilot projects and community members who live adjacent to the co-operatives. The initial plan was to go for a random sample of five co-operative members per project, because in random sampling each member of the six co-operatives stood a chance of being chosen for the sample (Bless & Higson-Smith, 1995:89). This was however no longer possible because five out of the six pilot projects were no longer in operation.

The only one that was found to be still operating was left with 8 of its original 106 members. The semi-structured interviews, which were filled by the researcher, were administered to a total of 35 respondents. This was found to be important because of the level of the respondents' literacy in order to

avoid misinterpretation and misunderstandings of the questions (Bless & Higson-Smith, 1995:111). This number is divided into 18 members of the co-operatives and 17 community members who were never members of the co-operatives. It was also discovered that members of the co-operatives did not necessarily come from the adjacent villages, as the co-operatives were established in the municipal areas, some of which stretch over a very wide area. One of the respondents, who happened to be a former member of the Thohoyandou project, used to travel a total of 140 kilometres per day to and from work.

The second target group is made up of the catalysts, namely the Limpopo Department of Finance and Economic Development and LIMDEV. The researcher was only interested in the officials who were involved in the projects from the outset, and a purposive and stratified sampling method was used. The plan was to interview only two employees per organisation. It was also discovered at the time of the field study that management of the co-operatives projects had already changed hands and that they were now under the management of the Limpopo Province SMME desk. For this reason, the interview was extended to the manager of the SMME desk.

4.3 Research methods/techniques

The study employed both qualitative and quantitative research methods, applying inclusive observation, questionnaires and interviews, and a documentary survey. It was important to employ both qualitative and quantitative methods because of the type of facts the researcher wanted to

measure. The use of qualitative techniques and data collection methods is also aimed at describing, making sense of, interpreting or reconstructing the meanings that the subjects attach to it (Denzin & Lincoln in De Vos, 1998). The quantitative method was found to be important on issues such as salaries earned and the number of co-operative members employed, but it could not be used to measure the level of satisfaction of the members with the projects as that could only be done by using a qualitative method (Bless & Higson-Smith, 1995:100).

4.3.1 Observation

The researcher was part of the team that visited the six pilot projects in 1997 and observed that there were problems with their implementation. During the three-week field study, the researcher personally went to the sites of the six pilot projects. This became necessary to observe the production processes of these co-operatives and also to check the type and capacity of equipment used in order to assess their capacity. At Thohoyandou, the researcher was able to observe important information on the notice board, and in Bochum one shop still had three bottles of body perfumes and body lotions on its counter.

4.3.2 Questionnaires and interviews

To ensure consistency in responses from the target group, a self-administered and structured questionnaire was used for the current and former members of the co-operatives. Although a structured questionnaire was used, care was

taken that some of the questions were open-ended to allow respondents to express themselves easily. The questionnaire, which was written in English, was read to respondents and completed by the researcher. Where a problem was experienced with understanding the language, the questions were interpreted into the language better known to the respondents. A different set of questions was also used for members of the communities adjacent to the projects.

It was not possible to make appointments with the members of the projects and community members to be interviewed. In some cases, a respondent from the Department of Finance and Economic Development provided the researcher with names of key people in the projects and the location of the sites; in other cases the entry points were schools.

Because many of the projects were no longer operating, it was difficult to trace all the former members. It was therefore not possible to interview an equal number of members per project. It was also no longer necessary to interview a large number of community members, as the empty structures were a good sign of projects that collapsed. However, it became necessary to interview fewer community members than originally planned. Community members also included shop owners adjacent to the projects. The reason for interviewing shop owners was to check whether they ever purchased some of their stock from the co-operatives.

In one case, the researcher had the privilege of interviewing the mayor of the municipality. Although the projects were in his municipality, it was interesting

to learn that he had no knowledge of them. The members of adjacent communities to the pilot projects were targeted for the purpose of determining the economic impact of the projects and the extent of their linkages with the communities.

The duration of data collection took longer than originally planned, because of the proximity between places and because other places were visited more than once after the researcher failed to find former members of the co-operatives during the first visits.

The Department of Finance and Economic Development was very helpful in providing qualitative and substantive information. Telephonic appointments were made and meetings arranged for the interviews. For these, a number of lead questions were prepared and administered. Respondents from both the Department and LIMDEV indicated how the projects were set for failure even before they started.

4.3.3 Documentary survey

The researcher had access to documents that shed light on the reasons for the establishment of the six pilot projects. An attempt was also made to access the report prepared by the former members of the Limpopo Province Producer Co-operatives Board. This report indicated dissatisfaction at the progress made up to November 1998.

