

The role of cooperatives in community development: The case of the Motloulela Farming Cooperative

by

Molebo Pretty Mohlala

*Thesis presented in partial fulfilment of the requirements for the degree
Masters in Public Administration in the faculty of Management Science
at Stellenbosch University*



Supervisor: Prof Firoz Khan

March 2020

Declaration

By submitting this thesis electronically, I declare that the entirety of the work contained therein is my own, original work, that I am the sole author thereof (save to the extent explicitly otherwise stated), that reproduction and publication thereof by Stellenbosch University will not infringe any third party rights and that I have not previously in its entirety or in part submitted it for obtaining any qualification.

M.P Mohlala

Date: March 2020

Copyright © 2020 Stellenbosch University

All rights reserved

Abstract

Most rural communities in South Africa struggle with poverty, unemployment and social collapse. To address these difficulties, many residents work collectively in cooperatives, united in the belief that they can achieve more than when working individually. Cooperatives represent a resilient, vibrant and viable economic alternative in bringing people together to work towards a common goal and meeting their shared needs through cooperation. However, while most of the cooperatives in South Africa are largely weak or failing, there remain a few strong and vibrant cooperatives able to provide an economic boost to their communities.

This study adopted a qualitative approach and utilised case-study research design to conduct qualitative research into the role of the Motloulela Farming Cooperative (MFC) (Limpopo) in community development. A non-probability sampling approach was used, and fourteen members of MFC were purposively selected for qualitative interviews, in order to analyse the role of the cooperative on local community development. Thematic and content analysis methods were used to interpret the findings.

The Motloulela Farming Cooperative (MFC) is a strong and vibrant cooperative, which brings local people together who collectively work to improve socioeconomic conditions in their communities. The research demonstrates that the MFC empowered cooperative members by way of enabling them to acquire knowledge and skills, and created and improved social networks in the community. Moreover, the MFC provided avenues and pathways for self-employment thereby securing economic independence. Community members also enjoyed the benefits of the MFC being located in their village as they received donations, discounted prices and casual jobs.

The study demonstrates that the MFC is an important vehicle for the achievement of the societal goals and developmental aspirations of the people of Motloulela village. For this reason, the study recommends that instead of researchers putting more effort into identifying and describing the challenges which contribute to the catastrophic failure rate of cooperatives, they should rather invest equal and corresponding effort in demonstrating their role in community development. The argument here is that providing a comprehensive analysis of thriving cooperatives could shed light as to how effective they are in as far as their role on community development is concerned; what could be considered success factors and therefore the building blocks for successful cooperatives, and infuse these lessons in forming new or reinvigorating existing cooperatives.

Opsomming

Die meeste landelike gemeenskappe in Suid-Afrika sukkel met armoede, werkloosheid en sosiale ineenstorting. Om hierdie probleme aan te spreek, werk baie inwoners gesamentlik in koöperasies, verenig in die geloof dat hulle meer kan bereik as wanneer hulle individueel werk. Koöperasies verteenwoordig 'n veerkragtige, lewendige en lewensvatbare ekonomiese alternatief om mense byeen te bring om na 'n gemeenskaplike doel te werk en hul gedeelde behoeftes deur middel van samewerking te ontmoet. Hoewel die meeste van die koöperasies in Suid-Afrika grootliks swak of in gebreke is, bly daar 'n paar sterk en lewendige koöperasies in staat om 'n ekonomiese hupstoot aan hul gemeenskappe te bied.

Hierdie studie het 'n kwalitatiewe benadering aanvaar en die gevallestudie aangewend om kwalitatiewe navorsing in die rol van die Motloulela-boerdery-Koöperasie (MFC) (Limpopo) in gemeenskapsontwikkeling, te behartig. 'N nie-waarskynlikheidsteekproefbenadering is gebruik, en veertien lede van MFC was voorgee vir kwalitatiewe onderhoude, ten einde die rol van die koöperasie op Plaaslike gemeenskapsontwikkeling te ontleed. Tematiese en inhoudontledingsmetodes is gebruik om die bevindings te interpreteer.

Die Motloulela boerdery-Koöperasie (MFC) is 'n sterk en lewendige koöperatiewe, wat plaaslike mense bymekaar bring wat gesamentlik werk om sosio-ekonomiese toestande in hul gemeenskappe te verbeter. Die navorsing toon dat die MFC die koöperatiewe lede by wyse van hulle in staat stel om kennis en vaardighede te bekom, en om sosiale netwerke in die gemeenskap te skep en te verbeter. Boonop het die MFC paaie en paaie vir selfwerkzaamheid voorsien en sodoende ekonomiese onafhanklikheid verkry. Gemeenskapslede het ook die voordele van die MFC wat in hul dorp geleë is, geniet, aangesien hulle donasies, afslagpryse en gemaklik werksgeleenthede ontvang het.

Die studie toon dat die MFC 'n belangrike voertuig is vir die bereiking van die samelewingsdoelwitte en ontwikkelingsaspirasies van die mense van Motloulela Village. Daarom beveel die studie aan dat in plaas van navorsers meer moeite doen om die uitdagings te identifiseer en te beskryf wat bydra tot die katastrofiese druipsyfer van koöperasies, moet hulle eerder gelyke en ooreenstemmende inspanning belê in om hul rol in gemeenskapsontwikkeling te demonstreer. Die argument hier is dat die verskaffing van 'n omvattende ontleding van vooruitstrewende koöperasies lig kan werp oor hoe doeltreffend hulle is in so ver as hul rol op die gemeenskap ontwikkeling is bekommerd; wat beskou kan

word as sukses faktore en dus die boublokke vir suksesvolle koöperasies, en trek hierdie lesse in die vorming van nuwe of herverfrissende bestaande koöperasies.

Dedication

I dedicate this thesis to my late mother, Pualina Kgaoleng Mohlala. She taught me to persevere and prepared me to face challenges with faith and humility. She was a constant source of inspiration in my life, and although she is no longer here to give me strength and support, I always feel her spiritual presence which urges me to strive to achieve my goals in life.

To my daughter, Tshireletso, her father Enos, and my brother Clifford, who always had confidence in me and offered encouragement and support in all my endeavours.

Acknowledgements

I would like to acknowledge the Lord God Almighty for His wisdom and blessings; without His grace, this milestone would not have been possible.

I would like to express my gratitude to Professor Firoz Khan for his patient and thoughtful supervision throughout this dissertation.

Special thanks to the leadership and members of Motloulala Farming Cooperative for their time and participation in this study.

Lastly, I would like to thank the National Research Foundation (NRF) for funding this study. Opinions articulated and conclusions in this study are those of the researcher alone and not the NRF.

Table of Contents

Declaration	i
Abstract.....	ii
Opsomming.....	iii
Dedication.....	v
Acknowledgements.....	vi
List of Figures	x
List of Tables.....	xi
Abbreviations	xii
CHAPTER 1: ORIENTATION OF THE STUDY	1
1.1. Introduction.....	1
1.2. Background.....	1
1.3. Rationale of the study.....	3
1.4. Research problem.....	3
1.5. Research aim.....	4
1.5.1. Specific objectives of the study.....	5
1.5.2. Research question	5
1.6. Research orientation.....	5
1.6.1. Research design.....	7
1.6.2. Research approaches.....	8
1.6.3. Study site	8
1.6.4. Target population	9
1.6.5. Study sample	9
1.6.6. Data collection methods.....	10
1.6.7. Data analysis and interpretation	12
1.7. Ethical considerations.....	12
1.8. Limitation of the Study.....	13
1.9. Thesis structure	13
CHAPTER 2: CONCEPTUALISATION AND THEORETICAL FRAMEWORK.....	15
2.1. Introduction.....	15
2.2. Conceptualising cooperatives	15
2.2.1. Historical background of cooperatives.....	15
2.2.2. Defining the concept of cooperative	16
2.2.3. Principles and values of cooperatives.....	17
2.3. Conceptualising community development.....	20
2.3.1. Defining community development.....	20

a. Self-help members	23
b. Asset-based community development	23
c. Self-development (Community).....	24
2.4. Summary and synthesis: Cooperatives as a vehicle to drive community development.....	24
2.5. Theoretical underpinnings of cooperatives in community development	25
2.5.1. People-centered development theory	26
2.5.2. Social capital theory	28
2.6. Conclusion.....	31
CHAPTER 3: LEGISLATIVE FRAMEWORK ON COOPERATIVES IN SOUTH AFRICA	33
3.1. Introduction.....	33
3.2. Historical legislative development for cooperatives in South Africa	33
3.3. The Cooperative Societies Act 91 of 1981	35
3.4. The Cooperatives Bill 4483 of 2000	36
3.5. Cooperative Bill 4 of 2005.....	38
3.6. The Cooperative Act 14 of 2005	39
3.6.1. The provisions of the Cooperative Act 14 of 2005	39
3.6.2. The Cooperative Advisory Board.....	40
3.7. Comparing Cooperatives Act (14 of 2005) and the Cooperative Societies Act (91 of 1981)	41
3.8. The Cooperative Amendment Act (Act 6 of 2013)	42
3.9. Conclusion.....	42
CHAPTER 4: LITERATURE REVIEW OF COOPERATIVES IN DEVELOPING COUNTRIES	43
4.1. Introduction.....	43
4.2. Government's role in the development of cooperatives in Kenya	43
4.3. Government's role in the development of cooperatives in Nigeria	45
4.4. General observations.....	47
4.5. Cooperative movement in South Africa	47
4.5.1. The cooperative sector in pre-democratic South Africa	48
4.5.2. The cooperative sector in post-apartheid South Africa	49
4.5.3. Challenges of cooperatives in South Africa	51
4.5.4. The role of cooperatives in community development	54
4.6. Synthesis: lessons learned from the Kenyan and Nigerian cooperative movement	55
4.7. Conclusion.....	56
CHAPTER 5: RESEARCH FINDINGS AND ANALYSIS	58
5.1. Introduction.....	58

5.2.	Introduction of the case: Motlouléla Farming Cooperative's profile and overview ...	58
5.3.	Demographic information	59
5.3.1.	Gender	59
5.3.2.	Age	60
5.3.3.	Marital status.....	60
5.3.4.	Level of education	61
5.3.5.	Employment status and household income	62
5.4.	Research Findings	63
5.4.1.	The founding motive of MFC had poverty alleviation at the core.....	63
5.4.2.	Empowerment through information sharing, skills development and training ..	64
5.4.3.	Creation and improvement of social capital	65
5.4.4.	Access to funding and how this improved social ties, trust, and self-belief	66
5.4.5.	Employment opportunities and prospects	67
5.4.6.	Other considerable benefits of the MFC to the village	67
5.5.	Discussion of research findings	68
5.5.1.	The initiation of Motlouléla Farming Cooperative.....	68
5.5.2.	Empowerment through capacity development and training.....	70
5.5.3.	Creation and improvement of social networks.....	71
5.5.4.	Access to funding and financial improvement	72
5.5.5.	Benefits of having Motlouléla Farming Cooperative in the village	73
5.6.	Summary of the findings.....	73
5.7.	Conclusion.....	74
CHAPTER 6: SUMMARY, CONCLUSION AND RECOMMENDATIONS.....		75
6.1.	Introduction.....	75
6.2.	Linking data, literature and theory	75
6.3.	Conclusion.....	76
6.4.	Recommendations	77
6.5.	Suggestions for future research.....	79
REFERENCE LIST		80
List of Addendums		93
1.	Permission Request Letter: Motlouléla Farming Cooperative.....	93
2.	Motlouléla Farming Cooperative Permission Granting Letter	94
3.	Ethical Clearance Letter	95
4.	Research Consent Form.....	96
5.	Research Guiding Questions: Sample.....	99

List of Figures

<i>Figure 2.1: Contemporary community development paradigms (Source: Adapted from Ogbeide, 2015:99)</i>	22
<i>Figure 4. 1: Trends in cooperative registration and deregistration (Source: Department of Trade and Industry, 2012:29)</i>	51
<i>Figure 4. 2: Provincial breakdown and status of cooperatives (Source: Department of Trade and Industry, 2010:9)</i>	54
<i>Figure 5. 1: Location of Motloulala</i>	Error! Bookmark not defined. 8

List of Tables

Table 5. 1: Age of the cooperative members	60
Table 5. 2: Marital status of cooperative members	60
Table 5. 3: Level of education of cooperative members	61
Table 5. 4: Employment status and household income of cooperative members	62

Abbreviations

ABET – Adult Basic Education and Training

CDA – Cooperatives Development Agency

CDW – Community Development Workers

CFI – Cooperative Financial Institute

CIPC – Companies and Intellectual Property Commission

DAFF – Department of Agriculture, Forestry and Fisheries

DSD – Department of Social Development

DTI – Department of Trade and Industry

GDP – Gross Domestic Product

ICA – International Cooperative Alliance

ILO – International Labour Organisation

LED – Local Economic Development

MFC – Motloulela Farming Cooperative

NGO – Non-Governmental Organisation

NYDA- National Youth Development Agency

RBSA – Reserve Bank of South Africa

SACCO – Savings and Credit Cooperative

SACP – South African Communist Party

SANACO – South African National Apex Cooperative

SETA- Sector Education Training Authority

SMME – Small, Medium and Micro Enterprise

CHAPTER 1: ORIENTATION OF THE STUDY

1.1. Introduction

Cooperatives have come to represent a resilient, vibrant and viable economic alternative for the achievement of societal goals because they are formed with the intention to meet people's everyday needs. They are rooted in the notion that a group of individuals can collectively accomplish goals which none of them could otherwise accomplish alone (Dogarawa, 2005:1). In South Africa, however, cooperatives are mainly weak and collapsing; with only a smattering of strong and vibrant cooperatives able to provide an economic boost to their communities (Thaba & Mbohwa, 2015:21). For this reason, this study assessed one such success story – the case of the Motloulela Farming Cooperative (MFC) in Limpopo province, and its role on community development.

This introductory chapter presents the background to the research topic and elaborates the research objectives and the methodology. The final section of the chapter presents the structure of the thesis.

1.2. Background

All over the world, groups of people work together to achieve common goals. Zeuli and Cropp (2004:1) note examples of collective action or cooperation that can be traced as far back as early hunter gatherers who, for their survival, had to perform activities and live together in groups rather than alone. The authors use the word “cooperative” in defining groups of individuals who cooperate in pursuit of shared goals. Although the concept of cooperation can be used in defining various types of group activity, this study refers to cooperation as it applies to a cooperative, as one of the viable economic vehicles for improving the socio-economic conditions of communities.

According to Tchami (2007:5), cooperative associations began in the 17th and 18th centuries in Europe and North America. These associations were the forerunners of cooperatives as they are known today. Notably, Zeuli and Cropp (2004:1) assert that in the 19th century, the Pioneers of the Rochdale Society in England launched the modern cooperative movement. These pioneers made a unique contribution to cooperatives by organising a set of guiding principles and instigating new laws which helped to foster the development of cooperative businesses, which is evident in cooperatives worldwide today (Zeuli & Cropp, 2004:1).

The experience of the cooperative movement in developing countries, especially in sub-Saharan Africa, differs from developed countries due to Africa's distinct history, socio-political context, and persistently high levels of poverty (Kwakyewah, 2016:1). Thus, the implementation of cooperatives on the continent has mainly been in an effort to reduce underdevelopment in all respects. As Holmen (1990:31) succinctly puts it, a "strong notion of cooperatives as change agents" has underpinned the African cooperative movement. By this, it is implied that cooperatives strive to ensure sustainable development of their communities - economically, socially, culturally and environmentally (Philip, 2003:3).

In the African and South African contexts, cooperatives were not organisations that were indigenously grown or developed, rather they were introduced by the colonial administration instead (Modimowabarwa & Richard, 2015:7). Tchami (2007:12) states that "colonialism was the key turning point in the development of cooperatives in the developing countries". He argues that under colonialism, cooperatives were perceived and used by colonial governments as a strategic tool to group individuals, and for exportable products to be collected, mainly for the economic benefit of the (colonial) 'home country'. In this way, colonialism negatively affected the cooperative movement in Africa in that the establishment of cooperatives was not in the interest of their members, but rather the colonisers who used cooperatives mostly to accomplish their own agendas. Consequently, a top-down, rather than bottom-up (or grassroots) approach was followed. This is also considered to be the case in South Africa.

Under the apartheid regime (1948-1994), cooperatives in South Africa were used for the advancement of the state's policies, and particularly to advance the economic interests of white South Africans, most of whom operated in the agriculture sector (Okem, 2016:72). Modimowabarwa and Richard (2015:7) argue that the apartheid government used a top-down approach to cooperatives, and this continues to be the case under the current democratic government. Consequently, the state's bureaucratic influence limited the independence of cooperatives and hindered them from reaching their full potential (Satgar & Williams, 2008:5).

In light of the above, the International Labour Organization (ILO) notes that "any direct government control of cooperatives goes against universal support for *self-help* fundamentalism, which grows cooperatives from the bottom-up approach" (ILO, 2010:5). The underlying idea of the self-help principle is that cooperatives are primarily intended to empower people or communities to take ownership of their initiatives so that they can meet their needs. This approach is adopted and argued for in this study, with a particular focus on the role of cooperatives in community development.

According to Zeuli, Freshwater, Markley and Barkley (2004:18), cooperatives, unlike non-cooperative enterprises, are capable of ensuring more sustainable economic and social benefits within communities. In the same vein, Kwakyewah (2016:1) emphasises that cooperatives could potentially play an essential role in the South African context because of their “compatibility with traditional African cultural values, their capacity to create *employment* and to provide *social protection*, particularly for many rural people”.

1.3. Rationale of the study

The literature on cooperatives reveals that they have the potential to be used as a vehicle for community development, especially in rural areas. This study set out to establish how effective a cooperative can be in achieving community development in a host community. The Motloulela Farming Cooperative (MFC) in the Fetakgomo Tubatse Local Municipality, in Limpopo Province, was the case study.

The Motloulela Farming Cooperative was chosen because it has been operating self-sufficiently for more than five years; unlike other cooperatives which cannot effectively operate without government support. This study is of significance as it has the potential to help other community members and communities gain a better understanding of how they could be empowered and improve their living conditions through cooperatives. Additionally, community development workers (CDWs) will benefit from this study as they will be alerted to their many roles in ensuring the empowerment of cooperatives and their members.

1.4. Research problem

According to Okem (2016:76), South Africa is one of the countries that has created an enabling legal environment for the development of cooperatives, especially since 2004. This resulted in a large number of newly established cooperatives. The Companies and Intellectual Property Commission (CIPC) acknowledged that there is a relationship between an increase in government support and an increase in registration of cooperatives (CIPC, 2014:105). Despite the increase in newly registered cooperatives, the sector is perceived to be underperforming, and remains largely weak in the country (Department of Trade and Industry, 2012:10). These cooperatives are unable to sustain significant performance in terms of employment creation or contributions to the economic development of their communities beyond their first year of registration. Only a few cooperatives have been able to successfully create sustainable employment (Derr, 2013:34).

Similarly, Modimowabarwa and Richard (2015:12) note that many cooperatives in South Africa have gone out of business even before their operations have begun. This is evident in the 88% failure rate for cooperatives during the 2009 financial year (Thaba & Mbohwa, 2015:21). Based on this, Thaba and Mbohwa (2015:21) argue that one of the reasons cooperatives fail is that they are proposed and formed by the government, assuming that community members are educated and will adopt what is proposed and sustain it themselves. In principle however, and in order to operate successfully, members must initiate cooperatives with government support, rather than cooperatives being initiated by government alone, as many case studies and the literature demonstrate (to be discussed shortly).

Zeuli and Radel (2005:43) mention that while cooperative developers, leaders, and community development practitioners still view cooperatives as an essential empowerment initiative and vehicle for community development, there remains a set of challenges to cooperatives functioning as such. A cursory look at the literature on cooperatives reveals that there is a dearth of solution-orientated accounts. In other words, many authors put effort into identifying and describing the challenges that lead to the high cooperative failure rate, without investing equal and corresponding effort in to demonstrating the role of cooperatives in community development. As a result, providing a comprehensive analysis of a thriving cooperative sheds light as to its effectiveness in as far as its role on community development is concerned; including what could be considered the success factors and therefore the building blocks for successful cooperatives, and infuse these lessons in the processes of forming new or reinvigorating existing cooperatives.

Regrettably, such research requires resources beyond the scope of this thesis. Therefore, this research is limited to a single case-study of the Motloulela Farming Cooperative within the Fetakgomo Tubatse Local Municipality in Limpopo Province. Although broad generalisations would not be permissible, the lessons drawn from the analysis are nonetheless valuable in providing guidance in the forming of new or reinvigorating of existing cooperatives for community development.

1.5. Research aim

The main objective of this study is to analyse the role of Motloulela Farming Cooperative (MFC) in its community. The analysis seeks to establish the extent to which the MFC has contributed to efforts to reduce poverty, create employment opportunities, foster skills-development for empowerment, and create new and improve existing social relations in the community.

1.5.1. Specific objectives of the study

- To explore the theoretical elements of a people-centered development approach and related concepts in defining the role of cooperatives in community development.
- To discuss the role of government in the development of cooperatives in Kenya and Nigeria and how community development was affected.
- To explore the historical development of cooperatives in South Africa.
- To analyse the role and impact of the Motloulela Farming Cooperative in its community according to the following indicators:
 - Poverty reduction
 - Employment creation
 - Skills development
 - Creation and improvement of social relationships.

1.5.2. Research question

How effective is the Motloulela Farming Cooperative as a tool for community development?

1.6. Research orientation

It is essential to distinguish between research design and research methodology at this juncture. Simply put, research methods may be understood as all the methods or techniques used in conducting research. Research methods, thus, refers to the methods and tools the researcher uses in performing research operations and carrying out the research.

The research method is a strategy of enquiry that moves from underlying assumptions to research design and data collection (Myers, 2009). There are differences in how research can be conducted; however, the most common methods are classified into either qualitative or quantitative research methods, with a mixed-method approach being a combination of the two.

According to Burns and Grove (2003:356), qualitative research methodology is underpinned by holistic, inductive, subjective and process-oriented methods used to interpret, understand and describe a theory on a problem or setting. It is a subjective approach that can be used to describe the experiences and perspectives of research participants and give them meaning. Qualitative research methodology is predominantly associated with experiences, words and language, rather than numerical figures, measurements or statistics, which are commonly associated with the quantitative research tradition (Babbie & Mouton, 2017:10).

The use of numbers versus words to draw the distinction between qualitative and quantitative is not effective – especially with multi-disciplinarity becoming increasingly common in many

research projects. For example, one can code qualitative case-study data to be interpreted quantitatively. As a result, the defining features of a methodology do not rest so much in the format of the data, but instead, in the way in which the data is collected. It is common to have a method of data collection, a survey interview for example, being applicable to both qualitative and quantitative research methods. What defines such a method as one or the other would be the question of how such a method has been applied. For methodology, it is thus more a question of 'how' than 'what'.

The most reliable way to define whether research could be classified as qualitative or quantitative by far relates to theory building. To be precise, researchers use the question of whether the research uses theory as a point of departure or uses data to arrive at theory instead (Van Wyk, 2002). As alluded to in the preceding paragraphs, other researchers further distinguish the two methodologies with the aims of the methods deployed, and types of questions identifiable with each methodology (Burns and Grove, 2003:356). Qualitative methods seek 'to understand', and are therefore characterised by 'why', 'what' and 'how' questions, while quantitative methods aim to 'measure' and are thus characterised by questions of 'how much', 'how many', 'to what extent' and related questions (Van Wyk, 2002; Patton & Cochran, 2002; Kothari, 2004:3-4).

Each methodology has limitations. For qualitative methodologies, the following criticisms are raised (Patton & Cochran, 2002):

- The samples are small and not necessarily representative of the broader population, and therefore it is difficult to know how far the results can be generalised.
- The findings lack rigour; and therefore, open themselves to possible manipulation and are considered less 'scientific'.
- Bias and subjectivity are inherent. This makes it difficult to tell how far the findings are biased by the researcher's own opinions.
- Qualitative research often does not pass the test of replicability. This limits the ability of other researchers to test the objectivity of the research findings.

The following criticisms are levelled against quantitative research methodology (Bryman, 2016):

- Humans cannot (and should not) be treated as objects. Instead, their holistic being should be acknowledged and respected. This cannot be achieved by means of quantitative research methodology as the methodology imposes theory on lived reality.

- It is best suited to the investigation of structure rather than process and is therefore limited in as far as adaptability and flexibility are concerned.
- The analysis of relationships between variables creates a static view of social life that is independent of people's lives.
- The measurement process imposes an artificial and spurious sense of precision and accuracy. Thus, quantitative researchers assume that everyone who answers a survey interprets the questions in the same way – in reality, this may not be the case.

In view of the foregoing section, it is evident that irrespective of which methodology one adopts, each has its own limitations and therefore the research product is not immune to possible criticism. Be that as it may, every researcher nevertheless has to make a decision as to which methodology to adopt and why. Below follows the decision concerning the research methods chosen for this study, and what informed it.

1.6.1. Research design

Research design can generally be described as a process, plan and structure of how the study is to be conducted (Mouton, 2001:4). Therefore, research design functions as the blueprint of any research project as it helps to determine the objectivity, validity and nature of data to be collected (Marshall & Rossman, 2006:52-56).

This study has adopted a case study design. Case study design is applicable virtually to all disciplines and fields of study (Yin, 2014: 17-18; 30). Notably, the 'how' and 'why' questions – which are commonly responded to with a case study – are relevant in all disciplines (Blatter, 2012: 2). Yet, unlike other research designs, a comprehensive and standard catalogue of research designs for case studies does not exist and, therefore, there is no scholarly consensus on how to go about it (Blatter, 2012:2).

According to Yin (2003:20), a case study is defined as “an empirical research method used to investigate a contemporary phenomenon, focusing on the dynamics of the case, within its real-life context”. This means a focus on detailed insights into the case in a natural setting. There are three types of case study strategies, namely:

- Exploratory, which aims to explore what happened via identifying causal relationships.
- Explanatory, which aims to explain what happened through explaining causal relationships.
- Descriptive, which aims to describe what happened within a set context.

The case study strategy utilised in this study is explorative. This was chosen in order to systematically and accurately explore and analyse the role and impact of the MFC in relation to community development in Motloulela village. Further, this was done in order to contribute to knowledge about MFC as a particular organisation carrying with its potential knowledge. Although this knowledge cannot be used to universally generalise, it nonetheless provides insights into processes and dynamics that must be taken into account in the formation and operating of a cooperative.

1.6.2. Research approaches

In this study, a qualitative research methodology was utilised. Despite the criticism levelled against qualitative methods, a qualitative approach was best suited to this study for various reasons. First, the overall objective of this study is to analyse the role of MFC on development within its community. Analysing MFC's role would not be possible without putting the perspectives and experiences of the research participants at the centre of this study. Narrative data (alternatively, verbal data), collected by means of qualitative interviews, falls squarely within the parameters of qualitative research methodology.

Second, researchers strongly emphasise that where little to no information exists concerning a study subject, exploratory research be conducted (Akhtar, 2016:68). Exploratory studies are qualitative in nature by their very design and detail (Van Wyk, 2002; Akhtar, 2016:68). Qualitative research requires comprehensive knowledge about the subject of the study for the researcher to write, for example, a Likert scale or survey questionnaire. With no detailed report published on the MFC to use as a starting point in the research, the researcher has had to adopt an exploratory approach rooted in the qualitative research tradition. This ensures greater prospects for achieving detail and depth in the study.

Third, concurring with the view that a quantitative approach is best suited to the investigation of structure rather than process in organisational settings, it is likely that context plays a significant role in some respects to creating and sustaining MFC's success. Only a qualitative approach can confirm or disprove this assumption sufficiently.

1.6.3. Study site

The study focuses on Motloulela Farming Cooperative (MFC) in the Fetakgomo Tubatse Local Municipality. The municipality is known as the 'middelveld' as it is located between the Highveld and Lowveld regions. It is located within the Sekhukhune District Municipality (SDM) of Limpopo Province. The municipality comprises approximately 342 villages, and is

largely dominated by rural landscape, with only six proclaimed townships. Like most rural municipalities in South Africa, Fetakgomo Tubatse Local Municipality is characterised by a weak economic base, unemployment, and high poverty levels. As a solution to these problems, most people turn to farming cooperatives as a tool to reduce poverty, create employment and ensure food security in rural communities (Fetakgomo Tubatse Local Municipality IDP, 2018: 16-17).

The agricultural cooperatives in greater Fetakgomo Tubatse Municipality are still emerging and underinvested. However, agricultural cooperatives remain the second major source of income and employment in the region. StatsSA data from 2013 paints a picture of a sector that is gradually experiencing a steady year-on-year growth in output and job creation. For instance, in a 12-year period review, agricultural jobs rose from 13957 in 2001 to 22817 in 2013 (Fetakgomo Tubatse Local Municipality IDP, 2018:158).

1.6.4. Target population

A ‘target population’ is defined by Babbie and Mouton (2003:100) as the group of people, items, objectives or elements who meet the designated set of criteria for the study and about whom one wants to draw a conclusion or conclusions. The target population in this study constituted all eighteen members of the Motloulela Farming Cooperative.

1.6.5. Study sample

Sampling refers to the process or act of identifying and selecting the study participants. Before any sampling can take place, however, the sample population (also referred to as ‘universe’) must first be defined. A ‘sample population’ refers to the overall group of individuals from which research participants are to be selected (Bryman, 2016:9).

Bhattacharjee (2012:66) categorises sampling techniques into two groups: probability sampling and non-probability sampling. Probability sampling means that there is somewhat equal chance for every unit of the population to be included in the sample. Those who are sampled are, therefore, a microcosm of the entire population. Under this sampling method, every item of the universe has an equal chance of inclusion in the sample. It is, metaphorically, a ‘lottery’ method in which individual units are selected from the whole group, not deliberately, but based on some non-subjective mechanical process (Kothari, 2004:60). Examples include simple randomised sampling, and complex randomised sampling.

Non-probability sampling is not aimed at awarding all units an equal weighting in selection chance; instead, a clear rationale is used when selecting specific participants. Non-probability

sampling does not afford any basis for estimating the probability that each unit in the population has of being included in the sample. Non-probability sampling is also referred to as deliberate sampling, purposive sampling, and judgement sampling. In this type of sampling, items for the sample are selected deliberately by the researcher depending on a set of considerations (Kothari, 2004:59). Examples include haphazard sampling, convenience sampling, and purposive sampling.

The population of this study is eighteen participants, and this study adopted the non-probability sampling approach in the selection of fourteen participants. These fourteen participants were interviewed in the study. In particular, purposive or judgmental sampling was used to select the research participants from the MFC. Purposive sampling, “is a form of non-probability sampling in which researchers rely on their judgment when choosing members of the population to participate in their study” (Creswell, 2012:216). The researcher utilised purposive sampling technique because of the knowledge possessed by the participants selected, which in turn enabled them, as key informants, to provide necessary information that could not be obtained from others.

1.6.6. Data collection methods

The study collected both primary and secondary data. The secondary data was collected through the literature review and document analysis. Bhattacharjee (2012:21) states that the literature review achieves three essential objectives in research: “(a) to survey the current state of knowledge in the area (or subject) of inquiry; (b) to identify key authors, articles, theories, and findings in that area; and (c) to identify gaps in knowledge in that research area”. This has been the case in this study as the literature was used to examine the role of government in the development of cooperatives in Kenya and Nigeria in order to understand how their role in community development was affected. Through the literature, the development of South African cooperatives was also explored.

An analysis of documents from StatsSA Census, Fetakgomo Tubatse IDP (2018-2020), the Cooperative Alliance, Department of Trade and Industry, Department of Agriculture, Forestry and Fisheries, and the Companies and Intellectual Property Commission (CIPC) was conducted to gather statistical and registry information.

The literature review used a comparative approach when analysing information about the development of cooperatives in other countries. Comparative research is “a method of analysis that focuses on several objects of study in order to identify similarities and differences” (Paisey

& Paisey, 2010:181). This study focused on the differences regarding the impacts of government's role in the development of cooperatives in Kenya and Nigeria. These countries were chosen because their cooperatives are seen to play a significant role, directly and indirectly in ensuring poverty reduction in rural communities, the creation of employment opportunities, and building of social cohesion. For this reason, lessons were drawn from these countries regarding their cooperative's role in community development. The literature also demonstrated how cooperatives were developed in South Africa, both during and after apartheid. Challenges confronting cooperatives in the country are also recorded.

Primary data was collected using qualitative individual interviews. The researcher had to adapt and change from focus group discussions to individual interviews because the interviews were conducted during the winter months, at a time when fewer cooperative farmers are together owing to less activity on the farm. Moreover, each member of the MFC has their own plot, and therefore keeps their own schedule due to the variety of the agricultural produce farmed by each member.

The term 'qualitative interviews' refers to interviewing techniques that provide qualitative (verbally, visually, or textually rich) data. According to Kelly (2012:2), "qualitative interviews are appropriate to research questions regarding the meaning of events or phenomena to research participants. A primary consideration of good interviewing strategy and technique is the need to balance the desire to uncover and probe the meanings and perspectives of respondents with the need to accomplish a researcher's objectives." This is consistent with the exploratory nature of the case study approach used in this study (as per subsection 1.6.2 above).

Characteristically, qualitative interviews must address and incorporate both rigour *and* subjectivity in the scientific process. How qualitative research should be evaluated, and how 'rigour' is achieved, are contentious issues within the qualitative research community that speak to the traditional contest between positivism and interpretivism (Kelly, 2012:3). It is for this reason that the data has been triangulated, and the findings shared with the respondents to confirm that the processed data, at best, represents, or at the very least is consistent with, the respondents' points of view.

In semi-structured interviews, the interviewer pre-plans a set of questions which guide (as opposed to direct) the interview. Questions were modified based on ideas emerging during the interview process. In addition, the use of semi-structured interviewing enabled deeper exploring and probing during the interview process. Furthermore, the flexibility of qualitative

interviews allowed for clarification of confusing responses, during the interview, by use of key words.

1.6.7. Data analysis and interpretation

According to Creswell (1994:155), data analysis is a process in which interview transcripts, field notes and other necessary materials are assembled and arranged to ensure an increased understanding of the topic being researched and to present it to others. De Vos (1998:336) defines analysis as a reasoning strategy aimed at breaking a complex whole into meaningful parts. Data interpretation is further described as a process whereby interview transcripts and field notes are utilised to explain the events (or any phenomenon) and test the hypotheses of the study.

A combination of content and thematic analysis was used in this study to analyse the data collected from the research participants. According to Maguire and Delahunt (2017:3352), thematic analysis “is a process of identifying patterns or themes within qualitative data”. Mouton (2006:161) notes that during data collection, the investigator can collect a considerable amount of data, which needs to be reduced to manageable proportions by identifying recurrent patterns emerging as themes. On the other hand, content analysis is a process whereby any form of communication, including texts, words, images, and so forth, is subject to a process of ‘counting’ based on (Hardy & Bryman, 2011: 3-4):

- The frequency of certain words, phrases, and other linguistic sets.
- The use of an established coding frame designed to generate measurements from qualitative materials.

In both types of analysis, codes were used to process the collected data in order to identify and understand the meanings of the key terms used by the respondents, to divide those terms into categories and themes, and ultimately to draw inferences from the data.

1.7. Ethical considerations

Given the necessity of adhering to ethics and ethical conduct in any research endeavour, ethical clearance from Stellenbosch University provided approval for data collection and conducting interviews. After application approval, permission was sought from relevant stakeholders and members of the Motlouloula Farming Cooperative to participate in the study. Participants were given detailed information regarding the purpose of the study as well as the assurance that data collected would be used solely for research purposes.

Furthermore, participants were informed that their participation in the study was voluntary and, therefore, they were free to withdraw at any given time. Additionally, participants were informed that they were free to decline answering any question in the interview. Most importantly, the interviewees were assured that their anonymity would be safeguarded. In order to promote anonymity and privacy of the participants, the researcher ensured that participants were not recorded, and their names were not mentioned in the study.

1.8. Limitation of the Study

One of the limitations in this study was financial. The Motloulela Farming Cooperative is based in a deep rural area with a lack of available transport. Therefore, travelling to the village is a challenge, as it requires one to hire a car or to have their own transport. The study was also constrained by lack of trust from the participants who found it very difficult to share their financial reports with the researcher. This became a challenge for the researcher when analysing the cooperative's finances in order to understand how the cooperative sustains itself. There was also lack of cooperation and willingness from some members of the cooperative to participate in the study, as they expressed the thought that too many people were asking questions about their cooperative, without being given anything in return. Lastly, this study was constrained by time, because I only had time available to conduct one set of interviews, without follow-up.

1.9. Thesis structure

Chapter one has presented the background to the research study. The research objectives of the study were also explained, together with the methodological design and orientation.

Chapter two defines cooperatives, their guiding principles, and furnishes a conceptual frame on which to unpack the meaning of 'community' and 'community development'. This chapter shows that the conceptualisation of community development generally denotes and encapsulates the societal goal of improving people's lives and livelihoods. On the other hand, cooperatives are understood as one of the vehicles for improving the wellbeing of locals. Chapter two also discusses three contemporary community development paradigms, namely self-help; asset-based; and self-development paradigms, to demonstrate how cooperatives can function as vehicles for community development. This chapter further explores the people-centered development theory and other related concepts including public participation, empowerment and bottom-up development approaches, in order to emphasise the importance

of people participating in the matters affecting their lives. Social capital theory is also explored to demonstrate how social networks can be created and improved through cooperatives.

Chapter three briefly provides the legislative framework that guides cooperative operations in South Africa.

Chapter four examines the role of government in the development of cooperatives in Kenya and Nigeria, and how this affected the cooperatives' role in community development. Furthermore, the chapter presents how cooperatives were developed in South Africa, both during and after apartheid. Challenges confronting cooperatives in the country are also recorded. However, this chapter reveals that while many South African cooperatives are faced with challenges, a few are flourishing and contributing significantly to community development.

Chapter five presents and interprets the results of the study in reference to the research objectives. The presentation of findings is preceded by a demographic profile of cooperative members. Other remaining information is categorised according to the themes identified in the interview notes.

Chapter six provides a study summary, conclusion, and recommendations for further research. The summary demonstrates the link between the empirical data collected, the literature reviewed, and the theoretical framework. The recommendations are based on the overall results of the study. This chapter also provides suggestions for further research.

CHAPTER 2: CONCEPTUALISATION AND THEORETICAL FRAMEWORK

2.1. Introduction

The origin of the modern cooperative movement was located in England in 1844 (Zeuli & Cropp, 2004:5). Since their emergence, cooperatives have played a significant role in community development around the world.¹ Due to their focus on mobilising local resources into a critical mass to meet community members' needs, cooperatives are perceived to be viable vehicles for community development. The first section of this chapter presents a conceptual overview of cooperatives and community development. This section then argues that community development represents a societal vision pertaining to the improvement of people's wellbeing, while cooperatives represent a commercial vehicle that can be used to achieve that vision. The second section provides the theoretical underpinnings of this study, discussing two theories, namely: people-centered development theory, and social capital theory. This is done to demonstrate how cooperatives can be and are used as viable vehicles for community development.

2.2. Conceptualising cooperatives

2.2.1. Historical background of cooperatives

Okem (2016:21) notes that the cooperative movement - as it is currently known - had its origins in the European Industrial Revolution. These modern cooperatives were a reaction to the wretched living conditions wrought by the Industrial Revolution, which started in England about two hundred years ago. During that time, artisans and other labourers in the textile industry lost their jobs due to the introduction of machines in the production process. Moreover, the concentration of capital in the hands of a few industrialists resulted in the pauperisation of many smallholder farmers and artisans (Okem, 2016:21). In both rural and urban areas, high incidences of poverty prevailed. These members of society did not have any institution or organisation to defend them against the exploitation of the capitalist class (Okem, 2016:22). Thus, they started cooperatives as a way to improve their economic and social condition.

These cooperatives observed rules and regulations, which proved to be successful, and they grew into a robust national movement. The town of Rochdale in England, came to define the basic rules governing cooperatives, namely the Rochdale principles in 1844, which are

¹ Among others, example cooperatives include Rural Electric Cooperative in Lindsay, Oklahoma; The Heiveld Rooibos Cooperative in Northern Cape, South Africa; the ASMARE waste cooperative in Brazil; Oromia Coffee Farmers' Cooperative in Ethiopia; Githunguri Dairy Farmers' Co-operative Society in Kenya.

recognised throughout the world (Zeuli & Cropp, 2004:5). According to Hannan (2014:35), the Rochdale Pioneers merged their resources and started a cooperative selling common foods and household supplies in a small shop. They started their scheme in 1844, which is regarded as the year of the birth of the cooperative movement.

In light of the above, it is apparent that the emergence of cooperatives was mainly to address the needs of vulnerable/exploited individuals in society. To date, this view remains cardinal as entities such as the Cooperative Development Institute (2011) continue to propagate the cooperative model as an economic organisation that can cost-effectively meet the shared needs of the poor and vulnerable.

2.2.2. Defining the concept of cooperative

There are different ways of defining cooperatives. Ogbeide (2015:96) defines a cooperative as “a group of voluntary persons who jointly conduct affairs for their socioeconomic interests often in a sustainable manner, based on self-help and mutual assistance, and are registered under law or statute”. Zeuli, Freshwater, Markley and Barkley (2004:20) define a cooperative as a model for promoting economic goals and social empowerment. Similarly, Okem (2016:23) notes that cooperatives are a viable tool for bringing people together to be empowered via collective solidarity. He further emphasises that if different individuals in a group feel empowered, they will most likely mobilise their resources to meet their shared needs.

There is also a definition by the International Cooperative Alliance (ICA), which is commonly used. The ICA defines cooperatives 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” (ICA, 1995). In this definition, the ICA highlights the crucial element of cooperatives: membership is voluntary, and people are united in helping each other to satisfy their collectively identified and defined needs. In essence, cooperatives allow individuals to join voluntarily and to quit them at any given time. Most importantly, Zeuli *et al.* (2004:28), note that the definition also emphasises the social and cultural values that most of the definitions fail to highlight. For this reason, the definition of cooperatives proposed by the ICA underpins the understanding of cooperatives in this study. In line with ICA’s definition, there is an increasing emphasis on the non-economic benefits of cooperatives. What is important here is the recognition that self-organisation through a cooperative is an important approach that simultaneously achieves social and economic outcomes.

The conceptualisation of a cooperative highlights the features that make it unique when compared to traditional businesses. One of the main features of a cooperative is that “it is one of the few forms of enterprise, if not the only one, where the members are both the recipient of the benefits of the collective business and also the owners” (Tchami, 2007:14). In this case, cooperatives are seen from an economic and a political perspective. From an economic perspective, members, depending on the nature of the cooperative, use the products and services of their cooperative. For instance, agricultural cooperatives provide substantial economic benefits to farmers through sharing and pooling of resources, improved access to markets, higher returns for their products, and a strengthened bargaining position; while housing cooperatives provide housing at considerably lower cost than conventional or mainstream approaches/vehicles. From a political perspective, it implies that members play an essential role in the management of the cooperative because they are both the beneficiaries and owners of the cooperative.

2.2.3. Principles and values of cooperatives

Throughout the world, a set of values and seven fundamental principles guide the cooperative movement. The values and principles make cooperatives unique regardless of where they are located. The general values of cooperatives are self-help; deepening and enhancing democracy, equality, equity, solidarity; and adherence to the ethical values of honesty, openness, social responsibility and caring for others (Okem, 2016:24).

The Rochdale Pioneers formulated the principles of cooperatives in 1844 to define their model of a cooperative and modalities of administering them (ICA, 1995). The seven principles are explained in the following paragraphs.

a. Voluntary and open membership

According to the International Cooperative Alliance (2015), the first principle of the cooperative movement emphasises that cooperatives are organisations for members to enter in to voluntarily. This is to say, they are open to every individual who has an interest in participating in or using the services of, and willing to adhere to all the responsibilities associated with being a member of the cooperative. With this in mind, Tchami (2007:15) argues that although this principle allows free entry and exit, it does not mean admission of an unlimited number of members. He notes that some cooperatives can only allow for a certain number of members depending on the capacity and nature of the cooperative. Furthermore, the underlying idea of the principle is that people should not be discriminated against based on

their gender, social, religious, racial or political orientation or status, should they want to join or start a cooperative.

b. Democratic member control

Cooperatives are democratic, member-owned and controlled organisations. The members are responsible for the governance of their cooperative by setting and making policies (Zeuli & Cropp, 2004:45). According to Kumar, Wankhede and Gena (2015:1259), the principle of democratic member control stands at the core of cooperative movement as it ensures commitment to the satisfaction of its owner's needs. The democratic approach is realised through the "one-member-one-vote" method. On this point, Kumar *et al.* (2015:1259) indicate that it is impossible for all members to manage a business jointly. Consequently, the members usually appoint other persons to serve as managers or directors to act on their behalf. Still, the members have considerable power to designate and dismiss their director and monitor their performance.

c. Member economic participation

Given that the user-owners run a cooperative, the underlying idea of this principle is that members are required to contribute equally to their cooperative (ICA, 2007). The kind of cooperative sector wherein members operate (such as agriculture, financial services, housing, consumers, etc.) determines the kind of contribution members make. The economic participation of members can be through the purchasing of shares in a cooperative, and it is also necessary that members cooperate accordingly when making their contribution in the cooperative (Zeuli & Cropp, 2004:45). As mentioned above, cooperatives are owned and controlled by their members, thus the members are the recipients of the "benefits of the collective business" (Tchami, 2007:14) and the surpluses of cooperatives are used by the members (ICA, 2007). Those surpluses can be utilised to improve their cooperative and other activities such as "community development programmes that are supported by members" (Okem, 2016:4).

d. Autonomy and independence

Cooperatives are autonomous and self-help organisations controlled by their members (ICA, 2015). If cooperatives successfully adhere to this principle, Hannan (2014:25) indicates that they would be free from any influence of other parties such as development agencies, government or non-governmental organisations (NGOs). The fundamental idea of this principle is to ensure that cooperatives meet the needs of their members without any

manipulation from external agents (Nannyonjo, 2013:23; Hannan, 2014:38). As a result, governments are usually confined to an enabling role and/or providing an enabling environment to encourage the growth of cooperatives as self-governed organisations (Kumar *et al.*, 2015:1259).

e. Education, training, and information

The fifth principle of the cooperative movement is an emphasis on the provision of education and training to their members, appointed representatives, directors and employees in order for them to contribute effectively to the improvement of their organisation (Zeuli & Croop, 2004:45; Tchami, 2007:18; Okem, 2016:5). Okem (2016:5) argues that education and training leads to the empowerment of cooperative members as well as encouraging them to actively participate in decision-making. Furthermore, trained and educated directors or appointed representatives must have the requisite skills to oversee the daily activities of the cooperative. Moreover, this principle emphasises that cooperative members should educate the general public about the running and the benefits of cooperatives (Tchami, 2007:16). This might encourage people to join or start cooperatives.

f. Cooperation among cooperatives

Promoting cooperation among cooperatives is the sixth principle of the cooperative movement. The main focus in this principle is that “cooperatives ought to serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures” (ICA, 2007). Cooperation ensures the sustainability and viability of the cooperative movement as cooperatives could utilise and exploit the opportunities through the networks created. (ICA, 2015). Similarly, Okem (2016:6) highlights that cooperation can also lead to the circulation of business opportunities and income amongst cooperatives.

g. Concern for the community

The seventh and last principle of the cooperative movement emphasises that cooperatives ought to have a strong concern for the communities in which they operate (ICA, 2007). This principle implies that cooperatives must ensure that communities are sustainably developed – economically, socially and culturally. For this reason, cooperative members have the responsibility of deciding how a cooperative can make a positive contribution to their community. By so doing, cooperative members could be agents of social change in their communities by adopting particular policies to enhance sustainable development. Similarly,

Bertulfo (2017:106) notes that “while cooperatives are focusing on members’ needs and wishes, they should also work for the sustainable development of their community”.