The minutes of the meeting for the handing over of the projects to the SMME desk also shed light on the status quo of the projects because they provided information on the status of each co-operative and reasons why most of them closed down. At two projects, the researcher also had access to copies of the constitution, which happened to be identical and prepared by the consultant. At one project, budget notes, which shed light on their ability to prepare budgets and cash-flow forecasts, still appeared on the notice board.

4.4 Conclusion

The target group for this research were members of the six pilot producer co-operatives, community members, employees of LIMDEV and employees of the Department of Finance and Economic Development. Methods used included questionnaires, interviews, observation and documentary surveys. In cases where the co-operatives were no longer operating, former members formed part of the target groups. The involvement of the researcher in the implementation of the six pilot projects also proved very useful. The researcher was also privileged to gain access to records of meetings held as well as written communication that took place between the consultant, LIMDEV and the Department of Finance and Economic Development.

CHAPTER 5

ANALYSIS AND INTERPRETATION

5.1 Introduction

This chapter deals with analysis of the findings, which are both empirical and exploratory. Empirical findings are based on the response to the administered questionnaires and interviews held with members of the co-operatives and with community members. Exploratory findings are based on the interviews held with employees of the Department of Finance and Economic Development and LIMDEV. This includes observations made during the visits to the co-operatives and the perusal of the relevant documents.

5.2 Empirical analysis

5.2.1 Extent of influence on management decisions

This statement seeks to measure the extent to which members claimed to have influence on decisions made by management.



Figure 1: Extent of influence on management decisions

A total of 83,3 per cent of the members indicated that they had complete influence on management decisions while 16,7 per cent indicated they had limited influence only. However, it is important to note that even those who claim complete influence could not overrule decisions made by either the consultant or government. The consultant was the one who made decisions regarding the type of equipment, machinery, products and the amount of start-up funds. It is therefore difficult to say whether members had any influence on management decisions because there was another manager, the consultant, over whose decisions they did not have any influence.

5.2.2 Choice of type of enterprise and products

All respondents indicated that the consultant, who was employed by the Department of Finance and Economic Development, chose the type of business for them. The consultant told the potential members that co-operatives had the ability to take in more employees and were able to realise profits faster than all other types of businesses.

All eight respondents surveyed indicated that the consultant made the choice regarding the type of products. When the members of the Jane Furse co-operative disagreed with the consultant on the ingredients used for the soup, they were threatened with withdrawal of funding. This is unfortunately the case with co-operatives financed through grants, as opposed to those financed through loans (even if they are soft loans).

5.2.3 Frequency of income

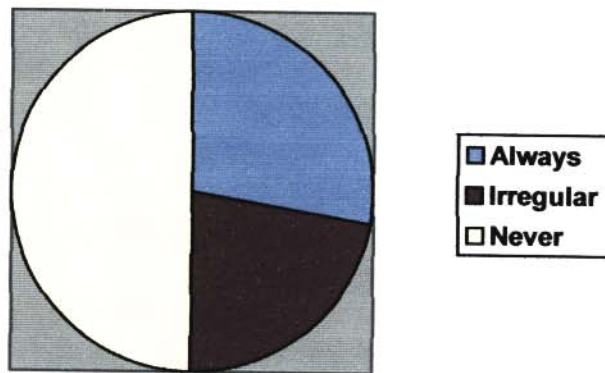


Figure 2: Frequency of income

Half of the members indicated that they never received any salary. About a quarter (27,8) reported to have received regular salaries for the past 12 months, while 22,2 received salaries at irregular intervals depending on how much they managed to collect from the sale of products. Some of those who received no regular salaries reported to have received, what they called,

commission for the sale of products they carried home everyday after work to sell to their friends and neighbours and friends.

5.2.4 Amount of salary received

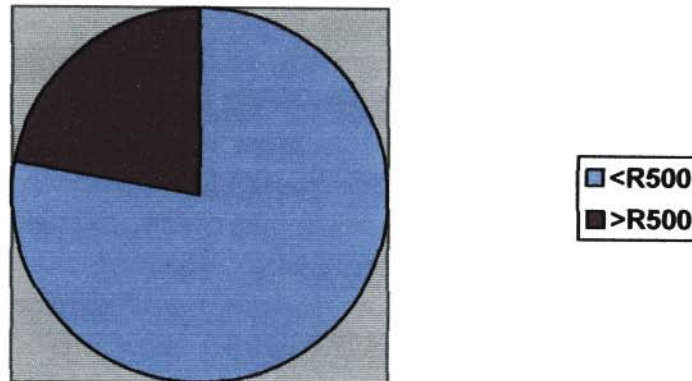


Figure 3: Amount of salary received

All respondents received an average of less than R500 per month. Of the 27,8 per cent who earned regular salaries continuously for a period exceeding 12 months, the highest salary of R350 was lower than that of a domestic worker in rural areas. Those who earned more than R500 earned only about R560 for a period of less than four months. In all the cases where workers received salaries, whether regular or not, it is doubtful whether the money earned was budgeted for salaries, because all the workers complained about lack of money to replenish their stock.

5.2.5 Knowledge of the underlying principles of co-operatives

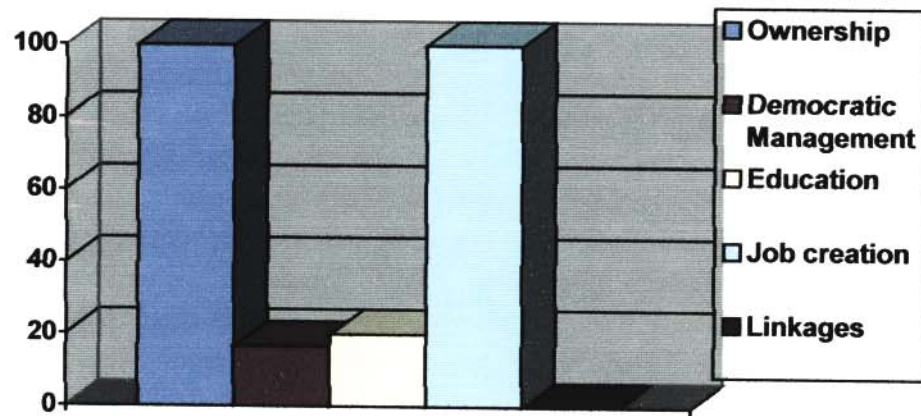


Figure 4: Knowledge of the underlying principles of co-operatives

Respondents were asked to state the principles of co-operatives they were aware of. All 18 respondents knew of the two principles of ownership and job creation. Only 16,7 per cent of the respondents could link ownership with democratic management. None mentioned the principle of community linkages, although it is clear that it played an important part in the marketing of their products. Only about 20 per cent mentioned the principle of education, even though they could not explain all the roles education should play.

5.2.6 How knowledge of co-operative principles was gained

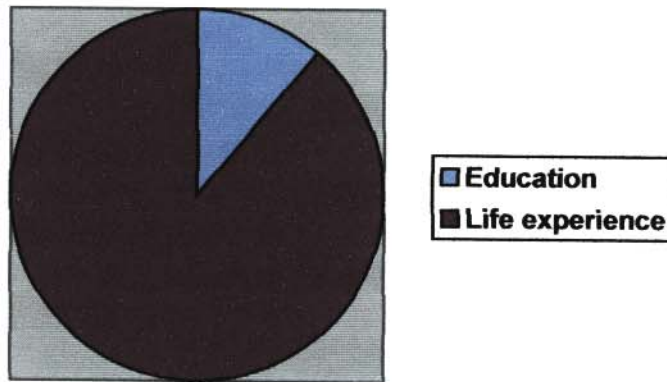


Figure 5: How knowledge of co-operative principles was gained

This question was aimed at determining whether the knowledge of key principles of co-operatives was gained through experience or training. The majority of the respondents, 88,9 per cent, indicated that their knowledge was gained through life experience. A smaller percentage, 11,1 per cent said that they had attended a one-week training session by the consultant.

If these principles were so important and critical to the success of the co-operatives to the extent that they had been taught, why was it that only a few members could remember some of them while the rest remained ignorant of them? It is also worrying that the consultant concerned did not consider it important to check their understanding before the establishment of the co-operatives.

5.2.7 Knowledge of the existence of the co-operative in the area

This question was directed at the members of the communities who were not members of the co-operatives, to seek an understanding of the role they played in the success of the co-operatives.

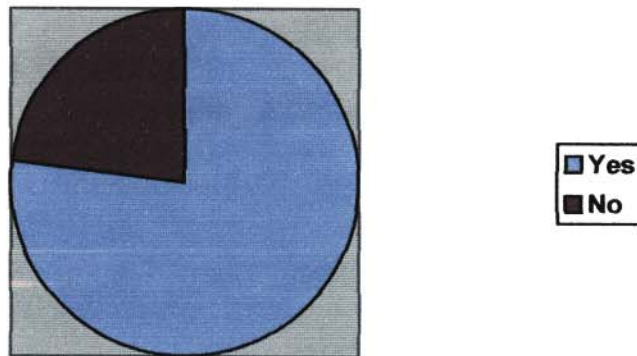


Figure 6: Knowledge of the existence of the co-operative in the area

Only 76,9 per cent of the members indicated that they knew about the co-operative in their village while 23,1 per cent did not know about it. Those who indicated that they knew about the co-operatives only knew because some of the members were their relatives or friends. There is no evidence of a campaign to market the co-operatives in the adjacent communities.