The above views suggest that community development is implicit in the seventh principle because by addressing members’ socioeconomic needs, the lives and livelihoods of the members are improved. According to Zeuli *et al.* (2004:18), cooperatives have “the potential to create more substantial social and economic benefits within a community than non-cooperative firms”. For this reason, community development, which is the overarching societal goal and ideal of cooperatives, is explored in the following section.

2.3. Conceptualising community development

2.3.1. Defining community development

Phillips and Pitman (2009:5) assert that the meaning of “community development” must first begin with a definition of “community”. Anheier and Toepler (2010:1) define “community” as “a group of people sharing common activities and/or beliefs, and who are bound together principally by relations of affection, loyalty, common values, and/or personal concern”. This suggests that a group of individuals becomes a community based on a set of meaningful connections where members of any size have something in common. Similarly, Kotze and Swanepoel (1983:8) argue that a community has a psychocultural element, whereby people have relationships based on their communal values, goals, and beliefs.

Additionally, De Beers and Swanepoel (1998:17) view the “community” in three ways. Firstly, they define it in terms of geographic locality, whereby the residents share the same physical space and have psychological and social ties with one another. Secondly, the community is based on shared interests and needs that unite a group of people. Lastly, they define community in terms of deprivation and disadvantage, which is centered on poverty and need in traditional African villages or informal settlements in urban areas.

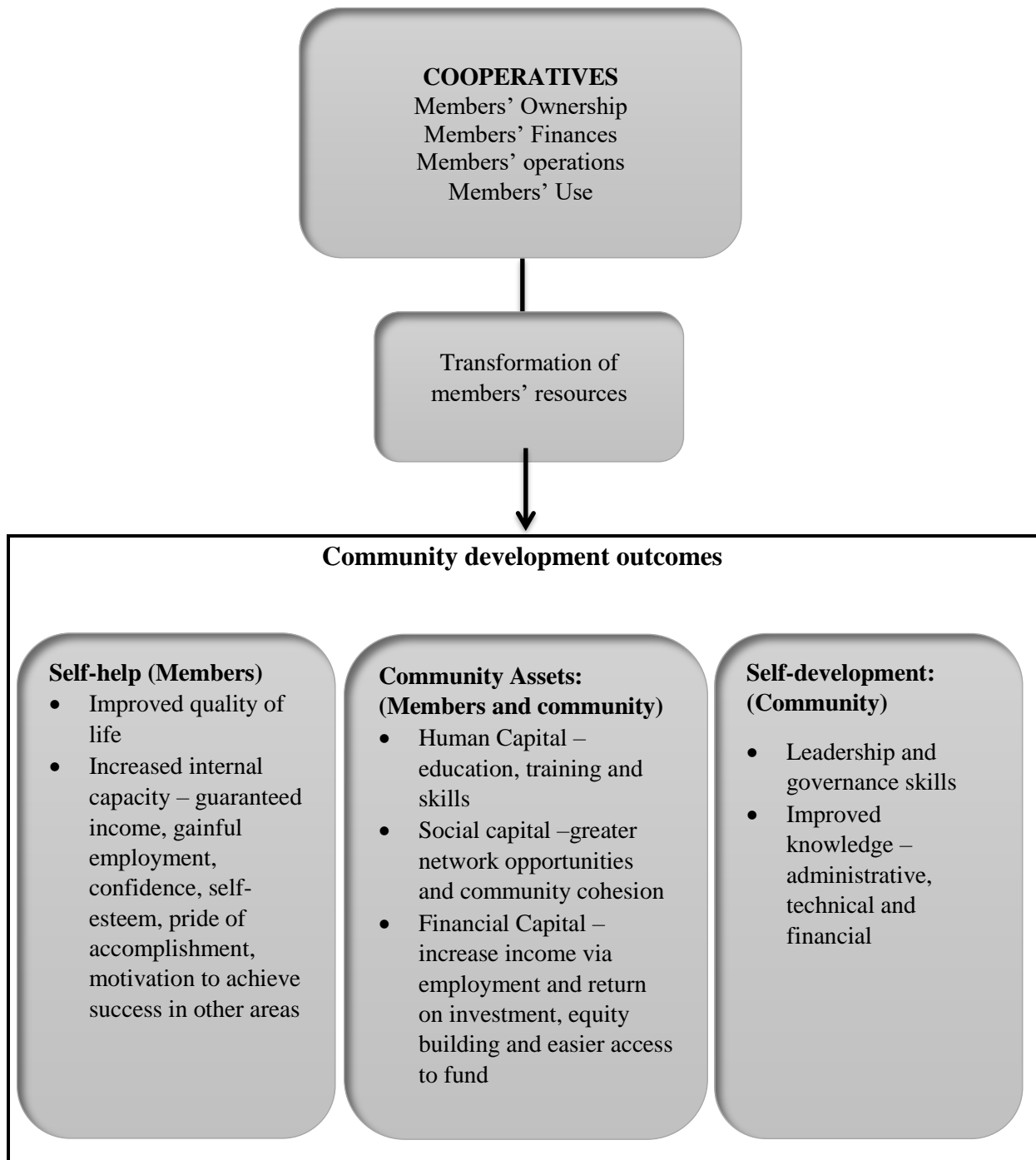
These definitions show that a community comprises people and the ties that unite them, sometimes going beyond geographic location. Community development is thus about developing “stronger communities of people and the social and psychological ties that they share” (Phillips & Pitman, 2009:6). Kotze and Swanepoel (1983:2) note that community development is based on the philosophy that people in the local area have rights and responsibilities to choose and make their own decisions concerning development objectives that affect their lives. Moreover, it is asserted that “community development embodies the belief that lasting progress can only be achieved through the development of local

understanding, local initiatives, and local self-help, with as much local participation as possible” (Kotze & Swanepoel, 1983:3). Thus, community development projects should be approached from the local people’s perspective because changing the local situation as a way of improving the wellbeing or conditions of the people is not possible or viable if the community does not regard such change as an improvement.

Gilchrist and Taylor (2011:9) further highlight that community development represents a broad approach whereby people work together to achieve greater levels of social justice. A group of individuals, and the networks they create, could bring about change in their communities. This kind of change might be shaped by local people’s desires to improve municipal service delivery in the community, for example, or via creating employment opportunities through cooperative initiatives. On the other hand, these changes can be driven by government or external agents to ensure that residents’ quality of life is improved; for example, providing funding to small businesses to promote entrepreneurial opportunities in the community (Gilchrist & Taylor, 2011:9).

Concisely, it is implicit in most definitions of community development that people work together to resolve their common issues in their respective communities (Kotze & Swanepoel, 1983:3; Phillips & Pittman, 2009:6). However, Phillips and Pittman (2009:6) are of the view that the definition of community development ought to also focus on the actions, results or outcomes when local people initiate projects that have the potential of bringing better opportunities concerning their cultural, economic or social wellbeing. This definition is adopted to guide this study. Based on Phillips and Pittman’s definition, this study defines community development as enabling or catalysing people’s ability to take charge of their lives. The following community development paradigms demonstrate how people take control of their development (see *Figure 2.1*):

Figure 2.1: Contemporary community development paradigms



Source: Adapted from Ogbeide (2015:99)

a. Self-help members

According to Phillips and Putman (2009:63), self-help is regarded as the cornerstone of community development. This is because it mobilises the cultural and material assets of the society, builds and utilises agency and, most importantly, encourages citizens to become interdependent and independent (Bhattacharyya, 2004:21). The underlying principle of self-help is that when people are in good health, they are capable of taking care of themselves, being productive, able to reciprocate, and exercise active (as opposed to passive) citizenship.

In light of this, Ogbeide (2015:99) argues that “cooperatives create a model of self-help community development where members are at the core of the process with the goals of improving the quality of life and increasing the internal capacity of the community to create change by institutionalising the community development process”. This means that through cooperatives, the underlying principles of self-help are fulfilled because the members are at the centre of their projects, and they can pool their resources to achieve their desired outcomes. By so doing, they are also able to increase their internal capacity when addressing problems in their cooperatives.

b. Asset-based community development

Asset-based community development rests upon building and strengthening the assets of the community rather than primarily focusing on its problems and deficiencies. Phillips and Putman (2009:40) indicate that this approach does not ignore the issues the community faces, but it makes it a priority to focus on the strengths and small achievements in order for the society to feel encouraged and to see the positive aspects of their community. Phillips and Putman (2009:40) state further that assets are “a useful or valuable quality, person or thing, an advantage or resource”. This implies that within the framework of asset-based community development, one perceives the individual, local institutions, associations and organisation to be valuable and useful.

According to Ogbeide (2015:100), cooperatives can play a vital role in helping communities develop their assets by transforming the assets contributed by the members. He asserts that assets of the community are considered to be physical, human, financial, social and environmental. Thus, as cooperatives are initiated, owned and controlled by local people, they also strengthen and build human capital, financial capital and social capital of the community (Ogbeide, 2015:100). For instance, cooperatives strengthen local human capital through education, training and leadership opportunities that enable members to improve their skills in, for example, managing and administering cooperatives.

c. Self-development (Community)

According to Zeuli and Radel (2005:49), “self-development seeks to completely internalise community development by diminishing and ultimately eliminating the role of external agents”. This model of community development further highlights that community people should work together and invest in their own community; for example, using their financial resources to start businesses that are owned and controlled by them. Moreover, Zeuli and Radel (2005:50) argue that self-development aims to ensure that community development becomes internalised by limiting the role of external agents. The main principle of self-development is to ensure that the community has the power to control their local economy. This is in line with the principles of cooperatives because it is through cooperatives that members are afforded chances to develop, own and control their local projects and they can also use the accumulated human and financial capital to develop their community.

2.4. Summary and synthesis: Cooperatives as a vehicle to drive community development

The preceding sections have provided the conceptualisation of cooperatives and community development, their features, and functions. The conceptualisation of community development generally denotes and encapsulates the societal goal or vision of improving people’s lives. Cooperatives are understood as one of the vehicles to achieve this goal or vision (Consider chapter 4, subsection 4.5.4). Cooperatives are viable economic vehicles for local people to work together in order to improve socioeconomic conditions in their communities (Majee & Hoyt, 2011). Zeuli and Radel (2005:43) are also convinced that “cooperatives are important vehicles for community development because they mobilise local resources into a critical mass and their structure allows them to be more community-oriented”. Cooperatives, in short, enable and facilitate the enhancement of people’s lives through the institutionalisation of a community development process and project (Ogbeide (2015:99). In other words, the evidence suggests that cooperatives are viable and effective vehicles in bringing people together to work towards a common goal of meeting their shared needs through cooperation (Majee & Hoyt, 2011:50).

The characteristics of community development and principles of cooperatives further show that local development should not be determined/dictated by external forces and agendas. Concerning this, it is emphasised that local residents should work together and invest in their community by building and strengthening the assets of the community rather than primarily focusing on its problems and deficiencies. Phillips and Putman (2009:40) call this an asset-based community development approach as it focuses on the strengths of the community – that

is, grasping and mobilising the extant resources inherent in the community such as the different and diverse skills, capabilities and capacities.

The preceding sections reveal that cooperatives, as one of the vehicles to community development, can promote “development that is not only society-centered but is also democratic and people-centered” (Majee & Hoyt, 2011:52). This means that cooperatives provide groups of people with the opportunities to participate in, negotiate with, influence, control and hold the institutions that affect their lives accountable. These kinds of opportunities empower community members as they learn to rely on each other and work collectively to improve their living conditions and the wellbeing of their community (Majee & Hoyt, 2011:53). As people work together in a cooperative, they learn to trust each other, build community identity, establish community norms, and commit to providing benefits and helping one another.

Accordingly, the abovementioned informs the theoretical framework adopted in this study, i.e. people-centered development theory and social capital theory. Therefore, having explored and described the underlying operating principles of cooperatives and community development, the next section examines the theoretical underpinnings of cooperatives as a vehicle for community development.

2.5. Theoretical underpinnings of cooperatives in community development

Two primary theories inform this study: people-centred development theory, and social capital theory. Cooperatives have implicit connotations of the humanist paradigm in the sense that they put people at the centre of the initiatives in the belief that people are capable of taking control of their own destinies. People-centered development theory is consistent with a bottom-up approach promoting sustainable community development, as the greater level and sense of ownership ensures that the people benefitting are equally invested in seeing the cooperative’s success.

Cooperatives are possible because either people have existing social relationships, or new social relationships emerge as the cooperatives develop. For people to be inclined to collaborate and work together in achieving common goals, there must be a ‘glue’ that binds them together. It is for this reason that social capital theory is used to explore the nature and extent of social relationships that exist or emerge. What follows is a discussion of these theories.

2.5.1. People-centered development theory

According to Davids, Theron and Maphunye (2009:17), people-centered development theory arose from the humanist paradigm, which, in part, was a response to the failure of other competing paradigms, namely modernisation and dependency theory. The failure of these two theories intrigued many development theorists, leading them to advocate a micro-approach focusing on the people and community. Through this paradigm shift, Davids *et al.* (2009:17) further indicate that people became the focus of development, where the concept of “people-centered development became the buzzword of the 1990s and early 21st century”.

Korten (1990) (cited in Davids *et al.*, 2009:17) defines people-centered development as “a process by which the members of a society increase their personal and institutional capacities to mobilise and manage resources in order to produce sustainable and justly distributed improvements in their quality of life consistent with their aspirations”. The underlying idea of this definition is that people should be the beneficiaries and drivers of their own development and be empowered with the necessary tools and knowledge to build their own communities. In this case, Davids *et al.* (2009:17-18) note that development is ‘for the people’ where opportunities are created for every individual and ‘by the people’ when people are actively involved in the development initiatives affecting their lives.

In light of the above, Kotze and Kellerman (1997:37) argue that public participation is inseparable from the people-centered development approach. This is to say for development to be people-centered, it has to promote and ensure public participation. Similarly, Davids *et al.* (2009:19) highlight that this approach views public participation as a need and democratic right. Additionally, De Beers and Swanepoel (1998:22) indicate that the location of people at the centre of development takes place only if there is active and voluntary participation of the residents or beneficiaries.

According to Yee (2010:3), the concept of “participation” is associated with the involvement of local people in the design, execution, and monitoring of a project. Public participation is defined as an “active process by which the public influences the direction and execution of a programme or project with a view to enhancing their wellbeing in terms of income, personal growth, self-reliance or other values which they cherish” (Davids *et al.*, 2019:17). This definition supports the view of the people-centered development approach, which emphasises the importance of placing community members and their capacity as central to projects rather than centralising the solution.

However, Arnstein (1969) (cited in Theron, 2008:15) declares that the concept of public participation without the empowerment of beneficiaries discourages and further disempowers individuals in the community. Swanepoel and De Beer (2011:76) concur by highlighting that participation can be meaningful only if people are empowered in the process. For this reason, empowerment has come to be defined as “the process by which people, organization or groups who are powerless become aware of the power dynamics at work in the context, develop the skills and capacity for gaining some reasonable control over their lives and exercising this control without infringing upon the rights of others” (McWhirther, 1991:222). The fundamental aspects underlying this definition illustrate that empowerment is a process that entails elements of personal development and collective action. Personal development takes place when community members gain knowledge and develop skills, while collective action takes place when these community members work together to solve problems of common interest (Narayan, 2006:3).

According to Davids *et al.* (2009:109), people-centered development does not only promote public participation and empowerment but also ensures that decisions in the communities are taken at the grassroots level. Isidiho and Sabran (2016:270) call this a ‘bottom-up’ approach, which is defined as a process of “encouraging local community and local players to express their views in defining the development course for their area in line with their views, expectations, plans, and their sociocultural lifestyle”. This is to say the individuals in the community are given a chance to engineer and lead the change process. These individuals become the actors rather than just being the subjects of change. The bottom-up approach emphasises that community members at grassroots level must make decisions about their development, unlike the ‘top-down’ approach where developmental strategies emanate and are imposed from the top (Isidiho & Sabran, 2016:268). The ‘top’ here refers to government, change agents, donor agencies or other development institutions.

In summary, people-centered development theory emphasises that people are capable and have the potential to grow, develop, learn and make their own decisions. This translates into fostering an appropriate enabling environment which makes such development possible (Schenck & Louw, 1995:86). In essence, people should do things themselves in order for them to learn. For instance, building a clinic, crèche or school in the community cannot be seen as development if the residents did not participate in and learn from the process. Hence, it is vital to enable community members to learn the skills, to define their needs, make their own

decisions, manage the projects and evaluate what they do. This kind of empowerment is crucial for building a community's human capital.

Cooperatives can be an effective vehicle for promoting a people-centered approach to development. This is because most of the cooperatives are formed by community members, which is in line with the bottom-up approach; and have as their primary aim meeting their member's needs (Zeuli & Radel, 2005:47). Through cooperatives, groups of people have the opportunity to take part in the issues that affect their lives, to gain control and to explore solutions on their own. It helps them to learn that they can rely on themselves and their capability to work collectively to solve their socio-economic issues. Moreover, and very importantly, Majee and Hoyt (2011:58) assert that cooperatives have proven to be the means of development of many communities as they promote the interests of the less powerful residents by uniting community members and pooling their resources to participate in and influence market forces and community development.

Furthermore, cooperatives are perceived to contribute significantly to human capital development (education, skills, and experience), and, as a result, impact substantially on community development (Ogbeide, 2015:100). Local human capital is developed through member education and leadership training. These educational and training opportunities are often extended to directors, employees and members of the cooperatives. Thus, cooperatives play an essential role in members and employees acquiring skills and in developing leadership capabilities (Zeuli & Radel, 2005:48; Ogbeide, 2015:100).

The people-centered development approach means that people are the most important role players in development. Public participation in this approach facilitates and enables people to come to play central and leading roles in development. To be specific, it has been argued that cooperatives can be used as a vehicle for people to be actively involved in the affairs of their lives. In this case, Swanepoel and De Beer (2011:75) indicate that the active participation of people in improving their wellbeing can lead to effective problem-solving of the issues in the community. Participation of local people can also contribute to the creation and enhancement of social networks in communities. Hence, social capital theory is discussed in the following section.

2.5.2. Social capital theory

The exposure and entry of the theory of social capital into the academic debate can be traced back to the work of Pierre Bourdieu (1986) and James Coleman (1988). Robert Putman (1993)

heavily popularised this theory, attracting interest from researchers and policymakers alike (Bhandari & Yasunobu, 2009:9).

Pierre Bourdieu, a French philosopher, defined social capital as “the sum of the actual or potential resources that are linked to the possession of a durable network of more or less institutionalised relationships of mutual acquaintance and recognition” (Bourdieu, 2012:174). This definition emphasises how the social network is essential in terms of maximising the opportunities and advantages that would be unavailable if they were not members of such a group. Similarly, based on Bourdieu’s definition, Bhandari and Yasunobu (2009:10) identify three features of social capital:

- (a) the social network that allows the members to gain resources from the group because of the social connections;
- (b) the amount of those resources by the totality of the relationships between members, rather than merely a standard quality; and
- (c) the quality of those resources.

On the other hand, James Coleman (1990) defines social capital based on what it does, not by what it is. He argues that social capital combines different entities that have two common characteristics, namely: “it is an aspect of social structure, and it facilitates certain actions of individuals who are within that structure” (Coleman, 1990:302). This is to say that social capital exists mostly in the structure of relationships and among members of such a relationship. According to Coleman (1990:302), there are three elements of social capital: expectations, obligations, and norms. In this case, he asserts that members need to have trust in the structure of the social network to execute their duties, to enable the flow of information amongst themselves, and to cement norms via agreements (Coleman, 1990:303).

Robert Putman (1993:167), defines social capital as “features of social organisation, such as trust, norms, and networks that can improve the efficiency of society by facilitating coordinated actions”. This definition emphasises the relationships between individuals – the norms of reciprocity, trustworthiness and social networks that unite them. In the same vein, Field (2008:1) argues that the underlying principle of social capital can “be summed up in two words: relationships matter”. For Putman, the term “civic virtue” is closely related to social capital. This is to say the increase in civic association and participation in such associations reflects the richness of social capital in a community (Putman, 2000:18-19).

In light of the above, Bhandari and Yasunobu (2009:11) state that social capital is closely associated with social connections, civic engagement, and participation in voluntary organisations, which nurtures sturdy trust and norms of reciprocity. It is through networks of civic associations where cooperation, coordination, and communication in society are facilitated and reputations are strengthened, which allows for societal issues to be resolved. Social capital possesses the features of public goods and affects the productivity of the people and groups (Putman, 2000:19).

Francis Fukuyama, on the other hand, defines social capital in a significantly different way. His definition of social capital is “the ability of the people to work together for common purposes in groups and organizations” (Fukuyama, 1995:10). In essence, his definition emphasises that a group of individuals collaborates because of the existing set of informal norms or values that guide and unite them to do so. He asserts that social relationships emerge based on the interpersonal trust between individuals. Due to mutual trust, working relationships tend to be improved, while business transactions increase and transaction cost decreases. Fukuyama further contends that features of social relationships, such as shared norms and understandings, reciprocity, interpersonal trust, and many others, allow individuals to associate with others and helps in developing social capital in a community (Fukuyama, 1995:10-11).

In sum, three crucial elements of social capital have been identified, namely: social networks (of families, peers, citizens, communities and voluntary organisations); norms of reciprocity (shared norms, behaviours and values); and trust (in other people and organisations) (Bhandari & Yasunobu, 2009:13). Moreover, it is important to highlight that the availability of social capital in society enables the actors or members to achieve certain goals that would not have been otherwise possible without it. Thus, relationships need to be maintained in order for social connections to be strengthened. If the relationships are not maintained, reciprocity declines and social capital is reduced (Manthata, 2017:48).

According to Zeuli and Radel (2005:49), social capital is a resource that can be used by individuals and the community as a whole to strengthen organisations. Tirmizi (2005:23) concurs that social capital plays a role in facilitating development activities of a community with the primary intention of benefiting all the residents. In this regard, Valentinov (2004:5) highlights that cooperatives could play an important role in mobilising social capital by way of promoting more significant interaction in the community and thereby strengthening organisations. Through more significant interaction, members are enabled to use their knowledge and experience to engage in peer-monitoring in their cooperative.

Furthermore, Tirmizi (2005:23-24) argues that social capital should be treated as an input into community development programmes to make them useful. By extension, cooperatives can also be utilised to build and develop communities. In this case, social capital as an input can, firstly, reduce uncertainty between members of a community. Secondly, it can ensure that members of a community are provided with the resources to spread the risk associated with development activities. Thirdly, social capital alleviates the effects of a failure by facilitating a quicker response for corrective measures (Tirmizi, 2005:24). On the other hand, social capital as an outcome of community development ensures that opportunities are provided to build expectations of reciprocity (Tirmizi, 2005:25).

Cooperatives “help to build trust among members and between members and their stakeholders which, in turn, strengthens the business and the community” (Majee & Hoyt, 2011:51). Trust that is built and maintained prompts members to commit themselves to the organisation, to be loyal to their cooperative, to participate in the governance of the cooperative, and to ensure that their needs are met. Deng and Hendrikse (2014:3) outline that social capital creates a social network structure whereby cooperatives and its members can share and exchange information as a way of facilitating their social interaction. The shared norms and values – features of social capital – help to unite members of the cooperative by creating a sense of collective action and shared responsibility.

2.6. Conclusion

Section one of this chapter presented a conceptual overview of cooperatives and community development. It started by examining how modern cooperatives emerged in England and further explored the conceptualisation of cooperatives. The principles and values of cooperatives were discussed. Furthermore, the concept of community development was examined, and contemporary community development paradigms were presented. This chapter argued that commitment to cooperatives principles and values ensures that the cooperative flourishes, thus meeting the social and economic needs of its members. Through this, cooperatives are proposed as appropriate vehicles for addressing community needs and promoting community development.

Section two of this chapter presented the theoretical underpinnings of the study. Discussions were based on how community members tackle their issues in order to improve their quality of life. The fundamental argument was that cooperatives become useful in many communities as they mobilise the resources and assets of the community into a critical mass to ensure that the social and economic needs of its members are met. In this case, people-centered development

theory emphasises that cooperatives are potentially viable tools for promoting and encouraging local people to participate in, negotiate, influence, control and hold accountable institutions that affect their lives. By so doing, it is argued that people become empowered to collectively solve community issues, without (or over and above) government assistance. For this reason, social networks are created with the primary aim of improving the well-being of the community. The following chapter explores the legislative framework governing cooperatives in South Africa.

CHAPTER 3: LEGISLATIVE FRAMEWORK ON COOPERATIVES IN SOUTH AFRICA

3.1. Introduction

This chapter is a historical overview of the South African legislative framework and development of cooperatives that resulted in the enactment of the Cooperative Societies Act of 1981 (hereafter referred to as the Cooperative Societies Act) before turning attention to the details of the legislative framework. As it will emerge, because of the outdated provisions of the Cooperative Societies Act, the legislature reconsidered and presented two bills in the parliament in 2000 and 2005. The Cooperatives Bill 4483 of 2000 was presented and showed some improvement when compared to the provisions of the Cooperative Societies Act. The Cooperative Bill (4483 of 2000), however, had fundamental errors and was never signed off as an Act. Therefore, the Cooperatives Bill (4 of 2005) was drafted, which eventually led to the enactment of the Cooperatives Act (14 of 2005) (hereafter referred to as the Cooperative Act). It is essential to investigate the above-mentioned legislation to gain a clear understanding of the general paradigm shift concerning the legislation governing cooperatives in South Africa.

3.2. Historical legislative development for cooperatives in South Africa

According to Section 3 of the Cooperatives Act (RSA, 2005), cooperatives are legally recognized when they comply with the seven international cooperative principles. This differs from the previous legislation (Cooperative Societies Act), where cooperative enterprises were recognized if they complied with a legislative definition, namely “an autonomous association of persons united voluntarily to meet their common economic and social needs and aspirations through a jointly owned and democratically controlled enterprise organised and operated on co-operative principles...” (RSA, 2005). Again, the new legislative developments (such as the Cooperative Act and Cooperative Amendment Act) promote a variety of cooperatives in contrast to that provided for in the Cooperative Societies Act. In the same vein, the Department of Trade and Industry (2004:8-9) indicates that many enterprises are trading as cooperatives given their compliance with the seven international cooperative principles (as discussed in chapter 2).²

² According to ICA (1995), the seven international cooperative principles are: voluntary and open membership; democratic member control; member economic participation, autonomy and independence; education, training and information; cooperation among cooperatives; and concern for the community.

Discussion of the legislative framework governing cooperatives is important to ensure that cooperatives adhere to their proper management and function (Schoeman, 2006:52). In South Africa, the first formal cooperative was an agricultural cooperative established under the Companies Act in Natal in 1892. However, the Steenkamp Commission (1967) claimed that the establishment of this agricultural cooperative was after the Anglo-Boer War (1899-1902) (Van Niekerk, 1988:12; and Ortmann & King, 2006:15). At the time, Van Niekerk (1988:125) noted that cooperatives applied the regulations enacted by the Companies Act because the government thought it was not necessary to establish any separate legislation to regulate cooperatives. This situation persisted until the first Act that regulated the establishment, regulation and control of cooperatives was enacted in the Transvaal in 1908 (RSA, 1908); and in the Orange Free State in 1909 (RSA, 1909). The Acts for the Cape Province and Natal were enacted in 1922 (Van Niekerk, 1988:27).

Additionally, the Marketing Act (26 of 1937) was enacted and perceived as a supplementary Act to the existing cooperatives and agricultural structures (RSA, 1937; Van Niekerk, 1988:125). As a result, the 1950s witnessed the establishment and development of central cooperatives (Van Niekerk, 1988:125). Eventually, cooperatives started to grow faster than private companies and businesses and their success threatened the latter. To probe this concern and others, the Steenkamp Commission was appointed (Van Niekerk, 1988:126).

According to Schoeman (2006:53), the Steenkamp Commission concluded that cooperatives were a distinct form of enterprise whose survival depended on its members and consumers; and was also independent concerning its marketing activities. Moreover, the Commission concluded that cooperatives had reached a measure of maturity; thus, they were no longer in need of government's encouragement and "should therefore not be subject to tax exemption as long as they complied with the character and substance of cooperative enterprises" (Schoeman, 2006:53).

Although the Steenkamp Commission compiled a report of its conclusions, it remained a subject of public debate for another decade (Van Niekerk, 1988:126). This situation improved in 1966 when the International Labour Organisation (ILO) adopted a recommendation which recognised that cooperatives play a significant role in the social and economic development of developing countries. As a result, cooperatives were given legal status, which eventually became internationally acknowledged (RSA, 2005). Due to the influence of these Acts, international recognition of cooperatives, plus the conclusions of the Steenkamp Commission, the Cooperative Societies Act 91 of 1981 (RSA, 1981) came into being.

3.3. The Cooperative Societies Act 91 of 1981

According to Evans (1994:305), three types of cooperatives were established under the Cooperative Societies Act, namely: agricultural cooperatives; special farmers' cooperatives; and trading cooperatives. With regard to the primary agricultural or special farmers' cooperative, Evans (1994:305) states that a cooperative was formed by two or more individuals. A primary trading cooperative, on the other hand, was formed by two or more people if they cooperated for manufacturing purposes only. If there was any other purpose, the cooperative was formed by eleven or more individuals interested in working together (RSA, 1981). The central agricultural, central special farmers' and central trade cooperatives were formed by two or more primary agricultural, special farmers' or primary trade cooperatives. A federal special farmers' or federal trade cooperative was formed by two or more central agricultural, central special farmers' or central trade cooperatives (Evans, 1994:308-309).

Informal cooperatives, such as burial societies and stokvels³, as well as cooperatives that complied with the seven international cooperative principles, were not recognised in the Cooperative Societies Act. Nevertheless, the enactment of the Cooperative Societies Act showed some improvement. Stringent provisions were changed, and many cooperative enterprises were allowed to work together (Schoeman, 2006:55). For instance, amendments were made to the existing legislation in 1993 which allowed cooperatives "to do 49% of their business with non-members, thus expanding the cooperative business" (Schoeman, 2006:56).

Although the Cooperative Societies Act made a positive mark, there were also criticisms. The first criticism was based on how the Act defines a cooperative. The Act defined a cooperative as "...a cooperative incorporated in terms of this Act..." (Ortmann & King, 2006:15). Schoeman (2006:56) argues that this definition was inadequate because it did not give a clear description of what precisely a cooperative is, and it also did not make reference to the guiding values and principles of cooperatives. Secondly, Ortmann and King (2006:15) highlighted that the Act was more focused on agricultural cooperatives and did not mention anything related to other types of cooperatives. Thirdly, the Act did not acknowledge the seven international cooperative principles as outlined by the ICA. The fourth criticism was the Act allowing a member of a cooperative to hold additional votes that could potentially undermine the democratic structure of cooperatives (Ortmann & King, 2006:15). The fifth criticism was that

³ Also known as small-scale finance and savings cooperatives.

the Act poorly regulated the protection of members' interests (RSA, 1981)⁴. The sixth criticism was that the registration of a cooperative under the Act was difficult. For instance, the registration process was very time consuming, and the legislator did not motivate potential entrepreneurs to register a co-operative, as they did not really provide any assistance or information before a steering committee had been elected (Ortmann & King, 2006:16). Lastly, even if members could secure their own funding, there was a very stringent provision concerning cooperative banking (Schoeman, 2006:57). Due to these criticisms, the Cooperatives Bill (4483 of 2000) was drafted.

3.4. The Cooperatives Bill 4483 of 2000

According to Schoeman (2006:57), "chapters 17 to 22 of the 2000 Bill make provision for a wider application of cooperative enterprise and, therefore, the main focus on agriculture cooperatives will be a thing of the past". This bill changed the legal standing of cooperatives, replacing central cooperatives with primary and secondary ones; and federal cooperatives with tertiary ones (RSA, 2000).

The Cooperative Bill (RSA, 2000) put much emphasis on a broader scope of cooperatives and consisted of the following types of cooperatives:

- Agricultural and farmers' cooperatives,
- Financial services cooperatives,
- Housing cooperatives,
- Worker cooperatives,
- Transport cooperatives, and
- Medical cooperatives

Nonetheless, Section 17 of the Cooperative Bill (RSA, 2000) shows that the cooperatives listed above did not exclude any other type of cooperative provided they comply with the cooperative values and principles. The Cooperative Bill (RSA, 2000) further indicates that a cooperative is a self-responsible, self-reliant, self-managing, independent and financially viable entity that can play a significant role in the South African government achieving its goals, for instance: in the creation of employment and economic growth (Schoeman, 2006:58).

⁴ According to Co-operative Societies Act 91/1981: sec 57 – 68 membership acquisition and general regulation thereof was over-regulated and restrictive in that it made provision for fines in the case of omissions and even for suspension or expulsion of members. While the Co-operatives Act 14/2005: sec 23-26 is very wide and non-restrictive as it regulates only the liability of members, withdrawal of membership, and transfer of members' shares.

With the 2000 Bill, cooperatives were recognised as a legitimate enterprise but with principles that set it apart from other businesses (Schoeman, 2006:58). The South African Communist Party (SACP) indicated that cooperatives should be exempted from paying taxes because they are social institutions that empower people, thus taxing them will not be in line with the general international practise (Schoeman, 2006:59-60).

The Cooperative Bill of 2000 had also been criticised for the following reasons:

- The Cooperative Bill of 2000 defines a cooperative as “an autonomous association of persons united voluntarily to meet their common economic and social needs through a jointly-owned and democratically-controlled enterprise...” (RSA, 2000). This definition incorporates the seven international cooperative principles, however, not mentioning whether so-called informal cooperatives are acknowledged in this bill. Again, how cooperatives are defined showed that they were only limited to those that have registered as per the prescriptions of the Act (RSA, 2000).
- The requirements of membership in the 2000 Bill did not comply with the international standards because there was no clarity on the minimum or maximum number of members required in a cooperative. However, other enterprises, including partnerships, specified the minimum and maximum number of members required (Schoeman, 2006:59).
- “The 2000 Bill is a close replication of the Companies Act, in the inclusion of certain provisions such as corporate governance, discussion of capital structure, and financial disclosure” (Schoeman, 2006:60). This was viewed as unsatisfactory because the purpose and character of a cooperative are dissimilar to the company structure (RSA, 2000).
- The fact that the 2000 Bill explicitly included medical cooperatives may be interpreted in both a positive and negative way. On the positive side, it indicates that professionals in the medical sector have the opportunity to establish or become part of cooperatives. On the negative side, it may be taken that other professions are being excluded and discriminated against (RSA, 2000).

In conclusion, the Cooperative Bill (RSA, 2000) represented a substantial improvement in the Cooperative Societies Act. However, it was still perceived to be too narrow to accommodate informal and formal enterprises in South Africa. Consequently, the Bill was not signed off as an Act. Instead, another bill (Cooperative bill 4 of 2005) was drafted.

3.5. Cooperative Bill 4 of 2005

There were a number of legislative developments which took place since the 2000 Bill, including the enactment of the 2005 bill (RSA, 2005). These developments were extensive, aimed at including more business forms complying with cooperative principles and regarded as cooperatives. Moreover, the 2005 Bill demonstrated improvements by clearly stating that cooperatives should comply with the seven international cooperative principles (RSA, 2005).

Similar to the Cooperative Bill (4483 of 2000), the Cooperative Bill (4 of 2005) also acknowledges that cooperatives can be divided into three forms, namely: primary, secondary and tertiary cooperatives (RSA, 2005). Primary cooperatives are defined as “a cooperative formed by a minimum of five persons whose object is to provide employment or services to its members” (Ortmann & King, 2006:1). The secondary cooperative is described as “a cooperative formed by two or more primary cooperatives to provide services to its members and may include federal cooperative associations” (Ortmann & King, 2006:16). Lastly, the tertiary cooperative is said to be “a cooperative whose members are secondary cooperatives or both primary and secondary cooperative and whose object is to provide services to its members and may include sectoral associations or organisations and cooperative apices” (Ortmann & King, 2006:16).

These two bills (Cooperative Bill 4483 of 2000 and the Cooperative Bill 4 of 2005) do not limit the number or diversity in terms of different types of cooperatives; however, both indicate possible kinds of cooperatives which could come into existence (RSA, 2005). The 2005 Bill lists the following types of cooperatives:

- Housing cooperatives,
- Worker cooperatives,
- Social cooperatives,
- Agricultural cooperatives,
- Burial cooperatives,
- Financial services cooperatives,
- Consumer cooperatives,
- Market and supply cooperatives, and
- Services cooperatives

The Cooperative Bill (RSA, 2005) is also not without criticism. Firstly, Roelf (2005) states that “the bill, while providing detailed regulatory provisions, is ‘inadequately enabling’ when it

comes to minimum support measures to be provided by the state”. In this case, Schoeman (2006:63) states that this should not be perceived as a criticism, “as minimum legislative framework has been provided, and moreover government has made provision for an ‘accountable’ advisory board to assist co-operatives in their development” (RSA, 2005). Secondly, Section 3(2) of the 2005 Bill “requires the surplus to be applied in clearly stipulated ways”. This stipulation may potentially limit the independence of cooperatives in the running and managing of their own affairs (Ortmann & King, 2006:30).

3.6. The Cooperative Act 14 of 2005

The Cooperative Act aims to achieve the following:

- Ensure that there is an effective legislative framework for cooperatives in South Africa; establishing an advisory council for cooperatives;
- Enabling cooperative enterprises to acquire legal status; ensuring that the seven international cooperative principles are recognised and implemented; and
- Facilitating cooperatives as vehicles to achieve black economic empowerment (BEE) (Republic of South Africa, 2005).

3.6.1. The provisions of the Cooperative Act 14 of 2005

The three forms of cooperatives: primary, secondary and tertiary cooperatives, have also been identified in the Cooperative Act (RSA, 2005). In addition, Philip (2003:1) asserts that the enactment of the Cooperative Act had brought new developments such as cooperatives being divided into two types, namely: worker cooperatives and user cooperatives.

According to Philip (2003:13-16), worker cooperatives are defined as those cooperatives associated with trade unions; and in particular, they are existing enterprises that are bought to save and secure jobs for employees. In light of this, out-sourcing contracts are issued to the employees to provide services in the converted cooperatives. Van der Walt (2005) indicates that in such cooperatives, employees are regarded as both the workers and employers.

User cooperatives consist of agricultural, consumer, financial and housing cooperatives (Philip, 2003:14). Through user cooperatives, poverty, especially in poor communities can be reduced through a wide range of activities including the creation of employment opportunities, income generation, and increasing the availability of goods and services (Matavire, 2005:8). Concerning user cooperatives, Philip (2003:4) highlights that members use the commercial services of the cooperatives instead of being workers therein. Furthermore, Philip (2003:22) argues that user cooperatives across the world prove to be more successful than worker

cooperatives in mobilising extensive participation as well as providing a framework as to how cooperatives should function. Regrettably, in the South African context, user cooperatives have not been as successful as in other countries (Philip, 2003:22).

3.6.2. The Cooperative Advisory Board

The Cooperative Advisory Board (CAB) was established by way of Section 85 of the Cooperatives Act (RSA, 2005). The fundamental aim of the Cooperative Advisory Board is to ensure that the Minister of Trade and Industry is assisted⁵ with matters affecting cooperatives specifically, as well as ensuring that there is an improvement in policies pertaining enhancing the development of cooperatives (RSA, 2005). The minister appoints the members of the Cooperative Advisory Board based on the provisions of section 87 and 88 of the 2005 Act (RSA, 2005).

The Cooperative Act (14 of 2005) improved the regulation of cooperatives but has been criticised in several ways. According to Schoeman (2006:68), the provisions of the 2005 Cooperatives Act are not as stringent as the ones in the 1981 Cooperative Societies Act. For instance, it is currently easier to form and register a cooperative than in the past. Schoeman (2006:69-70) views this as an advantage because it will enable/facilitate more extensive growth of cooperatives. However, the disadvantage is that easy registration can lead to cooperatives being used for unlawful activities. In addition, easy registration can result in failure due to them being based on unsound intentions or principles.

Section 25 of the 2005 Act does not allow the transfer of shares unless transferring the shares of a member who has passed away (RSA, 2005). Consequently, potential members tend to have doubts when they obtain membership in a cooperative and this can have negative effects on business potential (Schoeman, 2006:70). The 2005 Act does not make any regulatory provision concerning the control of state ownership in cooperatives. This might be problematic as it can lead to cooperatives becoming bureaucratic instruments of government (Schoeman, 2006:70).

⁵ Sec 86 of the Co-operatives Act 14/2005. "The functions of the Advisory Board are to advise the Minister generally, and to make recommendations, with regard to-

- (a) policy for the development of co-operatives in the Republic;
- (b) the application of any of the provisions of this Act or any other law on matters affecting co-operatives;
- (c) the publication of any regulations in terms of this Act that may be necessary;
- (d) the provision of support programmes that target co-operatives, especially those co-operatives that consist of black persons, women, youth, disabled persons or persons in the rural areas and promote equity and greater participation by its members;
- (e) the establishment of guidelines for audits of co-operatives;
- (f) any matter referred to the Advisory Board by a co-operative, proposed co-operative or member of a co-operative that relates to promoting the development of co-operatives; and
- (g) any decision the Minister is required to take in terms of this Act".

Section 1 of the 2005 Act does not clearly stipulate the rights, functions, and duties of the supervisory committee. The only provision clearly specified is that the supervisory committee must be appointed at the first annual meeting of the cooperative, and that the constitution of cooperative determines the powers of such committee (RSA, 2005).

3.7. Comparing Cooperatives Act (14 of 2005) and the Cooperative Societies Act (91 of 1981)

With these discussions of the Cooperative Societies Act (RSA, 1981) and the Cooperative Act (RSA, 2005), it is arguable that there are significant differences between these Acts that have to be pointed out in order to understand the transformation that took place in the legislation regulating cooperatives in South Africa.

Firstly, there was the addition of Section 46 to the Cooperative Act, which compelled cooperatives to have at least 5% of their surpluses in a reserve fund that is inseparable amongst its members. Moreover, the registrar monitors if such a cooperative is complying with the provision of this section based on its audited financial statements (RSA, 2005). However, this section does not specify the possible penalties arising from non-compliance.

Secondly, there has been the addition of sections 60 to 70 to the Cooperative Act (RSA, 2005). The contents of these sections and provisions stated are similar to those of Sections 157 to 161 of the Cooperative Societies Act.

Thirdly, there has been an addition of section 91 in the Cooperative Act (RSA, 2005). According to this section, parliament requires all national departments and their agencies providing development and support programmes to cooperatives to record on the progress made in terms of design and implementation of these programmes (RSA, 2005).

Fourthly, in the Cooperative Act, there have been refinements and amendments of few definitions and provisions when compared to Cooperative Societies Act (RSA, 2005).

Finally, the following aspects were recognised in the Cooperative Act and not in the Cooperative Societies Act: acknowledgment of the importance of applying cooperative values as well as facilitating support programmes for cooperatives that are established by members from previously disadvantaged groups (Ortmann & King, 2006:17). Unlike with the Cooperative Societies Act, the Cooperative Act effected an amendment with regard to proportional voting rights, i.e. “proportional voting rights are currently subject to very stringent provisions, must be provided for in the constitution of the cooperative, and are only available to secondary and tertiary cooperatives” (Schoeman, 2006:66).

3.8. The Cooperative Amendment Act (Act 6 of 2013)

The Cooperative Act (Act 14 of 2005) was amended and promulgated in August 2013. The Cooperative Amendment Act (Act 6 of 2013) provided a remarkable feature by introducing a national apex body, the South African National Apex Cooperative (SANACO), to oversee the activities of cooperatives. The apex body serves an advocacy role for cooperatives (Genesis Analytics, 2014:8). To actualise its mandate, the Department of Trade and Industry (DTI) allocated R3.5 million for setting up and professionalising SANACO (Genesis Analytics, 2014:8). Other institutions brought about by the 2013 Cooperative Amendment Act include:

- A co-operative development agency (CDA) to provide financial and non-financial support to the sector,
- A co-operative tribunal responsible for conflict resolution, compliance, investigation and judicious management,
- A co-operative advisory council responsible for policy development and research, and to advise the Minister on the sector (Genesis Analytics, 2004:8).

3.9. Conclusion

This chapter has demonstrated how the legislative framework for cooperatives has evolved since 1981 with reference also having been made to 19th-century historical trends. The provisions of the Cooperative Societies Act were linked to the agricultural sector only. However, since realising the new post-apartheid Constitution, the transformation dictated redress and eradication of the injustices of the past. This transformation momentum and impetus impacted on the legislative framework and the functioning of cooperatives. Thus, there were legislative developments and improvements as a way of facilitating a developmental regulatory system for cooperatives. In this case, it illustrates that the Cooperative Bill (4483 of 2000) was drafted after the flaws and errors were discovered in the Cooperative Societies Act. The draft of the 2000 Bill was never signed off as an Act, and as a result, the Cooperative Bill (4 of 2005) was later drafted. This 2005 bill was signed off on as the Cooperative Act (14 of 2005). The Cooperative Act was later amended and promulgated. As far as legislative framework is explored, the following chapter focuses on the literature review on cooperatives in South Africa. However, Kenyan and Nigerian cooperatives were also explored to draw on lessons regarding their role on community development.

CHAPTER 4: LITERATURE REVIEW OF COOPERATIVES IN DEVELOPING COUNTRIES

4.1. Introduction

Cooperative development in Africa can be phased into two eras: the first was one of state control, and the second was one of liberalisation (Wanyama, Develtere & Pollet, 2009:1). The first era ran from the post-colonial period in the 1960s to the mid-1990s, and the second era started in the mid-1990s during the period of global economic reforms. This means that the development of cooperatives in virtually all African countries did not originate from the interest and motivations of local citizens. The colonial governments initiated the formation of cooperatives for their interests such as, for example, improving their productivity (Okem, 2016:36). For the purposes of this study, the development of cooperatives in Kenya and Nigeria is investigated in section one of this chapter. Kenya and Nigeria were chosen because they reveal the different roles of government in cooperatives; thus, lessons can be drawn from their experiences. In addition, these countries are applicable to this study because they demonstrate that their cooperatives serve as effective rural community development vehicles in building economic self-reliance and civil society. In section two, South African cooperatives are examined together with the lessons drawn from the investigation of the other two countries.

4.2. Government's role in the development of cooperatives in Kenya

The origin of cooperatives in Kenya can be traced back to colonial times. European colonisers established the first cooperative in Kenya in 1907 (Muthuma, 2011:76). During this period, Nyagah (2012:5) states that the fundamental aim of establishing and expanding cooperatives was merely to benefit the white colonisers. In particular, the cooperatives were exclusively reserved for white colonisers as stipulated in the Cooperative Ordinance Act of 1931.

When Kenya gained independence in 1963, the nature of cooperatives changed in the country. The cooperative sector was embraced, and efforts made to use this sector as a means to socio-economic development. This eventually led to rapid growth (Wanyama, Develtere & Pollet, 2009:364). The growth of cooperatives was characterised with the national slogan "harambee" – a clarion call to every Kenyan to pull together in a spirit of self-help and mutual assistance (Muthuma, 2011:79). At that time, Kenyan citizens perceived and used cooperatives as a vehicle to achieve their economic and political goals. Similarly, Satgar and Williams (2008) are of the view that the post-colonial government's initiative to develop cooperatives is one of the factors that contributed to growth and successful cooperatives in Kenya.

According to Satgar and Williams (2008), the support that the post-colonial government provided to the cooperative sector was mainly “top-down”. This approach is in tension with two of the principles of ICA, namely: autonomy and independence; and democratic member control. The government’s control of Kenyan cooperatives was emphasised in the Cooperatives Societies Act (Act of 1966) and also in the Cooperative Societies Rules (of 1969). According to Gyllstrom (1991:69), the Act ensured that cooperatives operated mostly as extensions of government rather than as independent organisations established to meet the needs of their members. Because of this, there was massive control over cooperatives; and state-run support institutions were established for the cooperative sector. These government institutions, which were responsible for supporting cooperatives, contributed to the failure and decline of cooperatives in Kenya rather than their success and growth (Gamba & Komo, 2004:4).