5.2.8 Support through buying of products

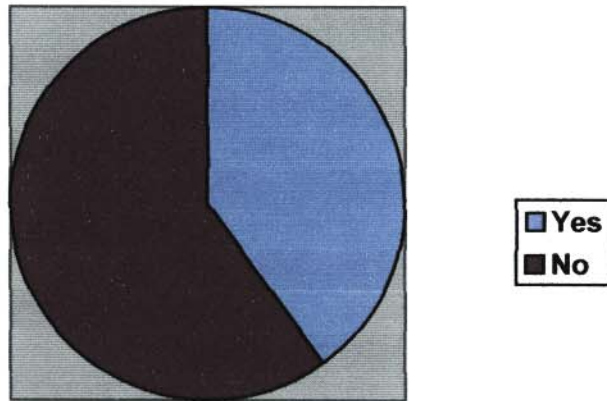


Figure 7: Support through buying of products

Sixty per cent of the community members who were aware of the existence of the co-operatives supported the projects through buying of the projects, while 40 per cent indicated that they never bought any of the products for health and price reasons. Even those who bought the products indicated that they did so to assist their friends and families who were employed in the co-operatives.

5.2.9 Contribution to economic growth

This statement applies to both the members and non-members. All respondents indicated that the co-operatives did not contribute to economic development. Most of the respondents complained that the projects raised people's expectations but failed to provide an answer for their unemployment and developmental needs. All former members, including those of the

Thohoyandou co-operative, blamed the failure of the projects on insufficient money for equipment and input inventory.

5.3 Exploratory findings

Most of the information in this section was obtained from the Department of Finance and Economic Development and LIMDEV, and the rest through observation and documentary survey. This includes the SMME desk to a limited extent.

In three of the six projects, the researcher noticed empty buildings and other buildings with idle equipment. In one of the projects, a former member complained that the equipment was stolen because the building had been empty and unattended for a long time, and also that members did not know what to do with the equipment. In another project, one of the former members said they were going to meet to decide on selling the building and the equipment and distributing the proceeds among the members.

At the Thohoyandou project, which is the only one still operating, the size, type and quality of the equipment used were very unsuitable for the quality and quantity of products they were manufacturing. The building was also found to be unhealthy and small. The concern of the researcher was also supported by members who said that their manager was away to Johannesburg to view more appropriate equipment and that the SMME desk had promised them a bigger and better building.

5.3.1 Satisfaction of the common need

All the members have a need for employment, which is a concern of the majority of people in the country. Members of the six pilot projects decided to join the co-operatives after government had sold the idea to them. Apart from the need for employment, no evidence exists of any other need they wanted to meet.

Members were not involved in the planning and design of the six pilot projects. The Department of Finance and Economic Development went on a road-show, during the first quarter of 1997, to all municipalities in the province to recruit unemployed youths for involvement in co-operatives as a form of job creation. Invitation for membership was extended to young matriculants who were unemployed. Members were only required to contribute a R70 membership fee and avail themselves for training by the Department of Finance and Economic Development through a consultant. However, such training took one week only, and its main focus was the production of juice, jam and other similar projects. Applicants went through a screening process, and some were not admitted. According to the respondents from government, members were selected on the basis of poverty level and did not need to have any skills, as this would have been dealt with by the consultant. For political reasons, the six pilot projects had to be started at all the six municipal districts.

5.3.2 Ownership

Ownership of the co-operatives was of limited nature. Members did not contribute any money except for the R70 joining fee. Government provided the buildings, equipment and training. There is a different understanding of ownership among the members. Some believe that both the buildings and equipment belong to them and that they therefore have the right to dispose of them at will without consulting the Department of Finance and Economic Development. Others believe that the buildings and the equipment belong to government. They also cite incidences where they were ordered to vacate the buildings and equipment was taken from them by the Department of Finance and Economic Development.

The products were chosen by the consultant and stock and equipment purchased by the Limpopo Department of Finance and Economic Development (LIMDEV) at the advice of the consultant.

5.3.3 Education

Members received education in the production of jam, soup, peanut butter, vinegar and juice over a period of one week. During the same week, they were taken through the constitution of the co-operative. At a later stage, when it was discovered that they needed skills in business management and related skills, their elected leaders were also taken to Business Skills South Africa for courses in business management skills.

However, it is doubtful whether the training in business skills was sufficient because even after seven years, members still could not understand the break-even points of their enterprises. All the respondents interviewed still attributed the collapse or decline of their enterprise to shortage of money to buy stock, even though they have been getting paid from the sale of these products.

Government officials agree that members of the co-operatives had never been taken through a thorough education process. They had never been thoroughly trained in the principles of co-operatives because there had been no time for this. This is echoed by the manager of the Limpopo Province SMME desk who plans to start with an education programme on the principles of co-operatives. The respondent plans to develop a training manual for co-operatives training.

It is because of the nature of such education that others still believed they were working for government and that government had to provide for the needs of their co-operatives. In one of the co-operatives, members took products to sell in the communities and use the proceeds of the sale without declaring them to the co-operative management. When asked about this, they said they were tired of working without earning a salary.

5.3.4 Job creation and economic development

The six pilot projects were expected to create sustainable employment for the unemployed in the province, and their success would lead to the formation

of similar enterprises. The rationale was that there was an abundance of raw materials which needed beneficiation and that the six pilot projects would use this as a benefit.

According to government, 75 per cent of the raw materials used in the projects came from outside the province. According to one respondent, water was the only raw material that came from the province itself. There is common knowledge between the catalysts and members that no feasibility studies were ever done. The plan, which was also not based on any study, was that each project should accommodate 33 members. Even this requirement was never adhered to, as other projects ended with more than 100 members regardless of the products they were manufacturing.

According to all respondents, no start-up funds were ever budgeted for. A few members from the project went for the one-week training. At the end of the training, they took the remaining raw materials home and used these materials to start their business. In almost all projects, such raw materials were never sufficient for starting a business.

A feasibility study was never done of the size and type of equipment used. Equipment for the co-operatives was to be purchased from Vessel Mecca, a company established solely for manufacturing equipment for the co-operatives. The equipment produced by the company was not approved by the South African Bureau of Standards, and the members of the Limpopo Province Producer Co-operatives Board declared some of the equipment to be dangerous and hazardous to people's health.

5.3.5 Linkages with communities and the presence of a support structure

The body that would serve as a support structure was only appointed by the Department in October 1998 and dissolved in April 1999 due to financial constraints. According to the report of the workshop held on 15 March 1999, the board members went on site visits to the co-operatives and proposed an overhaul of the whole process.

Membership of the co-operatives was not limited to residents of one village or community. Members came from different villages, so there were never attempts to engage community structures except in one place where a municipality became involved in providing buildings. All community members adjacent to the projects knew the co-operatives through friends and relatives. Most of the respondents recognised the co-operatives as government-owned and did not differentiate them from other self-help projects within their communities.

5.4 Conclusion

Both empirical and exploratory analysis used indicated that the Limpopo Province Producer Co-operatives pilot project ignored a number of principles and values important for the success of producer co-operatives. Sufficient training was not provided for the members of the co-operatives. Members were also not involved in the planning and design of their respective co-operatives. Information gathered revealed excessive influence and control by

the consultant and Limpopo Department of Finance and Economic Development.

CHAPTER 6

CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

This research sought to discover the sustainability of the Limpopo Province producer co-operatives, launched by the then Premier of the Limpopo Province, Advocate Ramathlodi. Although the idea of using co-operatives to create jobs and contribute to economic development was met with high expectations and interest, especially among the unemployed youth, this research indicates that its promises were short-lived. Information gathered during the field study indicated that the failure of the pilot projects at such an early stage left many people devastated.

6.2 Conclusions and recommendations

The objectives of the research were to determine the factors that are prerequisite and critical for producer co-operatives to contribute to the development process; examine the nature and extent of the six pilot producer co-operatives' contribution to economic development in the Limpopo Province; measure the six pilot projects against the universally recognised principles of running successful producer co-operatives and make recommendations on the findings of the study.

The hypothesis, namely that there are certain critical factors which lack in the Limpopo Province producer co-operatives pilot projects as a strategy to create sustainable employment and contribute to economic development, was fully supported by the research findings. None of the six pilot projects were found to be operating according to the universally recognised principles, and all of them failed to create sustainable employment.

Chapter 1 provided an introduction and background to the study, while chapter 2 covered the evolution of producer co-operatives both internationally and in South Africa. Chapter 3 is a literature review, which looked into the broad universally recognised principles of co-operatives, and Chapter 4 covered the methodology used in data collection, including challenges encountered by the researcher. Chapter 5 presented the findings of the research and the researcher's interpretations of these findings.