The performance of cooperatives measured by their contribution to the GDP declined between 1963 and 1973, in spite of the extensive support provided by government. Gyllstrom (1991:69) notes that the decline was due to excessive government control over cooperatives. Consequently, the Kenyan government redefined its relationship with cooperatives. The government dedicated its efforts to introducing and implementing policies that emphasised the importance of independent cooperatives and underscoring that government’s role was to provide an enabling environment for cooperatives to thrive (Okem, 2016:87). Wanyama *et al.* (2009:366) note that the aim of these policies was mainly for “restructuring, strengthening and transforming cooperatives into vibrant economic entities that can confront the challenges of wealth creation, employment creation and poverty reduction as private business ventures”.

Liberalising the cooperative sector in the 1990s was rooted in the conviction that the sector could operate and perform efficiently and effectively in an enabling environment with less government interference. This led to the amendment of Kenya’s Cooperative Ordinance Act in 1997 to minimise the government’s control (Argwings-Kodhek, 2004:5). There was also an introduction of the Session Paper (no. 6 of 1997), which emphasised the independence of cooperatives. The argument was that rather than being at the forefront and also controlling cooperatives, the government ought to limit its role to create an environment that enables cooperatives to develop effectively and flourish (Wanyama *et al.*, 2009:337).

Since the liberalisation of the cooperative sector in Kenya, there has been steady growth in the sector. Cooperatives have become a viable tool for the country’s economic growth and widespread in the country; as Gicheru (2012:5) confirmed with approximately eight in every ten people in Kenya having had some form of connection with cooperatives. This connection

could refer to a member of the family, a friend or even a work colleague who is involved in a cooperative. Similarly, Mathuma (2011:185) estimates that about 63% of Kenya's citizens are directly or indirectly involved in the cooperative sector. Moreover, Gicheru (2012:5) stated that the sector contributes approximately 45% to the GDP of the country.

According to Wanyama (2009:3), the liberalisation of cooperatives in Kenya has led to steady growth, which contributes significantly to the community's economic development. Cooperatives in Kenya are considered to play an essential role in creating employment opportunities. The Ministry of Cooperative Development and Marketing estimates that the cooperative movement directly employs over 300 000 people, and over 1.5 million people indirectly. Apart from being employment creators, cooperatives are seen to generate income for many people in Kenya (Wanyama, 2009:25-26). Cooperative members use most of the generated income to finance long-term poverty prevention measures. For instance, most of the members use their accrued income to pay for their children's education in the belief that education can help to prevent poverty in the future.

4.3. Government's role in the development of cooperatives in Nigeria

The origin of cooperatives in Nigeria, similarly to Kenya, dates back to colonial times. According to Agabo (2009:169), C.F Strickland, who played a significant role in establishing farmer cooperatives in India, recommended the establishment of cooperatives in Nigeria in 1943. The Nigerian government commissioned Strickland to explore the opportunities of forming cooperatives in the country. Agbo (2009:169) noted that in colonial Nigeria, like Kenya, cooperatives were subject to state control, because Strickland believed that members could not manage cooperatives on their own.

In the post-colonial era, Develtere, Pollet and Wanyama (2008:211) assert that cooperatives in Nigeria were established in two distinctive ways. Firstly, they were established through government directives to certain categories of government officials to form a given number of cooperatives in their villages of origin (Develtere *et al.*, 2008:211). In essence, one could argue that the establishment of cooperatives was a result of or reward for political loyalty. These types of cooperatives were classified as "political cooperatives" (Develtere *et al.*, 2008:212).

Secondly, Agbo (2009:170) indicates that cooperatives emerged due to the subsidies provided through government development programmes. These programmes, which comprises Operation Feed the Nation, Better Life, Directorate for Food, Roads and Rural Infrastructure and others, emphasises that people must first organise themselves as a group to register a

cooperative before applying for a subsidy from such programmes. In light of this, Agbo (2009:170) believes that cooperatives were merely registering to benefit from government programmes and interestingly, the success of these programmes was measured based on how many cooperatives were registered. This approach was in contradiction to the conceptual understanding of cooperatives as an empowerment tool for locals to be self-motivated when initiating and undertaking a project collectively.

According to Okem (2016:93), data about the status of cooperatives in Nigeria are not up to date. It is estimated that 50 000 cooperatives, predominantly producer cooperatives in the agricultural sector, were operating in the country in 2008 (Develtere *et al.*, 2008:212). The cooperatives in this sector concentrated on producing agricultural products for export, which is similar to the driving force behind the formation of cooperatives in the colonial era (Agbo, 2009:170).

Even though agricultural cooperatives dominated, savings and credit cooperatives (SACCO) were the second-largest form of cooperatives in the Nigeria and performed relatively well (Wanyama *et al.*, 2009:213). The savings and credit cooperatives are mostly found among smallholder farmers, and this is recorded in the economy wherein more than “90% of all businesses employ less than 100 people” (Nwankwo, Ewuim & Asoya, 2012:141). The savings and credit cooperatives became popular because smallholder farmers were discouraged from approaching formal institutions for loans as there were administrative delays and no security or collateral (Izekor & Alufohai, 2010:140). Moreover, cooperatives have been prohibited from accessing funds due to other factors such as “membership size, the cooperative’s asset base, membership participation, gender and geographic location” (Agbo & Chidebelu, 2010:2).

Agbo (2009:170) argues that cooperatives in Nigeria have remained widely misunderstood. In the same vein, Ayadi (2012:5) argues that despite the cooperative movement showing growth worldwide due to its potential for socio-economic development, the cooperatives in Nigeria are merely seen as a tool for rural development. This has been endorsed by the Nigerian government’s narrow description of cooperatives as an organisation suitable for the poor and the vulnerable (Ayadi, 2012:173). According to Ayadi (2012:174), this conception has made cooperatives unappealing to most Nigerian citizens, and as a result, the sector’s contribution to the country’s socio-economic development has also been limited.

In light of the above, Nigerian cooperatives are primarily in the agricultural sector. Hussain (2014:194) concurred that cooperative organisations play a crucial role in providing services

that improve agricultural development. Flannery (in Hussain, 2014:194) defines Nigerian cooperatives “as a medium through which services like provision of farm inputs, farm implements, farm mechanisation, agricultural loans, agricultural extension, member’s education, the market of members farm produce, and other economic activities and services rendered to members”. Similar to Kenyan cooperatives, Nigerian cooperatives are perceived to be an essential tool for creating jobs and mobilising resources for income generation. Also, these cooperatives improve the skills of the members through workshops and courses (Ogbeide, 2015:103).

4.4. General observations

The above discussion demonstrates that the development of cooperatives in both Kenya and Nigeria were largely top-down through state control in the post-colonial era. This resulted in cooperatives being used as a channel to achieve the interests of the colonial government rather than those of the members. The argument here is that when cooperatives do not reflect members’ needs, they tend to lose their identity and become difficult to be distinguished from other private firms. Effectively, cooperatives tend to become unappealing to members.

The government’s control of cooperatives contributed to the failure and decline of cooperatives in both Kenya and Nigeria. However, the Kenyan government transformed the cooperative sector by creating and adapting policies with a bottom-up approach. Through this, the Kenyan cooperatives grew committed to achieving the interests and needs of members, which eventually led to the multiplicity and diversity of cooperative development. This contributed significantly in Kenya to economic growth, job creation, and poverty reduction among cooperative members.

Although the Kenyan government took proactive steps to entrench the cooperative principles and values, the Nigerian government still exercised its control over cooperatives. Furthermore, cooperatives in Nigeria are largely perceived as a tool for the economic development of the poor. As a result, cooperatives were categorised to be formed by poor citizens; particularly those involved in subsistence agriculture. This led to the predominance of agricultural cooperatives in Nigeria that provided agricultural jobs and upgrading skills in the sector.

4.5. Cooperative movement in South Africa

According to Okem (2016:100) and Satgar (2007), the South Africa government has always had close ties with the origin, development and growth of cooperatives. Therefore, the history of cooperatives is seen to be mainly influenced by the evolution of the political context. The

establishment of cooperatives in South Africa dates back to the 19th century when the colonial government introduced cooperatives as a tool to improve agricultural outputs (Department of Trade and Industry, 2009; Van Wyk, 2014:16). The first cooperative in South Africa was a consumer cooperative, established in 1892 in Pietermaritzburg (Genesis Analytics, 2014).

4.5.1. The cooperative sector in pre-democratic South Africa

In pre-democratic South Africa, the development and growth of cooperatives was restricted, being limited only to white citizens. For this reason, the success of cooperatives during that period was characterised by the discriminatory and racial policies of consecutive white minority regimes (Okem, 2016:101). In this regard, Nganwa (2010:28:) states that the growth of cooperatives during the apartheid era was not due to their effectiveness and efficiency – it was mainly because the state created an enabling environment for white-owned cooperatives. For this reason, Satgar (2007:2) argues that “Afrikaner empowerment in the 20th century did not just happen through the logic capital accumulation but had to also coexist with a logic that met human needs through cooperative forms of organising production and consumption; albeit underpinned by perverse and racialised relations of productions”. This was also evident when the state transferred funds to white farmers (who were mostly involved in establishing and operating cooperatives) as a way of subsidising the agricultural sector in the country (Nilsson, 1999:452).

On the other hand, black-owned cooperatives received little support from the state in pre-democratic South Africa (Arando, Freundlich, Gago, Jones, & Kato, 2010). The government in the so-called “homelands”⁶ controlled the development of black-owned cooperatives (Ishihara & Pascual, 2013; Nganwa, 2010:29). According to the Department of Trade and Industry (DTI) (2004:7), there were covert attempts from the government to suppress cooperatives owned by black people. On the other hand, there was support for “black-owned cooperatives... as long as they contributed to the realisation of the apartheid government’s plan for creating dependent but separate homelands” (Department of Trade and Industry, 2004:8).

Even though the apartheid government made it their mission to stifle the development and growth of black-owned cooperatives, consumer cooperatives became successful in the homelands (Okem, 2016:102). This was seen by the National Party as an unintended outcome - racially exclusionary government policies stimulated the growth of informal financial

⁶ Any of the ten regions designated by South Africa in the 1970s as semi-autonomous or nominally independent territories for the African black population.

schemes among black South Africans. Most of these became well-known as the Savings and Credit Cooperatives (SACCOs) called “stokvels” (Calvin & Coetzee, 2010:1).

The above demonstrates that the cooperative sector in pre-democratic South Africa developed along different paths. One path highlights state establishment of white-owned cooperatives, which focused primarily on the agricultural sector, and operated effectively and efficiently in the formal economy. The other path shows the apartheid government consciously frustrating and stifling the establishment of black-owned cooperatives, which resulted in very few black cooperatives operating in the formal sector. Worded differently, the white-owned cooperatives became successful due to racially discriminatory policies that favoured them and the suppression of black-owned cooperatives.

4.5.2. The cooperative sector in post-apartheid South Africa

In 1994, there was a transition from apartheid to democracy in South Africa. The new democratic government inherited a society that was unequal. Creating a just and equal society through fair distribution of resources became a key priority in the policies of the democratic regime. Cooperatives were identified as an instrument to bridge the economic gaps brought by the inequalities of the country (Department of Trade and Industry, 2004).

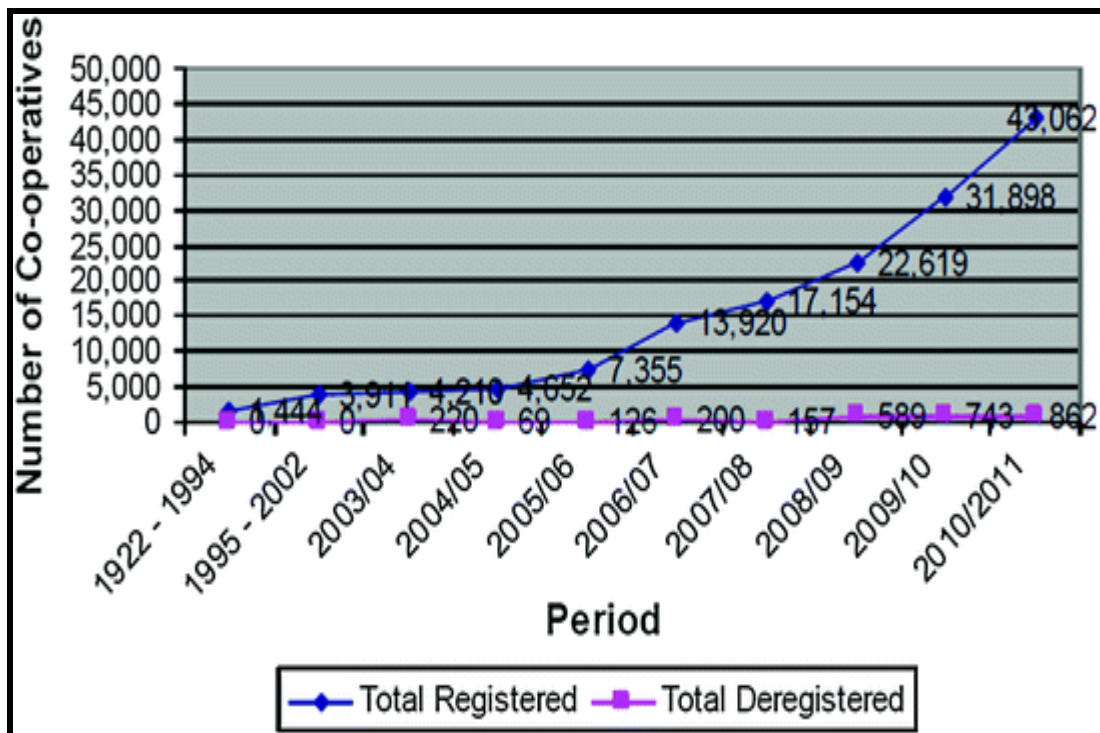
According to Okem (2016:105), cooperatives in South Africa continue to be seen as a tool that can be used to build inclusive development by “ensuring that those who were previously excluded from the formal economy are brought in through deliberate government policies”. In this regard, Satgar (2007:4) is of the view that cooperatives form part of redistributive policies such as the Broad-Based Black Economic Empowerment Act (Act 53 of 2003) (Republic of South Africa, 2003).

Cooperatives were not only seen as a means to rectify the inequalities of the past but were also seen as mechanisms to foster local economic development (LED) (Kanyane, 2009). In this case, the national, provincial and local governments are dedicated to promoting cooperatives as a vehicle for economic development in rural areas as well as ensuring that poor people can enter the formal economy (Department of Trade and Industry, 2014). For this reason, cooperatives are frequently perceived and managed as small, medium and micro enterprises (SMMEs) (Okem, 2016:106). According to Bernard and Spielman (2009:65), this approach could be the reason why indicators used to measure the contributions of cooperatives to the country’s economy are repeatedly not disaggregated from those of SMMEs. This approach impacts the extent to which cooperatives adhere to the core principles and values of the sector.

Additionally, it is worth noting that cooperatives in the post-apartheid South Africa are perceived to imbue values of Ubuntu, “a traditionally African value-set that is commonly acknowledged in South Africa” (Moodley, 2009:12). The values of humanness and communal good underpin the term Ubuntu (Venter, 2004:155), and implies that cooperation amongst people is essential to uplift the individuals and the society as a whole. This shows that the growth of cooperatives can also benefit the country by building and strengthening social capital.

As noted earlier in Chapter 3, since 1994, the South African government has embarked on a review of the country’s cooperative policy in order to position itself to respond to the imperatives of the democratic dispensation (Okem, 2016:106). The policy review also sought to ensure that the cooperative sector complied with the international principles and values (Ajayi, 2012:59). Moreover, the democratic government aimed to redress the disempowering effects of previous policies by establishing new policies that would embolden the emergence and growth of cooperatives owned by black South Africans (Department of Trade and Industry, 2004).

The formal legislative framework for cooperatives in South Africa had a positive effect and increased newly established black-owned cooperatives. This is evident in Figure 4.1 below, which illustrates that between 1922 and 1994 the number of registered cooperatives was about 4 000, while from 2004 onwards the number increased, primarily after the Cooperatives Act was in place (Department of Trade and Industry, 2012). The Companies and Intellectual Property Commission (CIPC) (2014:104) reported that the number of applications for new registrations rapidly increased. The CIPC also highlighted that the increase in registration was an outcome of how cooperatives are being promoted as a “vehicles for poverty alleviation and assisting rural communities to grow economically” (CIPC, 2014:105). In the report of 2013/2014, the CIPC provided statistics which showed the increase in the registration of cooperatives “from 15,340 in 2011/2012, to 21, 330 in 2013/2014” (CIPC, 2015:105).

Figure 4. 1: Trends in cooperative registration and deregistration

Source: Department of Trade and Industry (2012:29)

Although there has been a rapid increase in the registration of new cooperatives, the cooperative sector has not been strengthened accordingly. This is because the government placed greater focus on the number of cooperatives registered rather than the ability of existing cooperatives to sustain themselves without government support (Beesley, 2009). In this regard, Braverman, Guasch, Huppi, and Pohlmeier (1991:12) state that the success of cooperatives should not be measured by the number of cooperatives registered, as they exist on paper but do not provide tangible goods and services to their members.

4.5.3. Challenges of cooperatives in South Africa

South African cooperatives, particularly black-owned cooperatives, confront a range of challenges that affect their performance (Mabuyakhulu, 2010; Provincial Planning Commission, 2014; Mkhize, 2013). These challenges include a lack of financial resources (Dlamini, 2010; Department of Trade and Industry, 2012); a lack of marketing skills and training (Mthembu, 2008); inadequate knowledge of members related to the functions and purpose of cooperatives (Dlamini, 2010); a lack of guidance or mentorship (Gadzikwa, Lyne & Hendriks, 2007); and dependence on government or donors (Kanyane, 2009; Parliamentary Monitoring Group, 2010).

Additionally, the cooperatives face demographic challenges. This is evident in the baseline study of cooperatives conducted by the Department of Trade and Industry (2009:ii), which found that of the 29 646 members of the surveyed cooperatives, 40% were young people (16–34 years). The same report indicated that only 12% comprised youth aged 16–24 and 28% were youth of 25–34 years. The findings from this study display a positive relationship between age and membership of cooperatives. The Department of Agriculture, Forestry and Fisheries' (DAFF) (2011:14) report on agricultural cooperatives verified the findings of the Department of Trade and Industry (DTI). The former states that of the 22 313 members of surveyed cooperatives in the agricultural sector, only 11.6% were young people. Since the country is experiencing a high rate of youth unemployment and cooperatives are perceived and promoted as a tool for employment creation, it is not unreasonable for young people to be attracted to cooperatives.

The report of the Department of Agriculture, Forestry and Fisheries (2014:14) characterised the low participation rate of young people in cooperatives as a result of “youth’s perception of cooperatives as a low-skilled business that needs significant manual labour”. The DTI addressed this challenge in the Youth Enterprise Development Strategy 2013-2030 emphasising that young people should be encouraged to participate in cooperatives. Also, the Department of Trade and Industry (2014) seeks to ensure that student cooperatives are established in high schools and higher education institutions to collaborate with the Department of Higher Education.

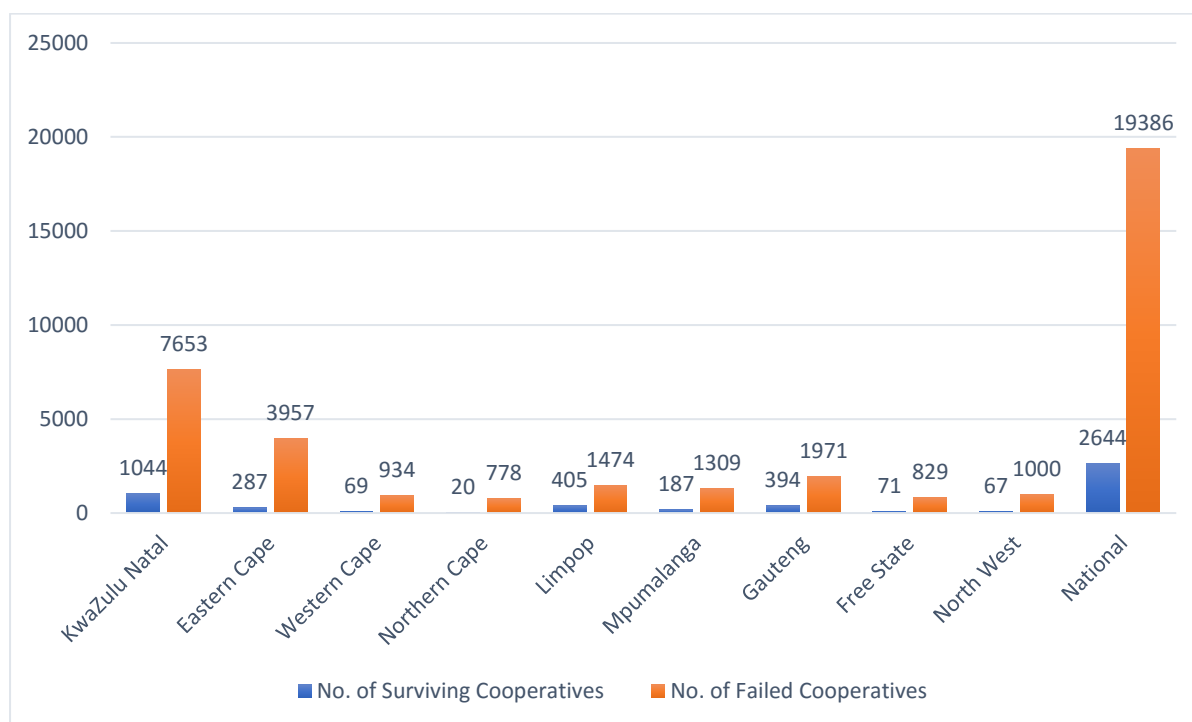
Another challenge facing cooperatives in South Africa is the shortage of Cooperative Financial Institutes (CFIs). There is a small financial cooperative sector that contributes little to the country’s economy (Genesis Analytics, 2014). The existence of strong CFIs is a prerequisite for a country to have a vibrant cooperative sector. Due to their small size, they tend to lack security and charge high interest rates. In short, cooperatives are unable to access funds from commercial credit providers (Okem, 2016:114). Consequently, most cooperatives are rendered ineffective without government financial support.

Although the CFIs are acknowledged as relevant and significant for the growth of cooperatives, the Cooperatives Act (Act 91 of 1891) has forbidden member financial deposits (Genesis Analytics, 2014:7). As a result, CFIs could not leverage the contributions of the members although this is supposed to be the primary source of funds for CFIs. The government has recently taken proactive steps to address the CFI challenges. The Reserve Bank of South Africa (RBSA) has been working towards formalising the CFIs. These steps include endeavours by

the RBSA to formalise “informal financial schemes based on common bonds, including stokvels and CFIs through the first exemption to the Banks Act in 1994” (Genesis Analytics, 2014:8). This exemption has a primary goal of ensuring that members of informal financial institutions are able to pool their finances for the collective good.

According to the Cooperative Banks Development Agency and the South African Reserve Bank (2013:7), an amount of R2 billion was dedicated to supporting the growth of CFIs in South Africa. However, Genesis Analytics (2014:9) argues that the funds had not been effectively utilised because of members being ill-equipped with the necessary managerial skills. Genesis Analytics (2014:vii) states that the lack of managerial skills led to “misaligned incentives and rent-seeking in some cases; poor management; insufficient capacity and top-down approaches to development”. Furthermore, CFIs ought to operate from members’ contributions rather than being funded as it contradicts the values of the cooperative sector (Okem, 2016:115).

The prevalence of weak and unsustainable cooperatives demonstrates the impact of the above-mentioned challenges. This is evident in Figure 4.2 below, which displays the national failure rates of cooperatives at 88% (Department of Trade and Industry, 2010:9). Apart from the high failure rate, the DTI study found that few cooperatives in South Africa are successful in the realm of employment creation. The same study noted that of the sample of 1 142 cooperatives surveyed, only 13% were able to employ a total number of 2 646 people (Department of Trade and Industry, 2009:ii).