Based on the conclusions drawn, the following recommendations are made:

- a) It is clear from their definition that co-operatives are businesses and should be dealt with as such. Information gathered indicated that due diligence was never done. There is no information to indicate that a feasibility study was done. One of the respondents also commented on how a co-operative, located within poor communities, could choose the production of peanut snacks and still become sustainable. It is recommended that the establishment of co-operatives should not be based on survivalist strategies, but should take into consideration the

factors that are important for the success of businesses, such as product choice, product quality and location of the project.

- b) Ownership of producer co-operatives should be vested with the members. Members should be the ones who decide on the location, the products and the procedure for dissolving the co-operative. The stage when a member relinquishes his/her membership should be made clear. It is also difficult to understand how people can become owners of a business in which they have no final decision-making rights.

- c) The issue of training is very critical to the sustainability of co-operatives and should not be dealt with in an ad hoc manner as it was done in this case: the need to train members in business management was only realised during the implementation stage and only partially addressed. Training should include both basic and advanced business management, financial management, investment management and other related areas of business management. Training in conflict management and resolution and the roles and responsibilities of committee members is of importance. Apart from business skills training, members have to be trained in other principles of co-operatives, such as ownership, democratic management and control, co-operation among co-operatives and relationships with the community. Education should be started before the implementation stage and continue during implementation. It is important that, when members choose to get involved in co-operatives, they have relevant information that helps them make informed choices. If the Limpopo Province government wants to

consider the establishment of co-operatives on a larger scale, it should be prepared to invest in a wider training programme in all communities.

- d) Members of co-operatives should finance the establishment of the co-operatives themselves, but due to poverty this is not always possible. Even in the case where capital is provided by government or other agencies, the financier's control of the processes should be avoided. The most ideal option would be to provide soft loans as opposed to grants. The Limpopo Province government could provide support through other organisations, such as the National Co-operative Association of South Africa, who has knowledge and experience in the setting up of co-operatives.
- e) Politics should not form part of the establishment of the pilot projects as it was done in this case: politics influenced the establishment of the co-operatives at all six municipalities. If fewer projects were considered, there would have been enough time and resources to attend to all the requirements of the projects instead of doing everything in bits and pieces as it was done in this case.
- f) Although worker co-operatives in South Africa do not have a good history of success, their failure is blamed on how they are planned, financed and implemented and not on the concept itself. The Limpopo Province government could have done better if care was taken and the universally recognised principles of co-operatives were applied with the diligence they require.

- g) Having all issues in mind, the study poses a challenge to investigate the role of communities as agencies for the implementation of successful producer co-operatives within socialist societies.

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APPENDICES

SELF-ADMINISTERED QUESTIONNAIRE FOR PRODUCERS CO-OPERATIVES AND COMMUNITY MEMBERS

SECTION A (CO-OPERATIVE MEMBERS)

1	Name of Co-operative			
2	Respondent position in co-operative			
3	Activity co-operative engaged in			
4	Year started			
5	Registration details			
6	Who chose the type of business			
7	Reasons for establishing co-operative			
8	Why was it chosen?			
10	How did you become a member?			
11	What were you doing before joining the co-operative?			
12	Where did start-up funds come from	Member contribution	Loan	Gov.
13	How much was it and was it sufficient?	R		
		Sufficient	Insufficient	
14	How many were you when you started?			
15	How many are you now?			
16	Was there growth or decline in income during the past three years?	Growth	Decline	
17	Who owns the co-operative?			
18	What kind of skills helped you become a member of the co-operative			
19	In what skills were you trained?			
20	Where do you get the input material?			
21	What is your understanding of co-operative principles?			
22	How did you know them?			
23	Do you have a formal constitution?			
24	Is your co-operative affiliated to any of the following organizations?	Trade Union	CBO	Other

25	Who are your customers?			
26	Do you earn regular income from the co-operative?	Yes	No	
30	How much is your monthly salary?	Less than R1000	R1000- R2000	R2000 and above
31	Would you consider another job?	Yes	No	
		Give reasons: _____		
35	Who employed your manager?			
34	What influence do you have on management decisions?			
36	Do all members have voting rights?	Yes	No	
		If no, why? _____		
37	Do you think the co-operative is doing well? Explain			

**SECTION B (SURROUNDING COMMUNITY MEMBERS)
QUESTIONS FOR COMMUNITY MEMBERS**

38	Do you know about the existence of a producer co-operative operating in your vicinity?	Yes	No	
		If no, why? _____		
39	Do you know anyone who is a member of that co-operative?			
40	Do you ever buy the products made at the co-operative?	Yes	No	
41				

	If so how often? And if not why?		
42	If yes (in 41), are you satisfied with the service and the quality of the product?	Yes	No
		If no, why? _____	
43	Do you think the co-operative has provided sustainable employment to members of your community?		

SECTION A & B

Generally comment on the problems and challenges confronting the co-operative in the community:

**NINE KEY STRUCTURED INTERVIEW QUESTIONS FOR THE
LIMPOPO DEPARTMENT OF FINANCE AND ECONOMIC
DEVELOPMENT AND LIMPOPO DEVELOPMENT CORPORATION
(LIMDEV)**

1. Who came with the idea of starting the six pilot producer co-operatives and why?
2. What role did your organisation play in soliciting and making the co-operatives to contribute to economic development in the province and why?
3. How were members of the co-operatives involved in the planning, design and implementation of the co-operatives?
4. Who are the owners of those co-operatives and how is succession going to be handled?
5. What are the products and reasons for the type of products chosen for the co-operatives?
6. What informed the amount of start-up capital?
7. How different are these co-operatives from other self-help income generating community organisations?
8. Do you think the six pilot projects have contributed towards economic development in the Limpopo Province and why?
9. What are the current problems and challenges confronting the producer co-operatives and how will they be resolved?



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ACADEMIC RECORD

Student number : 0463-123-4
Name : NEVHUTALU JONATHAN LUSANI
Previous Surname :
Date of Birth : 1957-10-22
Matriculation : MATR/SEN.CERT,FULL EXEMPTION
Qualification : BACHELOR OF ARTS

This document is issued without alteration or erasure and includes all years of registration for the abovementioned qualification.

Year	Month	Code	Name of Study Unit	%	Comment
1985	OCT	EDN100-F	ECONOMICS 1	59	Passed
1985	NOV	EDU100-K	EDUCATION 1	54	Passed
1985	NOV	EDN200-J	EDN201-K ECONOMICS 2 PAPER 201		Not Admitted to Examination
1985	NOV	EDN200-J	EDN202-L ECONOMICS 2 PAPER 202		Not Admitted to Examination
1985	MAY	EDU200-W	EDU201-P EDUCATION 2 PAPER 201		Cancelled
1985	MAY	EDU200-W	EDU202-R EDUCATION 2 PAPER 202		Cancelled
1985	NOV	SOS100-4	SOCIOLOGY 1		Not Admitted to Examination
1987	NOV	EDN200-J	EDN201-K ECONOMICS 2 PAPER 201		Not Admitted to Examination
1987	NOV	EDN200-J	EDN202-L ECONOMICS 2 PAPER 202		Not Admitted to Examination
1987	MAR	DAD100-R	DEVELOPMENT ADMINISTRATION 1		Cancelled
1987	NOV	PEN100-3	PRACTICAL ENGLISH		Not Admitted to Examination
1987	MAY	SOS100-4	SOCIOLOGY 1		Cancelled
1989	NOV	EDN200-J	ECONOMICS 2	56	Passed
1989	NOV	EDN200-J	EDN201-K ECONOMICS 2 PAPER 201	55	Passed
1989	NOV	EDN200-J	EDN202-L ECONOMICS 2 PAPER 202	58	Passed
1989	OCT	PEN100-3	PRACTICAL ENGLISH	64	Passed
1989	OCT	SOS100-4	SOCIOLOGY 1	36	Failed
1989	OCT	EDN300-W	EDN301-W ECONOMICS 3 PAPER 301	59	Passed
1989	OCT	EDN300-W	EDN302-P ECONOMICS 3 PAPER 302		Absent from Examination
1989	NOV	EDN300-W	EDN304-R ECONOMICS 3 PAPER 304		Absent from Examination
1989	OCT	EDU200-W	EDU201-P EDUCATION 2 PAPER 201		Absent from Examination
1989	OCT	EDU200-W	EDU202-R EDUCATION 2 PAPER 202		Absent from Examination
1989	OCT	SOS100-4	SOCIOLOGY 1	50	Passed
1990	NOV	EDN300-W	ECONOMICS 3	57	Passed
1990	OCT	EDN300-W	EDN302-P ECONOMICS 3 PAPER 302	62	Passed
1990	NOV	EDN300-W	EDN304-R ECONOMICS 3 PAPER 304	52	Passed
1990	OCT	SOS200-B	SOS201-P SOCIOLOGY 2 PAPER 201	39	Failed
1990	NOV	SOS200-B	SOS202-A SOCIOLOGY 2 PAPER 202		Supplementary Examination