Figure 4. 2: Provincial breakdown and status of cooperatives

Source: Department of Trade and Industry (2010:9)

The statistics in Figure 4.2 demonstrates that the majority of cooperatives established post-1994 performed poorly and resulted in a decline in their contribution to the economy (Okem, 2016:116). The Department of Trade and Industry (2012:41) further says that contributions of cooperatives to the country's GDP decreased by 0.65% from 2003 to 2007. In addition, there was also a decline of cooperatives' financial compliance by about 60% between 2002 and 2010 (from 171 in 2002 to 102 in 2010) (Department of Trade and Industry, 2012:41).

4.5.4. The role of cooperatives in community development

While numerous challenges confront cooperatives, there are still a few cooperatives playing an essential role in community development and contributing to the economy. Cooperatives create employment opportunities, and it is important to note that the majority of these cooperatives are workers' cooperatives. This means that the cooperative members are also the workers in their own cooperative (DAFF, 2013:14). The status of cooperatives indicates that in 2013, 4 934 job opportunities (2 830-permanent and 2 104-temporary) were created by cooperatives (DAFF, 2013:14).

According to Henry and Schimmel (2011:1), cooperatives generate income and increase the availability of goods and services. In light of this, South African cooperatives, particularly agricultural cooperatives, are said to play a significant role in food production and distribution

thereby reducing local household poverty. In addition, these cooperatives address the social protection needs of the members, thus reducing the vulnerability of the farmers, especially in times of crisis (DAFF, 2013:6).

In light of the above, the DAFF (2013:6) report shows that 25% of cooperatives in the country are agricultural and play an essential role in improving the living and working conditions of the members. Cooperatives also empower local citizens, mostly women, to enhance their economic activities. Satgar (2007) states that Limpopo province has vast rural areas and unfavourable living conditions. Therefore, projects stimulating economic opportunities are necessary in an effort to reduce the severity of harsh conditions.

Furthermore, cooperatives in South Africa provide education and training for their managers, elected representatives, members and employees so that they can be sufficiently skilled and empowered to run their cooperative effectively (DAFF, 2011:31). According to the DAFF (2013:12), in “2010/11, 109 cooperatives were trained on the ‘Farm together’ [Agri-skills] training [programme] and this number was increased to 217 in 2012/13, bringing the total number of cooperatives trained on the programme to 326”.

One South African cooperative that has played a significant role in community development is the Heiveld Rooibos Cooperative. This cooperative is located in Niewoudtville in the Hantam Karoo region of the Northern Cape. The region is isolated and deprived; however, the cooperative helped the community in their socio-economic upliftment (Jara & Satgar, 2009:23). In 2001, the Heiveld Rooibos Cooperative was established as a cooperative of 14 small-scale rooibos farmers with the aim of addressing low prices resulting from poor market access and middlemen. Through the Heiveld Rooibos Cooperative, community empowerment and capacity have been achieved and ensuring that social agency is not taken away from the community. Moreover, the Heiveld case demonstrates a strong case for the consolidation and improvement of social infrastructure linked to local engagement, voluntary support and commitment of local leadership as a basis for successful community-based development (Jara & Satgar, 2009:25).

4.6. Synthesis: lessons learned from the Kenyan and Nigerian cooperative movement

The liberalisation of cooperatives in Kenya offers a lesson for South Africa. Enhanced support services and increased financial allocations to cooperatives can potentially drain government resources and also contribute little to the development communities. In this regard, Jara and Satgar (2008:29) reference cases in South Africa where opportunists’ style themselves as

cooperatives, without any sense of communal solidarity, but in order to benefit from ill-conceived cooperative support programmes. This means that other cooperatives are formed merely to access resources or funds from the government. For this reason, it is crucial that cooperatives are assisted financially in the form of credit and subsidies to ensure that government dependency is reduced, and members create self-financing incentives within the cooperative movement (Jara & Satgar, 2008:31). The South African government needs to strike a balance between its power to effectively regulate the cooperatives and the freedom for cooperatives to function appropriately in meeting members' needs.

The withdrawal of government intervention in cooperatives holds the potential to prompt members to be committed and dedicated to the running of their own cooperative. When the cooperative is formed and founded on the basis of the interests of its members and services the needs of members, it tends to attract active and effective membership participation, contributing positively to community development (Wanyama, 2009:11). This aligns with the people-centered development theory (discussed in chapter 2) which emphasises that local people should be both the beneficiaries and the drivers of their development and be empowered with the necessary tools and knowledge to build their own community. In this case, the necessary tools to do so comprise a legislative framework that creates an enabling environment. In addition, the people-centered development theory highlights the importance of a bottom-up approach, which coincides with Wanyama (2008:13) saying that the development of cooperatives should “naturally evolve from the grassroots rather than directing it from above”.

Looking to lessons from the continent, the Nigerian study, on the other hand, shows that the cooperative sector remains largely weak and misunderstood. Cooperatives in Nigeria are perceived as mere tools for rural development flowing from government's narrow description of them as manual low-skilled businesses suitable for the poor and vulnerable. This government conception has rendered cooperatives unappealing to most Nigerian citizens. The lesson that can be learnt from Nigeria is the importance of not relegating cooperatives to a marginal status in society and taking from them of their guiding principles and values. In other words, cooperatives must abide by the principles and values of cooperatives as this gives it its unique character and advantage (Jara & Satgar, 2008:27).

4.7. Conclusion

The first section of this chapter explored the cooperative movement in Kenya and Nigeria. In these countries, cooperatives were established firstly for the expansion of the economic interests of the colonisers and later as tools for the implementation of government programmes.

Although the government's role in the development of cooperatives yielded some positive outcomes, it had negative impacts as it prevented the cooperatives from practising the principles and values of the cooperative movement. Government's interference in cooperatives, in both countries, prevented them from reaching their potential thus not meeting the needs of their members. However, the liberalisation of cooperatives in Kenya ensured that they flourished, leading to the steady development of cooperatives in the country. These cooperatives contributed significantly to economic growth and improved the lives of the citizens.

The second part of the chapter discussed the cooperative movement in South Africa. In this regard, the country's history of cooperatives was explored, showing two distinct periods in the development of cooperatives. During the first period – the pre-democratic era - the cooperative movement lacked clear definition with little compliance with the principles and values of the cooperative movement. Cooperatives were mainly under government control and white-owned. During the second period - ushered in by the transition to democracy - policies were adopted emphasising that cooperatives ought to operate according to the principles and values of the international cooperative movement. However, cooperatives remain mostly weak notwithstanding on-going and increasing government support. This led to suggestions that many cooperatives in the country are formed merely as a means to access government resources.

Nevertheless, there are a few surviving cooperatives that are meeting the needs of their members through the creation of employment, the generation of income, poverty reduction and growing the skills base of their members. The Motlouloula Farming Community is a case in point.

CHAPTER 5: RESEARCH FINDINGS AND ANALYSIS

5.1. Introduction

This chapter presents and discusses the findings of the MFC case study related to the role of cooperatives in community development. The MFC is run by middle-aged women from the village and there are no male members; however, they seasonally hire men to make furrows on their farm. A brief profile and overview of MFC is provided before the presentation of the results to enhance a contextual understanding of the case study.

5.2. Introduction of the case: Motloulela Farming Cooperative's profile and overview

The MFC (also known as Motloulela Community Project) is situated at Motloulela village, which is at 65 km north of Burgersfort, in Limpopo Province. The village is spread out at the foot of a mountain which forms part of the Transvaal-Drakensberg range. In this village, there are no recreational facilities or tarred roads, only inconsistent mobile phone reception, and residents depend on communal taps for water.

Figure 5. 1: Location of Motloulela



Motloulela village forms part of the Fetakgomo Tubatse Municipality, which is the centre of chrome and platinum mining operations in the province. The mines situated within a 20 km radius of Motloulela employ a number of men from the village.

The population of the village mainly comprises older women and school-going children. 2011 census data from Statistics South Africa found that 804 people lived in 182 households in Motloulela, 62.1% of which were headed by women. Most young people leave the village and go to the cities as soon as they complete their matric, while others drop out of school. These women use government social grants to sustain their households, which are insufficient for healthy living. Thus, they have to find ways to supplement this income. For this reason, in 2005 the women from Motloulela village started to utilize their biggest resource - “the land”.

A group of 63 women started a project by working a two-hectare piece of rugged tribal trust land with spades, hoes, machetes, and pickaxes. They uprooted trees and cleared the rocks with their bare hands. After almost a year of back-breaking toil, the land was cleared and ready for cultivation. The project was then registered as a cooperative named Motloulela Farming Cooperative.

Today, only 18 of the original 63 members who initiated the project remain and they have divided the land amongst themselves – each with their own plot. They work every day of the week tending to their plots where they plant several crops. These crops include spinach, cabbage, beetroot, butternut, green pepper, carrots, onions and tomatoes.

Below are the members of the Motloulela Farming Cooperative categorized according to demographic factors including gender, age range, marital status, level of education, employment status, and income levels of household members.

5.3. Demographic information

Demographic information provides more context and detail about the community. It also helps to comprehend the dynamics driving the productivity of the cooperative and its contribution to community development.

5.3.1. Gender

The findings indicate that there are eighteen female members in MFC, fourteen of which participated in this study. In this cooperative, there are no male members; however, they seasonally hire men to make furrows on their farm. The MFC is run by middle-aged women from the village.

5.3.2. Age

Table 5. 1: Age of the cooperative members

Age level	Frequency	Percentage
18-35 years	3	22%
36-50 years	9	64%
51-65 years	2	14%
Above 65 years	0	0%
Total	14	100%

The majority of the MFC members are between the ages of 36-50 years with none above the age of 65 years. Most of the participants below the 36-50 years range joined the cooperative because of improved access to livelihood opportunities and because most other opportunities favour individuals under 35 years of age.

5.3.3. Marital status

Table 5. 2: Marital status of cooperative members

Marital status	Frequency	Percentage
Single	4	29%
Married	6	43%
Divorced	1	7%
Widow	3	21%
Total	14	100%

Most of the members of the cooperative (43%) were married and joined the cooperative to be empowered and improve their income. As one respondent put it:

“I am married, but that does not affect my commitment to the cooperative because I am currently heading my household as my spouse is working far away from home as a migrant labourer, earning a pittance.”

5.3.4. Level of education

Table 5. 3: Level of education of cooperative members

Level of education	Frequency	Percentage
No formal schooling	3	21%
Primary	3	21%
Secondary	6	43%
ABET	2	15%
Tertiary	0	0%
Total	14	100%

A large number of the participants have secondary education (43%) but none have tertiary education. According to Oluwakemi, Cornelius, and Bolaji (2012:190), having a higher level of education improves cooperative members' ability to be trained and to address their social problems.

5.3.5. Employment status and household income

Table 5. 4: Employment status and household income of cooperative members

Employment Status		
	Frequency	Percentage
Unemployed (full-time member)	11	79%
Employed	0	0%
Self-employed	1	7%
Pensioner	2	14%
Total	14	100%
Household income		
	Frequency	Percentage
Less than R1 000	2	14%
R1 000 - R3 000	10	72%
R4 000 - R6 000	2	14%
R7 000 – R9 000	0	0%
Greater than R10 000	0	0%
Total	14	100%

This study interrogated the employment status and household income of the participants because of the assumption that these two aspects determine the amount of time members of cooperatives can spend on farming activities. The assumption is that if the members spend more time on the farm, it will lead to increased productivity of the cooperative. In light of this, Nefale (2016:41) argues that “full-time farmers are more likely to achieve high production, [and] thus high income”.

The findings show that the majority of cooperative members (79%) are unemployed, and can, therefore farm on a full-time basis. The high unemployment status of the cooperative members

implies that they have time on their hands and are thus able to dedicate most of that time to farming, thereby enhancing productivity. As the cooperative becomes more productive, it also generates more profit. As a result, members use the profit to increase their incomes and to improve the lives of their families. This view was supported by most of the participants. One respondent summarized the collective view very nicely:

“We have seen a lot of improvement in our lives. We can feed our families through this land. The land is our wealth. Without it there is no life, we are nothing”.

5.4. Research Findings

The research findings presented below are an overview of the conversation analysis and narrative construction of the face-to-face interviews conducted with the 14 participants between 6 May 2019 and 20 May 2019. The interview content was transcribed and thematic patterns addressing each of the research questions were identified. The themes comprised the following: the initiation of the MFC; empowerment through training and skills development; creation and improvement of social networks; access to funding and financial improvement, and finally, the broader benefits of having MFC in the village.

5.4.1. The founding motive of MFC had poverty alleviation at the core

The interviews revealed that through engaging in the MFC, local people took charge of their own fate. The respondents from women-headed households realised that dire poverty-stricken conditions brought about through unemployment and the economic instability of the country were worsening. The income grants that used to sustain them was no longer sufficient because of increasing food prices. Moreover, alternative avenues to earn additional income had also narrowed. For example, the women used to make brooms from the mountain grass. However, due to climate change this resource is no longer available. As one participant said:

“There was too much suffering here in our community. We were really hungry. We used to go up the mountains and cut grass. Then we would go around selling brooms [made from the grass] in town. However, the grass stopped growing and it was very hard. But as women, we had to ensure that our children have something to eat”.

In order to survive and to feed their children, the women turned to the resource available to them – “the land”. They obtained permission from the traditional authority to use a two-hectare piece to start a farming project. After almost a year, the land was cleared and ready to farm. A once-rocky stretch of land useful only for grazing the goats and donkeys of Motloulela was transformed.

The women initiated the cooperative in the belief that they would be able to earn additional income and produce their own vegetables rather than buying them. This freed up income for other necessities. United ‘by the belief that public authorities or private businesses would not help and that they were uneducated’; they created employment for themselves by starting a cooperative. In this respect, one of the participants emphasised:

“We cannot wait for the government. We are the government. We must make things happen because nothing will come easy to us.”

5.4.2. Empowerment through information sharing, skills development and training

According to the data collected, all the participants indicated that there are aspects of empowerment in the functioning and running of MFC. The members, in this respect, indicated that their ability to access the relevant information in time – provided by the Department of Social Development (DSD) officers - helped inform them and enable them to take appropriate action. For example, when there is a call that applications for funding are open, officers send the message to the cooperative. In light of this, one of the participants briefly said:

“We appreciate the people who are helping us to access important information because if it weren’t for them, we would not be where we are now. Living in a rural area sometimes is not easy because information can pass by without even realising it”.

The research findings show that the development of the cooperative helped members to acquire skills and knowledge through workshops or training opportunities. In this case, it was discovered that DSD officers, referred to as community development workers (CDWs), play an essential role in ensuring that cooperative members participate in different training and empowerment workshops which benefits their cooperative. The members said that they attended a workshop which helped them to draw up a business plan. They further noted that the workshop helped them in funding application processes. The participants reported that when there is another call for funding or anything that needs the members to draw up a business plan, they can do so on their own as they had gained the necessary skills and confidence from their previous experience. One of the participants supported this in saying:

“I now know how to draw a business plan, and I am glad they taught us so that we don’t always have to run after the DSD officers when there are funding opportunities to apply for”.

Other training sessions covered skills such as conflict management, bookkeeping and leadership – key competencies vital in the running of a successful enterprise. Respondents reported that although they would like to attend more training and workshops, the ones already attended helped them acquire sufficient knowledge and the necessary skills to run their cooperative competently. Moreover, the skills learned also helped them manage their households more effectively:

“In my family, we used to have disagreements, which eventually or sometimes led to conflict. It was hard because I felt helpless, as I did not know what to do. However, now since I attend a workshop about conflict management, I’m able to keep my family calm and advise them on how to resolve our disagreements.”

The research findings further revealed that the new concepts in bookkeeping training challenged and motivated two of the cooperative members to enrol in an Adult Basic Education and Training (ABET) course to improve basic literacy and numeracy skills. Thus, the training and skills development initiatives linked to their cooperative are serving as a vehicle for other personal development initiatives.

5.4.3. Creation and improvement of social capital

Motloulela has always had a rich associational life evidenced in the presence of informal self-help clubs such as burial societies and stokvels where members have a clear understanding of their obligations, entitlements and duties. This associational life provided a solid foundation for bridging social capital, i.e. accessing information and resources from outside the community to respond to social problems (poverty and unemployment) in a meaningful way. The process of initiating the cooperative enabled the concerned women in Motloulela village to link with the relevant external stakeholders such as CDWs to address these social problems. The registration of the cooperative not only formalised existing relationships within and between social networks in Motloulela, but also formalised social relations by bringing people together who were only acquaintances. Beyond knowing one another, the cooperative ensured that the members had a shared vision, and set of values and norms to join them, allowing them to better and collectively respond to their needs. The respondents pointed to a book that contained the values and norms followed by the members. The book also stipulates the penalties in cases of violation of the norms and values.

The research found that developing a cooperative was a way of solving collective problems and that members utilised their social relations within and between various networks to ensure

the achievement of common goals. However, the process was not without its challenges. As the cooperative development process unfolded, some members were challenged by numeracy and literacy problems, which dissuaded them from attending meetings. Other members left the cooperative as they did not trust other members with their financial investment in the cooperative. The level of mistrust among members was exacerbated when some of the older women were not allowed to purchase equipment for the cooperative based on their level of education. It was believed that the older, less educated women would not be able to grasp what equipment was needed. The result was that the older members felt discriminated against; while they in turn mistrusted the younger and better educated members who, the older women believed, were intent on taking advantage of them. However, through sustained efforts to ensure that every member actively participate in each activity of the cooperative regardless of their age, they rebuilt their social capital, and their shared vision has been the catalyst.

5.4.4. Access to funding and how this improved social ties, trust, and self-belief

The findings show that the MFC was able to secure financial assistance twice from the DSD in 2008 when there were 63 members, and again in 2014 when there were 34 members. After receiving the first tranche of funding, participants requested advice and guidance from CDWs on how best to deploy the funds. Consequently, the first financial tranche was used to build a fence around the farm so animals would not consume the cooperative's crops. Six of the fourteen participants highlighted that they, at first, felt that the CDWs were not guiding but instead demanding that the cooperative do certain things with money received from DSD. After some time however, they came to realise that the CDWs were helping the cooperative with integrity and social responsiveness. As one participant said:

“In the application, we are required to write about how we would like to use the money, however immediately when we received the money, we started to have many things which were no longer aligned with what we initially planned. Thus, with the help of DSD workers, we managed to stick to what was written in the application”.

The second tranche of money was used to drill boreholes on the farm and building storerooms and toilets. This time around, members did not really receive any advice from the DSD officers; instead, they informed the officers about how they wanted to spend their money. That is, the cooperative members did not solicit and wait for advice but instead committed to using the money as specified in the grant application.

The successful spending of the second tranche of money improved social trust and a strong sense of self-belief. This reinforces the notion that people can and should take charge of their own destiny for sustainable community development to occur, in accordance with the humanist school of thought and people-centered development principles. It is also for this reason that the MFC members were more willing to invest in their own cooperative beyond government funding.

The research revealed that members of the cooperative did not depend entirely on government funds. The women also made annual and monthly contributions to ensure that the cooperative functioned smoothly. Annually, every member contributes R200.00, which is banked every year. Monthly, each member contributes R50 which is used to buy seedlings.

The MFC is generating income from the sale of their vegetables to hawkers who line up in trucks next to the farm during the harvest season. One respondent said:

“They also sell their vegetables to households in and around their village and at pension and social grant pay points”.

The MFC, as it was established, is making profit - though they did not disclose the amount – and 40% of the profit is reinvested into the business. The remaining 60% is shared among members for their household expenses. As one participant said:

“The income we are generating from the cooperative helps us in many ways. We are able to meet our families’ basic needs, such as foods and clothes and in most cases; we are able to pay for our children’s education”.

5.4.5. Employment opportunities and prospects

The MFC does not provide permanent employment opportunities. The cooperative hires labour on a temporary basis as per seasonal labour demand. It has to be noted that greater preference is given to employing locals. The cooperative members are the only ones managing and working on the farm on a permanent basis. However, the temporary employment opportunities help to support the livelihoods of local residents who cannot migrate to the urban areas in search of work.

5.4.6. Other considerable benefits of the MFC to the village

In addition to the points discussed above, the MFC provides considerable benefits to Motlouléla village. Firstly, the MFC provides community members and local hawkers with discounted prices. This means that they purchase produce at a lower price than those who do

not reside in the community. Thus, local citizens manage to buy more goods with the little they have and can feed their families more cost-effectively.

Secondly, local purchasing means reduced travelling costs. With the cost of transportation being one of indirect cost-drivers in business and household expenditures, this is a considerable benefit in the sense that transport costs do not have to be borne by local buyers. Not only does this benefit the cooperative in the long-term as community members would have increased purchasing power for even more greeneries, but it also reduces financial pressure for community members.

Thirdly, MFC donates vegetables for funerals in the community. Culturally, community members consider a funeral procession to have been successful if the mourners have also had food to eat, even if the food is not luxurious. Donated vegetables might not meet market standards but are still healthy enough for consumption.

5.5. Discussion of research findings

5.5.1. The initiation of Motloulela Farming Cooperative

The initiation of MFC (based on the findings) depicts the underlying principle of self-help (as one of the community development paradigms discussed in chapter 2). The self-help paradigm emphasises that people should depend on their own abilities and efforts, rather than making use of other parties as a means of solving problems (Phillips & Pittman, 2009:63). According to Zeuli and Radel (2005:47), it means that local citizens should be the primary role-players in their development.

The women of Motloulela village recognised that social grants were insufficient to meet their basic needs and acknowledged their precarious living conditions and poverty. Acknowledgement of their mutual and collective problem led to their decision to change their lives, and the start of a farming project. Swanepoel and De Beer (2016:55) indicate that identifying a need is a prerequisite for people to take action and it is the necessary first step before a project can be started. The exercise of realising and identifying their problems was an actively participatory process because it was the women themselves who identified their common problem before they could organise themselves to the point of starting a farming project.

A group of 63 women from Motloulela village started this farming project (which was later registered as a cooperative). Each woman joined the project voluntarily because of their need to solve problems of hunger and unemployment. Each of the women believed that the farming

project would help to secure food and extra income for their families. This portrays aspects of one of the cooperative principles: voluntary and open membership. This principle emphasises that members enter a cooperative voluntarily, based on their interest in participating in or using services associated with cooperative membership. In addition, this principle highlights that, if they choose to, members are allowed to leave the cooperative (ICA, 2015). This has been the case with the MFC as some members voluntarily resigned and stopped cooperating.

The realisation of their common problem, which later led to the development of MFC, prompted Motloulela women to group themselves and work collectively out of the realisation that they were less likely to solve their problems individually. In support of this, Rauschmayer, Polzin, Mock and Omann (2018:345) argue that community development is not an individual action. Instead, it is a collective action whereby a group of people sharing common interest, concern or sentiment unite and work collectively towards a common solution. In the same way, Swanepoel and De Beer (2016:55) highlight that collective action is where human beings address their needs and problems voluntarily.

Additionally, the development of the MFC shows that local women mobilised themselves to participate fully in developing a project which affected their lives. These women became part of the project planning, implementation and evaluation processes. This concurs with Asnarulkhadi and Faroborz's (2011:187-188) observation that participation can generally be described as "many kinds of activities and processes carried out, directive or non-directive by the authorities responsible, or initiated by the people themselves to bring social development and improvement for the betterment of community members". This means that local people should be the designers, drivers and leaders of their development (as discussed in chapter 2).

The study also found that the cooperative significantly improved the lives of its members. Through the MFC, the unemployed women were able to meet their basic needs with the income accrued from the sale of vegetables. Supporting this, Zeuli and Radel (2005:47) argue that self-help enterprises should ensure that community members are at the centre of a development process to "improve the quality of life within the community".

Additionally, the emergence of MFC coincides with the bottom-up development approach (discussed in chapter 2). In this case, a bottom-up approach emphasises that local citizens should be directly involved in development initiatives so that they can identify their desired goals and ways and means of achieving them (Isidiho & Sabran, 2016:270). The research found that the Motloulela cooperative members were the people who initiated the cooperative, and

directly participated in shaping the cooperative and deciding how it should be run. This means that no external stakeholder, agency, or government department (associated with a top-down approach) enforced or imposed on the development of the cooperative (Isidiho & Sabran, 2016:270).

According to Isidiho and Sabran (2016:271), a bottom-up approach ensures that the local community has a sense of ownership over a project and encourages commitment to and ownership of the project. The research demonstrated that MFC members have some degree of control over their cooperative and this gives them a sense of ownership. This encourages the members to dedicate the majority of their time to ensuring the success of the cooperative, given its pivotal place in the member's socio-economic survival.