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Student number : 0463-123-4

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Year	Month	Code	Name of Study Unit	Mark	Comment
1991	JAN	SOB200-B	SOB202-A SOCIOLOGY 2 PAPER 202		Absent from Examination
1991	MAY	EDU200-W	EDU201-P EDUCATION 2 PAPER 201		Cancelled
1991	MAY	EDU200-W	EDU202-S EDUCATION 2 PAPER 202		Cancelled
1991	OCT	GAB100-R	DEVELOPMENT ADMINISTRATION 1	50	Passed
1991	NOV	SOB200-B	SOCIOLOGY 2	51	Passed
1991	NOV	SOB200-B	SOB201-Y SOCIOLOGY 2 PAPER 201	53	Passed
1991	NOV	SOB200-B	SOB202-A SOCIOLOGY 2 PAPER 202	50	Passed
1992	OCT	GAB200-U	GAB201-V DEVELOPMENT ADMINISTRATION 2 PAPER 201		Absent from Examination
1992	NOV	GAB200-U	GAB202-W DEVELOPMENT ADMINISTRATION 2 PAPER 202		Not Admitted to Examination
1992	JAN	PSY100-X	PSYCHOLOGY 1		Cancelled
1992	OCT	SOB300-B	SOB301-C SOCIOLOGY 3 PAPER 301		Absent from Examination
1992	NOV	SOB300-B	SOB302-D SOCIOLOGY 3 PAPER 302		Absent from Examination
1992	NOV	SOB300-B	SOB303-E SOCIOLOGY 3 PAPER 303		Absent from Examination
1993	OCT	GAB200-U	DEVELOPMENT ADMINISTRATION 2	50	Passed
1993	OCT	GAB200-U	GAB201-V DEVELOPMENT ADMINISTRATION 2 PAPER 201	56	Passed
1993	OCT	GAB200-U	GAB202-W DEVELOPMENT ADMINISTRATION 2 PAPER 202	50	Passed
1994	JAN	SOB300-B	SOCIOLOGY 3	52	Passed
1993	OCT	SOB300-B	SOB301-C SOCIOLOGY 3 PAPER 301	50	Passed
1993	OCT	SOB300-B	SOB302-D SOCIOLOGY 3 PAPER 302	50	Passed
1993	NOV	SOB300-B	SOB303-E SOCIOLOGY 3 PAPER 303	45	Failed
1994	JAN	SOB300-B	SOB303-E SOCIOLOGY 3 PAPER 303	56	Passed

 The above qualification has been completed.

CONDUCT : Satisfactory



for Registrar (Academic)

REPUBLIC OF SOUTH AFRICA



REPUBLIEK VAN SUID-AFRIKA

Senior Certificate (Std 10) Senior Sertifikaat (St. 10)

National Senior Certificate Examination
Nasionale Senior Sertifikaateksamen

DUPLICATE : DUPLIKAAT

Aggregate symbol (.....E.....) Simbool vir groottotaal

AWARDED TO/TOEGEKEN AAN:

NEVHUTALU JONATHAN LUSANI

Identity No./Identiteitsnr. 1-6000000-5 Exam. No./Eksamennr. 29253

Subjects passed/Vakke geslaag

Symbol/Simbool

XHOSA HG	XHOSA HG	D
AFRIKAANS 2ND LANGUAGE HG	AFRIKAANS 2DE TAAL HG	E
ENGLISH 2ND LANGUAGE HG	ENGELS 2DE TAAL HG	D
MATHEMATICS HG	WISKUNDE HG	D
PHYSICAL SCIENCE SG	NATUUR- EN SKEIKUNDE SG	F
....	

CERTIFIED TO BE A TRUE COPY OF THE ORIGINAL

REGISTRAR OF LABOUR RELATIONS

20 / 8 / 2004
DATE

A: 80% and over/en bo; B: 70%-79%; C: 60%-69%; D: 50%-59%; E: 45%-49%;
EE: 40%-44%; F: 33%-39%.

Examinations Officer
Eksamenbeampte

Secretary for Education and Training
Sekretaris van Onderwys en Opleiding

This candidate has been exempted from the Matriculation Examination of the incorporated universities in the Republic of
Hierdie kandidaat is vrygestel van die Matrikulasie-eksamen van die ingelyfde universiteite in die Republiek van Suid-Afrika

South Africa with effect from
met ingang van

1.1.1978

Secretary, Joint Matriculation Board
Sekretaris, Gemeenskaplike Matrikulasieraad

University of South Africa



We certify that

Jonathan Lusani Nevhutalu

*having complied with the requirements of the Act
and Statute, was admitted to the degree of*

Bachelor of Arts

*at a congregation of the University
on 7 April 1994*

Maes W. ...

Vice-Chancellor



F. F. ...

Dean

PRETORIA

M. H. ...

Registrar