5.5.2. Empowerment through capacity development and training

This study established that CDWs from the Department of Social Development played an essential role in equipping the members of the MFC with the necessary information concerning calls for funding, application processes, workshops and training. This is in line with Swanepoel and De Beer's (2016:69) assertion that empowerment is about providing people with the information required for them to make wise decisions. Similarly, Narayan (2002:33) notes that the ability to access information is crucial in empowerment because it equips people with the skills to take advantage of available opportunities.

Through information sharing, workshops and training, most participants confirmed that the acquisition of knowledge and skills enabled them to make the right decisions concerning their cooperative. In light of this, Spencer (2006:5) indicates that a means of measuring a cooperative's success lies in how human capital is developed within the cooperative. The development of human capital (also referred to as cooperative education) includes training, sharing of information, and involvement, which gives members confidence and a sense of fulfilment and belonging.

The members of the MFC emphasised that the training they received on writing a business plan helped them gain confidence in writing their own proposals during subsequent funding application processes. Acquiring these skills helped to cultivate a sense of independence among cooperative members as they were no longer obliged to seek assistance from other parties or DSD officers.

This is consistent with Swanepoel and De Beer (2016:64) who state that the physical and human aspects of a project cannot be separated. Swanepoel and De Beer further explain that

when people commence a project, the objective is primarily about meeting physical needs; however, in the process they also start fulfilling other more abstract human needs, such as a sense of happiness, self-reliance, contentment, and ultimately, human dignity. Thus, while the MFC was initiated to meet basic needs, it also facilitated skills acquisition, built human capital, nurtured a sense of independence, and assisted cooperative members in addressing domestic/family problems. Importantly, the MFC played a significant role in improving women's living and working conditions - especially those who are most vulnerable to poverty – aligning with the findings of Galab and Chandrasekhara (2003) which emphasise that cooperatives have the potential to empower their members and enable them to better influence the course of their lives and the decisions affecting them.

5.5.3. Creation and improvement of social networks

The women of Motloulela Village mobilised themselves after identifying their needs and started a cooperative which they believed would facilitate and enable the interaction necessary to solve their shared problems. This supports the findings of Deng and Hendrikse (2014:3): “the social network structure of a cooperative creates a platform for information sharing and exchange, which facilitates the interactions and knowledge transfer among the membership”. This means that the values and norms shared by people in a social relationship obliges them to interact with each other in a particular way for the success of a programme or project (Deng & Hendrikse, 2014:3).

Deng and Hendrikse (2014:3) further indicate that close relationships between members in a cooperative have an influence on project execution. Thus, the common problems experienced by the Motloulela women united them in the desire to work collectively and formalise their relationship by registering a cooperative. This built on the existing ‘bonding capital’ (Phillips & Pittman, 2009), in other words the informal ties of burial societies and stokvels, and through the formation of the MFC, new social relationships were established with other women, creating ‘bridging capital’ (Phillips & Pittman, 2009). In light of this, Swanepoel (1993:8) notes that community development leads to community building as new networks between individuals and organisations are created while the existing networks are improved.

The MFC linked its members with different stakeholders who shared information and assisted with funding and training. This supports the work of Liang, Huang, Lu and Wang (2015:51) who argue that social capital arranges human resources to improve the sharing and exchange of information and generates future income. The results show that the social relations forged by the Motloulela women facilitated and coordinated cooperation for mutual benefit.

5.5.4. Access to funding and financial improvement

The MFC has been operating with three sources of funds: Firstly, the funds collected directly from members through annual and monthly contributions; aligning with the cooperative principle of the economic participation of members. Secondly, funds from the cooperative surpluses (investments); and thirdly, from government in the form of grants. In this case, government intervened by providing financial assistance to cooperatives by way of grants to reduce dependence and promote self-financing.

CDWs advised and guided members on how best to utilize the first round of funding. However, with the second tranche of funding, MFC members did not want or need advice on funding commitment and deployment. Self-commitment and deployment signals empowerment, aligning with the fourth principle of cooperatives, namely: autonomy and independence.

To ensure self-sufficiency, MFC members created alternative funding sources – aligning with the lesson of the Kenyan cooperative movement which emphasised that cooperatives should be liberalized with government limiting its role only to the creation of an enabling environment (Wanyama *et al.*, 2009:337). The argument here is that if cooperatives were indeed established to meet the needs of the members, then they would develop without government intervention. However, if cooperatives are initiated for the purpose of accessing government resources, they will collapse when the government withdraws those resources.

In South Africa, many reports (discussed in chapter 4) point to cooperatives collapsing due to insufficient funding or the mismanagement of government funds (Department of Trade and Industry, 2009:9). Mindful of this, the MFC drew on their own resources which, aligning with the work of Thaba and Mbohwa (2015:2), strengthened members' dedication, innovation and creativity.

The MFC is owned and controlled by its members (which is consistent with the second principle of cooperatives: democratic member control), who contribute equally to the cooperative and also share equally in the 60% portion of profit which is used to support their families and to ensure that their expenses are covered. Because it is a cooperative – and in line with cooperative values elsewhere - “the community retains a greater share of the business profits than would be the case with a publicly traded firm and the wealth is distributed among more residents than would not be the case with a smaller partnership or sole proprietorship, with profit-sharing limited to only a few” (Zeuli and Radel 2005:49).

According to the Food and Agriculture Organization (2012), cooperatives have the potential to create employment opportunities. These employment opportunities can be in the form of permanent, temporary and seasonal work. Similarly, Ogbeide (2015:104) highlights that cooperatives increase the disposable income of members and the community. The interview findings demonstrate that MFC provides self-employment to its members and enables them to be economically independent through the income generated by the cooperative.

5.5.5. Benefits of having Motloulela Farming Cooperative in the village

According to Chambo (2009:20), cooperatives have the potential to make a positive contribution to the development of rural communities by way of ensuring access to services and opportunities, which, in turn, leads to an improvement in the quality of life. Quality of life is improved by affording people employment opportunities, enhancing rural income, fostering rural market development, and enabling better access to social services. The MFC has improved the living conditions of the local citizens as they enjoy certain benefits from MFC, including (as stated in the findings) food donations, discounted prices, employment opportunities and reduced travelling costs for community members and local hawkers.

According to Zeuli, *et al.* (2004:23), cooperatives, like the MFC, are labelled “inherent community development cooperatives”. This is because such cooperatives are initiated by a group of local citizens to “fill some normal business function that is either absent or inadequately provided, but that is also an integral part of that community’s development”. MFC members established the cooperative with the primary aim of meeting their basic needs and earning additional income to sustain their households. However, the participants revealed that the wider Motloulela community is also benefiting through temporary (seasonal) employment (privileging locals), discounts and donations. This is consistent with the last principle of cooperatives, which emphasises that cooperatives ought to have concern for the communities in which they operate (ICA, 2007).

5.6. Summary of the findings

Motloulela Farming Cooperative has shown to be one of the viable economic vehicles in Motloulela village, whereby local people work together to improve socioeconomic conditions in their community. The research findings revealed that MFC has empowered women by enabling them to acquire knowledge and skills, it has created and improved social networks in the community, while also ensuring that members are economically independent by providing them an avenue for self-employment. Community members also enjoy the benefits of having

the MFC in their village, as they have access to food donations, discounted prices and casual jobs.

5.7. Conclusion

This chapter has presented the research findings. The MFC is run and managed by women, the majority of which are full-time farmers. The MFC – comprising 63 women – established the initiated MFC as they shared collective problems of hunger, poverty and lack of employment in their community. The establishment of the cooperative was considered appropriate as a means to solving their common problems.

The initiation of the MFC exemplifies the underlying principle of the self-help paradigm and people-centered approach to development, because the local women were at the core of the cooperative's development. Additionally, the findings reveal that the running of the MFC empowered women as they were able to acquire the necessary knowledge and skills to administer and manage their cooperative. The MFC created and improved social networks in the community, while also delivering economic independence to members through self-employment. The MFC has also succeeded in benefitting the wider community via donations, discounted prices and casual jobs.

CHAPTER 6: SUMMARY, CONCLUSION AND RECOMMENDATIONS

6.1. Introduction

The primary aim of this study was to assess the role of cooperatives in community development using the Motloulela Farming Community as a case study. This chapter demonstrates the link between the empirical data collected, the literature reviewed, and the theoretical framework. This chapter also provides recommendations on how to enhance the growth and performance of cooperatives in community development, particularly in rural areas. Lastly, suggestions for further research are provided.

6.2. Linking data, literature and theory

Cooperatives are perceived as “important vehicles for community development because they can be used to solve local issues by mobilising local resources into critical mass, and by virtue of being locally owned and controlled, cooperatives can keep profits and responsibility in the hands of local citizens” (Zeuli *et al.*, 2004:18).

This study defined community development as an action, result or outcome, whereby “a group of people initiate social action to change their economic, social and cultural situation” (Phillips & Pittman, 2009:6). This definition was adopted because it highlights the importance of enabling and/or providing a platform for people to take charge of their destiny. This study has portrayed cooperatives as one of the means to, or platforms for, enabling people to take control of their future. The case study demonstrates that the MFC played a pivotal role in improving the socioeconomic conditions of its members and the wider community by addressing hunger, poverty and unemployment. Although the MFC does not create permanent employment opportunities for community members outside of the cooperative, it has effectively secured self-employment for its members. With the income generated from the MFC, women are able to meet the basic needs of their families, including providing food and clothing and paying for their children’s education.

Over and above the material gains, the MFC has empowered its members with skills. These skills are not only vital to the smooth administration and functioning of the cooperative, they also contribute to the resolution of household matters as cooperative members have learned how to save, how to use their money wisely, and how to resolve conflicts in their families. The fact that the women earned their own income, acquired various skills, and interacted with other

cooperative members collectively enhanced their emotional well-being, self-respect and confidence.

While the MFC created and improved social relations among members, some members resigned from the cooperative because of trust issues, especially when it came to investing their money in the cooperative. The remaining members learned from this experience and managed to successfully build trust amongst themselves.

The MFC, like most cooperatives, contributed to community development. Members pooled their resources which enabled them to increase their internal capacity to effectively manage their cooperative, resulting in improved income generation. For this reason, members were able to improve the quality of their lives. This satisfies the requirements of the self-help paradigm of community development. The MFC also adheres to the principles of asset-based community development through building on the community's human, social and financial capital. Instead of depending entirely on government or external agencies, the members of the MFC decided to take charge of their cooperative for their benefit and that of the community. This meets the principles of the self-development paradigm of community development and also coincides with the lesson drawn from the Kenyan cooperative movement.

Furthermore, the initiation and operation of the MFC is demonstrative of the underlying principles of 'people-centered development'. People-centered development emphasises that community members must be at the core of any development process in their community. This has been the case with the initiation of MFC with local women leading the process, while CDWs played only a facilitating role. As indicated in chapter 2, people-centered development theory is inseparable from public participation. With the MFC, public participation was evident when the local women actively involved themselves in the design, establishment, and monitoring of the cooperative.

6.3. Conclusion

Poverty and unemployment are the main socioeconomic issues facing the majority of rural communities in South Africa. As a result, many residents turn to cooperatives where they work collectively to reduce poverty, create employment, and strengthen social capital within their communities. Cooperatives are considered to be viable vehicles for enabling and facilitating the improvement of people's lives through the institutionalisation of community development processes and projects.

Many cooperatives in South Africa remain largely weak and collapsing. As one of the salient challenges, the literature has shown that there is sufficient government funding and general support for cooperatives. However, unless carefully utilised, the nature of government support has created a system of dependency that is not conducive for cooperative empowerment and prosperity. In addition, most cooperatives have neither created employment opportunities nor contributed to the economic development of their communities. Rather than being driven by the ideals of improving the socio-economic conditions of members and the community, many participant cooperatives were established mainly as conduits for accessing government resources and funding.

Despite this trend however, the belief that cooperatives are viable developmental vehicles easily accessible to rural communities still holds. That is, cooperatives can be utilised to drive and bring about community development. This is the central theme of this thesis. In particular, following literature analysis, this thesis sought to test this view by studying MFC and its developmental impact on both the Motloulela community and its members.

Qualitative methodology and case-study design were used to interview 14 of the 18 members of MFC in order to solicit their views on their cooperative and its broader impact. To achieve this, the following indicators were identified from literature: (a) poverty reduction; (b) employment creation; (c) skills development; and (d) creation and improvement of social capital. The analysis of the interviews suggest that these indicators are compatible. The MFC provides an opportunity for self-employment and economic independence that reduces the poverty of its members. Additionally, whilst the members are self-employed, they are also upskilling to maximise both their individual and enterprise growth. In conclusion, a cooperative can indeed be a vehicle to community development. However, as this case proves, it appears that social capital and explicit common vision (shared need) play a catalytic role thereby functioning as the glue that unites and binds cooperative members.

6.4. Recommendations

To ensure growth and development of cooperatives and enhance their contribution to community development, the study recommends the following:

- The government should further invest in ensuring that members of cooperatives, especially in rural areas, are literate and numerate. This can be done by offering training and workshops to the cooperative members. Mentoring is also essential. Among others, the units or department which can participate include the National

Youth Development Agency (NYDA), Sector Education and Training Authorities (SETAs), Department of Agriculture, Forestry and Fisheries (DAFF) and Marketing departments.

- Training and education in financial management is crucial for new cooperatives, especially for managing budgets and monitoring expenditure. As the MFC case shows, without monitoring, there was a likelihood that funds could have been misused.
- Every member of the cooperative must be treated equally to ensure agreement and peace in the cooperative. This can be achieved if all the members agree on the rules which will guide their cooperatives and they should each be accountable in ensuring that every member adheres to those rules. This is to say that MFC should develop a code of conduct for members of the cooperative. The MFC case alludes to the necessity of a code of conduct in that some members resigned and stopped cooperating because they felt discriminated against based on the level of their education.
- Cooperatives should be made aware of the critical importance of self-financing because reliance on government can hinder growth and compromise independence, which are crucial for the long-term survival of cooperatives.
- Because most cooperatives in rural areas are started by unemployed people, financial support and mentoring from government officials during the initial stages is indispensable. It is advisable for government to enter into a contract with the cooperative, which stipulates that if their cooperative collapses within two years, they have to repay the funding received. In other words, the grants must be based on certain conditions. This is to prevent cooperatives being formed for the sole purpose of accessing government funds for personal gain.
- Local people – as is demonstrated in the case of the MFC – must be the centre of their development initiatives. This promotes a sense of ownership, thus improving participation. Government and community development workers should remain the facilitators of the development process.
- Government should prioritise revisiting the legal framework governing cooperatives. The legal framework should emphasise facilitation, and the freedom to organise and conduct business rather than supervision and control.

6.5. Suggestions for future research

The study suggests that instead of researchers putting further effort into identifying and describing the challenges facing cooperatives and their high failure rate, they should rather invest equal and corresponding effort in to demonstrating their role in community development. The argument here is that providing a comprehensive analyses of thriving cooperatives could shed light as to how effective they are in as far as their role in community development is concerned; what could be considered success factors and therefore the building blocks for successful cooperatives, and infuse these lessons in forming new or reinvigorating existing cooperatives.

This study was grounded in qualitative research methodology. Data generated from semi-structured interviews provided strong insights into the status, perspectives, and motivations of the collective activities of MFC. Although the research method adopted in this study was suitable for the study objectives, it is recommended that future studies use a mixed methods approach. This will facilitate the generation of both qualitative and quantitative understandings and interpretations. It is further recommended that future research should focus on the benefits cooperatives can potentially deliver to urban communities. This is because a cursory look at the literature amplifies the importance of cooperatives in rural areas but makes little mention of cities. It is as if cooperatives are primarily associated with rural areas.

The study also found that it is very likely to find cooperatives administered and managed by women not unrelated to the fact that they are the most vulnerable and economically marginalised of the previously disadvantaged. Given underemployment, unemployment and accelerated retrenchment of the predominantly male workforce, it would be most interesting to investigate why there are so few cooperatives started by men (especially since the majority of men are not working in these communities).

REFERENCE LIST

- Agbo, F. 2009. Farmers' Perception of Cooperative Societies in Enugu State, Nigeria. *Agro-Science Journal of Tropical Agriculture, Food, Environment and Extension*, 8(3): 169-174.
- Agbo, F., and Chidebelu, S. 2010. Socio-economic Determinants of Cooperative Societies' Access to the Services of the Nigerian Agricultural Cooperative and Rural Development Bank. *Field Actions Science Reports*, 4: 1-5.
- Ajayi, J. R. 2012. *Strategies for Sustainable Housing Co-Operatives in South Africa*. Doctor of Philosophy (Construction Management), Nelson Mandela Metropolitan University, Port Elizabeth.
- Akhtar, I. 2016. *Research Design. Research in Social Science: Interdisciplinary Perspectives*.
- Anheier, H.K. and Toepler, S. (eds). 2010. *International Encyclopedia of Civil Society*. New York: Springer.
- Arando, S., Freundlich, F., Gago, M., Jones, D. C., and Kato, T. 2010. Assessing Mondragon: Stability and Managed Change in the Face of Globalization. *William Davidson Institute, Working Paper* NO: 1003.
- Argwings-Kodhek, G. 2004. *Feast and Famine: Financial Services for Rural Kenya*. Tegemeo Institute of Agricultural Policy and Development, Egerton University.
- Asnarulkhadi, A.S. and Faroborz A. 2011. The Theoretical and Conceptual Framework and Application of Community Empowerment and Participation in Processes of Community Development in Malaysia. *Journal of American Science*, 7(2): 186-195.
- Ayadi, F. O. 2012. Community Banks, Poverty Alleviation and Rural Development in Nigeria: A Re-orientation. *African Journal of Business and Economic Research*, 7(2 and 3): 171-192.
- Babbie, E. and Mouton, J. 2010. *The Practice of Social Research* (12th Ed.). Michigan: Wadsworth Cengage
- Battler, J.K. 2012. *The SAGE Encyclopedia of Qualitative Research Methods: Case Study*. London: SAGE Publications.

- Beesley, A. 2009. *School Feeding in Kwazulu-Natal: Challenges Faced by Local Women's Co-Operatives as Service Providers*. Masters of Development Studies, University of KwaZulu-Natal.
- Bernard, T. and Spielman, D. J. (2009). Reaching the Rural Poor through rural producer Organizations? A Study of Agricultural Marketing Cooperatives in Ethiopia. *Food Policy*, 34(1): 60-69
- Bertulfo, L.T.Y. Women, Co-op and Peace Work, in Emmanuel, J. and Macpherson, I. 2007. *Co-operatives and the Pursuit of Peace*, 105-112. Victoria: British Columbia Institute for Co-operative Studies.
- Bhandari, H. and Yasunobu, K. 2009. What is Social Capital? A Comprehensive Review of the Concept. *Asian Journal of Social Science*, 37: 4880-510.
- Bhattacharyya, J. 2004. Theorizing Community Development. *Journal of the Community Development Society*, 34(2): 5-34.
- Bhattacharjee, A. 2012. *Social Science Research: Principles, Methods, and Practices* (2 ed.). Tampa: University of South Florida
- Bourdieu, P. 1986. *The forms of capital*. In J. Richardson (Ed.) *Handbook of Theory and Research for the Sociology of Education*. New York, Greenwood, 241-258.
- Bourdieu, P. 2012. Forms of Capital. In: Longhofer, W& Winchester, D. (eds.). *Social Theory re-wired: New connections to classical and contemporary perspectives*. NY: Routledge
- Braverman, A., Guasch, L., Huppi, M., and Pohlmeier, L. 1991. *Promoting Rural Cooperatives in Developing Countries: The Case of Sub-Saharan Africa*. World Bank Discussion Paper, Washington: The World Bank.
- Bryman, A. 2016. *Social Research Methods (5th edition)*. United Kingdom: Oxford University Press.
- Burns, N. and Grove. S.K. 2003. *The practice of nursing research: Conduct, critique and utilization*. Toronto: WB Saunders.
- Calvin, B., and Coetzee, G. 2010. *A Review of the South African Microfinance Sector: Background Papers*. Pretoria: Centre for Microfinance, University of Pretoria.
- Chambo, S.A. 2009. 'Agricultural Co-Operatives: Role In Food Security And Rural Development', *Paper Presented to Expert Group Meeting on Cooperatives*, New York.

- Coleman, J. S. 1988. "Social Capital in the Creation of Human Capital". *American Journal of Sociology Supplementary* 94: 95–120.
- Coleman, J. S. 1990. *Foundations of Social Theory*. Cambridge, MA: Harvard University Press.
- Coleman, JS. 2000. Social Capital in the Creation of Human Capital. In: Dasgupta, P & Seralgedin, I. (eds) *Social Capital: A Multifaceted Perspective*. The International Bank for Reconstruction and Development: Washington DC: The World Bank.
- Companies and Intellectual Property Commission. 2014. *Annual Report 2012/13*. Retrieved 13 January 2019, from http://www.cipc.co.za/files/9513/9989/7347/CIPC_ANNUAL_REPORT_2013.pdf
- Companies and Intellectual Property Commission. 2015. *Annual Report 2013/14*. Retrieved 13 January 2019, from https://www.thedti.gov.za/parliament/2014/CIPC_AR2014.pdf
- Co-operative Banks Development Agency and the South African Reserve Bank. 2013. *Combined Annual Report of the Supervisors of the Co-operative Banks Development 216 Agency and the South African Reserve Bank*. Retrieved 16 March 2019, from, <http://www.treasury.gov.za/coopbank/publications/Cooperative%20Banks%202012%20final.pdf>
- Cooperative Development Institute. 2011. *History of Cooperatives: The Early Origins of Cooperatives*. Retrieved 16 May 2019, from <http://www.cdi.coop/historyofcoops.html>.
- Creswell, J.W. 2012. *Educational Research: Planning, Conducting and Evaluating Qualitative and Quantitative Research*. 4th ed. Boston: Pearson Education, Inc.
- Creswell, J. 1994. *Research design: Qualitative and quantitative approaches*. London: Sage Publications
- Davids, I, Theron, F. and Maphunye, K.J. 2009. *Participatory development in South Africa: A development management perspective*. Pretoria: Van Schaik.
- De Beer, F. C. and Swanepoel, H. J. 1998. *Community Development and Beyond: Issues, Structures and Procedures*. Van Schaik, Pretoria, South Africa.
- De Vos, A.S. 1998. Conceptualisation and operationalisation. In De Vos, A.S. (Ed.), Schurink, E.M. & Strydom, H. *Research at grass roots: A primer for the caring professions*. Pretoria: Van Schaik Publishers.

- Deng, W. and Hendrikse, G. 2014. Cooperative Social Capital – Towards a Lifecycle Perspective.
- Department of Agriculture Forestry and Fisheries (DAFF). 2014. *Cooperatives Data Analysis System (CODAS) 2013/14*, Retrieved 12 July 2019, from www.codas.agric.za/codas
- Department of Agriculture, Forestry and Fisheries (DAFF). 2011. Annual Report on the Status of Agricultural Cooperatives, Retrieved 30 May 2019, from www.nda.agric.za/doadev.
- Department of Trade and Industry. 2004. *A Co-operative Development Policy for South Africa*. Pretoria: Department of Trade and Industry.
- Department of Trade and Industry. 2004. *Co-operative Development Strategy for South Africa*. Pretoria: Department of Trade and Industry.
- Department of Trade and Industry. 2009. *The DTI Baseline Study of Cooperatives in South Africa*. Pretoria: Department of Trade and Industry.
- Department of Trade and Industry. 2010. *Briefing on the Development and Support Programmes for Cooperatives: Empowerment and Enterprise Development Division (EEDD)*. Pretoria: Department of trade and Industry Retrieved 15 November 2018, from http://www.dti.gov.za/parliament/082510_dti_State_of_Co-ops.pdf.
- Department of Trade and Industry. 2012. *The DTI Integrated Strategy on the Development and Promotion of Co-operatives: Promoting an Integrated Co-operative Sector in South Africa 2012 – 2022*. Pretoria: Department of Trade and Industry, Retrieved 15 June 2019, from http://www.dti.gov.za/economic_empowerment/docs/coops/legis_policy/coop-strategy.pdf.
- Department of Trade and Industry. 2014. *Youth Enterprise Development Strategy 2013-2023*. Pretoria: Department of Trade and Industry. Retrieved 15 March 2019, from <http://www.thedti.gov.za/DownloadFileAction?id=911>
- Derr, J. B. 2013. *The Cooperative Movement of Brazil and South Africa*. Rosa Luxemburg Stiftung Southern Africa.
- Develtere, P., Pollet, I., and Wanyama, F. (Eds.). 2008. *Cooperating out of Poverty The Renaissance of the African Cooperative Movement*. Geneva: International Labour Office.

- Dlamini, T. R. 2010. *Collective Farming: Elements Constituting an Effective Agricultural Co-operative, the Case of Three Co-operatives in the uMgungundlovu District*. Master of Agriculture (Food Security), University of KwaZulu-Natal.
- Dogarawa, A.B. 2005. *The role of Cooperative in Societies in Economic Development*. MPRA Paper 23161, University Library of Munich.
- Evans, R. G. 1994. *The Law of South Africa: Co-operative Societies*. Durban: Butterworths
- Field, J. 2003. *Social Capital*. New York: Routledge.
- Field, J. 2008. *Social Capital* (2nd edition). New York: Routledge.
- Food and Agriculture Organisation (FAO). 2012. 'Agricultural Cooperatives: Paving the Way for Food Security and Rural Development', *International Year of Cooperatives*. Retrieved 16 March 2019, from, www.fao.org
- Fukuyama, F. 1995 *Trust: The Social Virtues and the Creation of Prosperity*. New York: Free Press.
- Fukuyama, F. 2001. "Culture and Economic Development: Cultural Concerns", in Smelser, N. J. and Baltes, P. B. (eds) *International Encyclopedia of the Social and Behavioural Sciences*. Oxford, UK: Pergamon, 3130–3134.
- Gadzikwa, L., Lyne, M. C., and Hendriks, S. L. 2007. Horizontal Coordination and Free riding in a Group of Certified Organic Crop Growers: An Empirical Study of the Ezemvelo Farmers' Organization in KwaZulu-Natal, South Africa. *African Journal of Agricultural Resource Economics*, 2(1): 129-149.
- Galab, S. & Chandrasekhara, N. 2003. Women's Self-Help Groups, Poverty Alleviation and Empowerment. *Economic and Political Weekly*, 38(12/13): 1274-1283.
- Gamba, P. and Komo, I. 2004. Evolution, Growth and Decline of the Co-operative Sector. *A Paper prepared for the Centre for Governance & Development (CGD)*.
- Genesis Analytics. 2014. *Understanding Financial Co-operatives: South Africa, Malawi and Swaziland*. Johannesburg: Firmmark Trust.
- Gicheru, E.N. 2012. *Engaging Co-operatives in Addressing Local and Global Challenges: The Role of Co-operatives in Generating Sustainable Livelihoods*. Paper presented at the Global Forum: Co-operatives Harnessing the Co-operative Advantage to Build a Better World, Addis Ababa, Ethiopia.

- Gilchrist, A and Taylor, M. 2011. *The short guide to community development*. The University of Bristol: The Policy Press.
- Gyllström, B. 1991. *State Administered Rural Change: Agricultural Cooperatives in Rural Kenya*. London: Routledge.
- Hannan, R. 2014. The Institution of Co-operation: A Pathway from Governance to Spillover and Poverty Reduction. *Journal of Co-operative Organization and Management*, 2(1): 34-42.
- Hardy, M. and Bryman, A. 2011. *Handbook of Data Analysis*. London: SAGE Publications.
- Henry, H. and Schimmel, C. 2011. *Cooperatives for people-centred rural development. International Labour Office Rural Policy Briefs*.
- Holloway, I (ed). 2005. *Qualitative Research in Health Care*. New York: University Press.
- Holmen, H. 1990. *State, Cooperatives and Development in Africa*. The Scandinavian Institute of African Studies, Uppsala.
- Hussain, M.S. 2014. The Role of Cooperative Organizations in Rural Community Development in Nigeria: Prospects and Challenges. *Academic Research International*, 5(3), 189-197.
- International Cooperative Alliance. 1995. *Co-operative identity, values & principle*. Retrieved 15 June 2019, from <http://ica.coop/en/whats-co-op/co-operative-identity-values-principles>.
- International Cooperative Alliance. 2007. *Cooperative Principles and Values: International Cooperative Alliance Principles and Values*. Retrieved 6 March 2019, from <http://www.cdi.coop/icaprinciples.html>
- International Labour Organization. 2013. *19th International Conference of Labour Statisticians*. Geneva. Retrieved 18 March 2019, from, https://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/meetingdocument/wcms_222036.pdf
- Ishihara, H. and Pascual, U. 2013. *Re-Politicizing Social Capital: Revisiting Social Capital and Collective Action in Common Pool Resource Management*. UNU-IAS Working Paper No. 170. Retrieved 17 March 2019, from http://archive.ias.unu.edu/resource_centre/Working-Paper-170_Hiroe_Ishihara.pdf

- Isidiho, A.O. and Sabran, S.B. 2016. Evaluating the Top-Bottom and Bottom-Up Community Development Approaches: Mixed Method Approach as Alternative for Rural Un-Educated Communities in Developing Countries. *Mediterranean Journal of Social Sciences*, 7 (4): 266-273.
- Izekor, O. and Alufohai, G. 2010. Assessment of Cooperative Societies Effectiveness in Agricultural Credit Delivery in Ikpoba Okha Local Government Area, Edo State, Nigeria. *Nigeria African Journal of General Agriculture*, 6(3): 139-143.
- Jara, M.K. and Satgar, V. 2008. *International Cooperative Experiences and Lessons for the Eastern Cape Cooperative Development Strategy: A Literature Review*. ECSECC Working Paper.
- Kanyane, M. H. 2009. Co-operatives as Part of Social Security Mainstream for Poverty Alleviation in Selected Municipalities. *Journal of Public Administration*, 44(4): 1123-1137.
- Kelly, S.E. 2012. *The SAGE Handbook of Qualitative Methods in Health Research*. London: SAGE Publications.
- Kothari, C.R. 2004. *Research Methodology: Methods and Techniques (2nd edition)*. New Delhi: New Age International Publishers.
- Kotze, D.A and Kellerman, E.J. 1997. *Development administration and management: a holistic approach* (1st edition). Pretoria: Van Schaik.
- Kotze, D.A and Swanepoel, H. 1983. *Guidelines for practical community development*. Pretoria: Promedia Publications.
- Kumar, V. , Wankhede, K. G. and Gena, H. C. 2015. Role of Cooperatives in Improving Livelihood of Farmers on Sustainable Basis. *American Journal of Educational Research*, 3(10), 1258-1266.
- Kwakyewah, C. 2016. Rethinking the Role of Cooperatives in African Development. *Inquiries Journal*, 8(6).
- Liang, Q., Huang, Z., Lu, H. and Wang, X. 2015. Social Capital, Member Participation, and Cooperative Performance: Evidence from China's Zhejiang. *International Food and Agribusiness Management Review*, 18 (1), 49-78.

- Mabuyakhulu, M. 2010. *Budget Policy Speech 2010/2011*. Retrieved 17 May 2019 from <http://www.kznded.gov.za/Portals/0/BUDGET-SPEECH%20final.pdf>
- Maguire, M. and Delahunt, B. 2017. Doing a Thematic Analysis: A Practical, Step-by-Step Guide for Learning and Teaching Scholars. *Dundalk Institute of Technology*, 8:3351-3364.
- Majee, W. and Hoyt, A. 2011. Cooperatives and Community Development: A Perspective on the Use of Cooperatives in Development. *Journal of Community Practice*, 19(1): 48-61.
- Manthata, G.T. 2017. *Social Capital and Cooperative Enterprise Development: A Case Study in Mpumalanga, South Africa*. Masters of Arts in Sociology, University of South Africa.
- Marshall, C. and Rossman, G.B. 2006. *Designing Qualitative Research* (4th ed). Thousand Oaks, CA: Sage.
- Matavire, M. 2005. *Co-operatives to benefit from Metro's projects*. The Herald
- McWhirther, E.H. 1991. Empowering in Counselling. *Journal of Counselling and Development*, 69 (3): 222-227.
- Mkhize, Z. 2013. *State of the Province Address (KwaZulu Natal)*. Pietermaritzburg: KwaZulu-Natal Provincial Government. Retrieved 25 April 2019, from <http://www.info.gov.za/speech/DynamicAction?pageid=461&tid=99948>.
- Modimowabarwa H. K. and Richard, I. 2015. The Cooperative Landscape in South Africa: Analyzing Critical Issues. *Indiana University Press*, 61(3), 3-14.
- Moodley, S. 2009. *The Impact of Human Values on the Performance of Cooperatives*. Paper presented at the First International Cooperative Conference, International Conference Centre, Durban.
- Morgan, D.L. 2013. *Integrating Qualitative and Quantitative Methods: A pragmatic Approach*. London: SAGE Publications (Chapter 3: Research Design and Research Methods).
- Mouton, J. 2001. *How to succeed in your Master's and Doctoral Studies: South African Guide and Resource Book*. Pretoria: J.L van Schaik.
- Mthembu, N. 2008. *Perceptions of Barriers to Market Participation among Three Farmer Groups in Rural KwaZulu-Natal*. Master of Agriculture in Food Security, University of KwaZulu-Natal.

- Muthuma, E. W. 2011. *Economic Cooperation in Kenyan Credit Cooperatives: Exploring the Role of Social Capital and Institutions*. Doctor of Philosophy, University of the Witwatersrand.
- Myers, M.D. 2009. *Qualitative Research in Business & Management*. Sage Publications, Thousand Oaks, CA.
- Nannyonjo, J. 2013. *Enabling Agricultural Cooperatives through Public Policy and the State: The Case of Uganda*. Retrieved 20 June 2018, from [http://www.unrisd.org/80256B42004CCC77/\(httpInfoFiles\)/FA3911B9091BF39BC1257B7200356723/\\$file/Justine%20Nannyonjo.pdf](http://www.unrisd.org/80256B42004CCC77/(httpInfoFiles)/FA3911B9091BF39BC1257B7200356723/$file/Justine%20Nannyonjo.pdf)
- Narayan, D. (ed). 2002. *Empowerment and Poverty Reduction: A Sourcebook*. The World Bank. Washington D.C.
- Nefale, T.A. 2016. *The Role of Agricultural Cooperatives in Poverty Reduction: A Case Study of Selected Cooperatives in the Four Local Municipalities of Vhembe District Municipality, Limpopo Province, South Africa*. Masters of Science in Agriculture, University of Venda.
- Nganwa, P. 2010. *An Institutional Analysis of South Africa's New Cooperative Act: Evidence from Selected Case Studies in Kwazulu-Natal*. Master of Science in Agriculture, University of KwaZulu-Natal.
- Nilsson, J. 1999. Co-operative Organisational Models as Reflections of the Business Environments. *LTA*, 4(99): 449-470.
- Nwankwo, F., Ewuim, N., and Asoya, N. P. 2012. Role of Cooperatives in Small and Medium Scale Enterprises (SMEs) Development in Nigeria: Challenges and the Way Forward. *African Research Review*, 6(4): 140-156.
- Nyagah, W. N. 2012. *Co-operatives as Potential Channel for Enhancing Financial Inclusion*. Paper presented at the Enhancing Financial Innovation and Access, Abuja, Nigeria
- Ogbeide, O. A. 2015. An assessment of co-operative society as a strategy for rural development in Edo State of Nigeria. *The Journal of Rural and Community Development*, 10(1): 94-108

- Okem, A.E. 2016. *The Implementation of Cooperative Policy: Perceptions from Cooperatives in the uMgungundlovu District Municipality*. Doctor of Philosophy, University of KwaZulu-Natal.
- Oluwakemi, E.F., Cornelius I.A. and Bolaji, G.A. 2012. 'Contribution of Cooperative Organisation to Poverty Alleviation in Yewa North Local Government Area of Ogun State, Nigeria. *Journal of Hum Ecol*, 40: 189-196
- Ortmann, G. F., and King, R. P. 2006. *Small-scale farmers in South Africa: Can Agricultural Cooperatives Facilitate Access to Input and Product Markets?* University of Minnesota, Department of Applied Economics.
- Paisey, C. and Paisey, N.J. 2010. Comparative Research. *Journal of Accounting & Organizational Change*, 6(2): 180-199.
- Parliamentary Monitoring Group. 2010. *Development and Support Programmes for Cooperatives: Deputy Minister of Trade and Industry Briefing*.
- Philip, K. 2003. 'Cooperatives in South Africa', Their Role in Job Creation and Poverty Reduction, [online], Retrieved 22 April 2019, from www.waqfacademy.org
- Phillips, R. and Pittman, R.H. 2009. *An Introduction to Community Development*. New York: Routledge.
- Provincial Planning Commission. 2014. *Kwazulu-Natal Provincial Growth and Development Plan 2011 - 2030*. Pietermaritzburg: Provincial Planning Commission. Retrieved 27 February, 2019, from <http://www.kznppc.gov.za/Portals/0/Documents/13-09-11%20PGDP%20Version%2029%203.pdf>
- Putnam, R. 1993. *Making Democracy Work: Civic Traditions in Modern Italy*. Princeton, NJ: Princeton University Press.
- Putnam, R. 2000. *Bowling Alone: The Collapse and Revival of American Community*. New York: Simon and Schuster
- Randolph, J. 2019. A Guide to Writing the Dissertation Literature Review. *Practical Assessment, Research and Evaluation*, 14 (13), 1-14.
- Rauschmayer, F., Polzin, C., Mock, M., and Omann, I. 2018. Examining Collective Action Through the Capability Approach: The Example of Community Currencies. *Journal of Human Development and Capabilities*, 19 (3): 345-364

- Republic of South Africa. 2000. *Co-operative Bill. Government Gazette. Vol 425(4794).*
- Republic of South Africa. 2003. *Broad Based Black Economic Empowerment Act 53 of 2003.*
Pretoria: The Presidency.
- Republic of South Africa. 2005. *Co-operatives Act 14 of 2005.* Pretoria: Department of Trade and Industry. Retrieved 15 March 2019, from <http://www.cipro.co.za/legislation%20forms/coops/Co-operativesAct14of2005.pdf>.
- Republic of South Africa. 2005. *Co-operatives Bill. Government Gazette. Number 27257.*
- Republic of South Africa. 2013. *Act No. 6 of 2013: Co-operative Amendment Act, 2013.*
Pretoria: The Presidency. Retrieved 30 March 2019, from http://www.cipc.co.za/Coops_files/Act6of2013CooperativesAmendAct.pdf.
- Roelf, W. 2005. Labour, business differ over coop Bill. *Mail and Guardian.*
- Satgar, V. 2007. *The State of the South African Cooperative Sector*, South Africa, [online], Available: www.copac.org.za/files/state [Accessed on 23 March 2019].
- Satgar, V. and Williams, M. 2008. *The Passion of the People: Successful Cooperative Experiences in Africa.* Cooperative Alternative Policy Center.
- Schenck, C.J. and Louw, H. 1995. A People-centered Perspective on People-centered Community Development. *Journal of Social Development in Africa*, 10 (2):81-91.
- Schoeman, N. 2006. *The Co-operative as an Appropriate Form of Enterprise for Black Economic Empowerment*, Masters in Law, University of Free State.
- Swanepoel, H. 1983. *Community Development: Putting Plans into Action.* Juta & Co, Ltd: Crede Press
- Swanepoel, H. and De Beer, F. 2006. *Community Development: Breaking the cycle of poverty*, (4th ed). Pretoria: Juta & Co, Ltd
- Swanepoel, H. and De Beer, F. 2016. *Community Development: Breaking the cycle of poverty*, (6th ed). Pretoria: Juta & Co, Ltd
- Tchami, G. 2007. *Handbook on Cooperatives for use by Workers' Organizations.* Retrieved 28 March 2018, from http://www.ilo.org/wcmsp5/groups/public/@ed_emp/@emp_ent/documents/publication/wcms_094046.pdf

- Thaba, S.C and Mbohwa, C. 2015. The Nature, Role and Status of Cooperatives in South African Context. *World Congress on Engineering and Computer Sciences*, 8 (2): 1-6.
- Theron, F. (ed.). 2008. *The development change agent: a micro-level approach to development*. Pretoria: Van Schaik.
- Tirmizi, S. 2005. *The contribution of levels of social capital to community development*. Retrospective Theses and Dissertations, 1599.
- Valentinov, V. 2004. Toward A Social Capital Theory of Cooperative Organisation, *Journal of Cooperative Studies*, 37 (3): 5-20.
- Van Der Walt, L. 2005. *Co-operatives and entrepreneurs: a partnership for job creation and economic development*. Potchefstroom Business School, University of North West.
- Van Niekerk, J. A. S. 1998. *Cooperative Theory and Practice*. Pretoria: South African Agricultural Union (now known as AgriSA).
- Van Wyk, B. 2002. *Research design and methods: Post-graduate enrolment and throughput* (Lecture Notes). University of Western Cape.
- Van Wyk, C. 2014. East Africa Terror Hazards Tied to Poverty: Africa-wide-featured Analysis. *Africa Conflict Monthly Monitor*, 12-17.
- Venter, E. (2004). The Notion of Ubuntu and Communalism in African Educational Discourse. *Studies in Philosophy and Education*, 23(2-3), 149-160
- Wanyama, F. 2008. *Cooperatives for African Development: Lesson from experience*. Maseno University: School of Development and Strategic Studies.
- Wanyama, F. 2009. *Surviving Liberalization: The Cooperative Movement in Kenya*. Geneva: International Labour Organization.
- Wanyama, F., Develtere, P., and Pollet, I. 2009. Reinventing the Wheel? African Cooperatives in a Liberalized Economic Environment. *Annals of Public and Cooperative Economics*, 80(3): 361-392.
- Yee, S. 2010. *Stakeholder engagement and public participation in environmental flows and river health assessment*. Australia-China Environment Development Partnership River Health and Environmental Flow in China. Project Code: P0018
- Yin, K. 2014. *Case Study Research: Design and Methods (5th edition)*. London: SAGE Publications

Yin, R.K. 2003. *Case Study Research: Design and Methods* (3rd edition). London: SAGE Publications.

Zeuli, K. A., and Cropp, R. 2004. *Cooperatives: Principles and Practices in the 21st Century*. Retrieved 19 February 2019, from <http://learningstore.uwex.edu/assets/pdfs/A1457.PDF>

Zeuli, K. and Radel, J. 2005. Cooperatives as a Community Development Strategy: Linking Theory and Practice. *The Journal of Regional Analysis & Policy*, 35 (1):43-54.

Zeuli, K., Freshwater, D., Markley, D., and Barkley, D. 2004. Cooperatives in Rural Community Development: A New Framework for Analysis. *Journal of the Community Development Society*, 35(2), 17-35.

List of Addendums

1. Permission Request Letter: Motloulela Farming Cooperative

Ms. Pretty Mohlala
The School of Public Leadership
P O Box 610
Bellville
7535
08 March 2019

Cooperative Manager
Motloulela Farming Cooperative
P O Box 72
Burgersfort
1150

REQUEST FOR PERMISSION TO CONDUCT RESEARCH STUDY

Dear Sir/Madam

I am Pretty Mohlala, a Masters student at School of Public Leadership, Stellenbosch University; writing to request permission to conduct research study at your organisation. I am undertaking a research on the topic "The Role of Cooperatives in Community Development: The case of the Motloulela Farming Cooperative in Fetakgomo Tubatse Local Municipality". Based on this topic, you will kindly be requested to assist in providing sincere opinion or response to the questions which will be posed in the interview.

If approval is granted, the interview should take no longer than one (1) hour and to be done on your convenience. The data or results of this study will remain absolutely confidential and to be used on educational purposes only. Should you have any queries pertaining to this research, please contact my research supervisor Dr. Firoz Khan at 021 808 3037 or fkhan@sun.ac.za.

Your approval to conduct this study will be greatly appreciated.

Yours sincerely,



M.P Mohlala

2. Motloulela Farming Cooperative Permission Granting Letter



MOTLOULELA FARMING COOPERATIVE




Permission to use Motloulela Farming Cooperative as case study

Permission is hereby granted to Ms. Pretty Mohlala to use Motloulela Farming Cooperative as a case study for her thesis titled: "The role of cooperatives in community development – the case of Motloulela Farming Cooperative".

Should you have any queries in respect of the above, please contact Ms. M Matjie on 072 844 7401.

Sincerely,

 24/04/2019
M. Matjie

Cooperative Executive Committee

3. Ethical Clearance Letter



Bellville Park Campus / Bellville Park

Kampus: Carl Cronje Drive / Rylaan,

Bellville, 7530, RSA PO Box / Posbus

610, Bellville, 7535, RSA

Tel: +27 (0)21 918 4132, Fax: +27 (0)21 918 4123,

www.spl.sun.ac.za

9 April 2018

To Whom It May Concern

SCHOOL OF PUBLIC LEADERSHIP (SPL)

This letter is to certify that Ms Molebo Mohlala [16811100] research has been approved internally by the School of Public Leadership Ethics Committee and that she is now awaiting the official letter from the Research Ethics Committee (REC). The SPL therefore confirm that Ms Molebo Mohlala can continue with her data gathering and findings.

[Stellenbosch University, School of Public Leadership]

A handwritten signature in black ink, appearing to be 'Werner Burger', written over a circular stamp or seal.

Mr Werner

Burger

Date: 9

April 2018

4. Research Consent Form



UNIVERSITEIT • STELLENBOSCH • UNIVERSITY
jou kennisvenoot • your knowledge partner

STELLENBOSCH UNIVERSITY CONSENT TO PARTICIPATE IN RESEARCH

Dear Cooperative Representatives, Members and Local Residents

My name is Pretty Mohlala, an MPA student at **School of Public Leadership**, at Stellenbosch University. I would like to invite you to participate in a research project entitled: **The Role of Cooperatives in Community Development: The case of the Motloulela Farming Cooperatives in the Fetakgomo Tubatse Local Municipality.**

This is a localized research conducted within Fetakgomo Tubatse Local Municipality. Its findings will contribute to the understanding of the role of cooperatives in community development in the above-mentioned local municipality. Again, it will contribute to the existing literature on cooperatives.

1. PURPOSE OF THE STUDY

The objective of this study is to assess the role of the MFC in their communities. The assessment seeks to establish the extent to which the MFC has contributed to reduce poverty among members and in the community, creating employment opportunities, fostering skills-development, and creating and improving social relations in the community.

2. PROCEDURES

If you volunteer to participate in this study, we would advise you to take note of the following:

- You are a part of a scientifically chosen sample of the population.
- Answer a number of questions regarding your experiences and realities in your cooperative.
- A set of questions will be posed to you for your response
- As you answer, the researcher will either record or take notes; depending on your comfortability.
- The question time will be between 20-30 minutes.

3. POTENTIAL RISKS AND DISCOMFORTS

There are no foreseeable risks, discomforts, inconveniences associated with your participation.

4. POTENTIAL BENEFITS TO SUBJECTS AND/OR TO SOCIETY

This study is of significance as lessons learnt from their comparisons will assist other cooperatives in the South Africa communities and other developing countries to become more effective. In particular, the research will address a practical and urgent problem within Fetakgomo Tubatse Local Municipality as many cooperatives are failing. In addition, community development practitioners will benefit from the research.

5. PAYMENT FOR PARTICIPATION

You will not receive payment for your participation. Where food could be bought during gathering, they will solely be bought for purposes of ensuring that people have food within their convenient space and time for the duration. They should thus not be regarded as compensation.

6. CONFIDENTIALITY

Any information that is obtained in connection with this study and that can be identified with you will remain confidential and will not be disclosed in any form.

7. PARTICIPATION AND WITHDRAWAL

You can choose whether to be in this study or not. If you agree to take part in this study, you may withdraw at any time without any consequence. You may also refuse to answer any questions you don't want to answer and still remain in the study.

8. RIGHTS OF RESEARCH SUBJECTS

You are not waiving any legal claims, rights or remedies because of your participation in this research study.

If you have any questions or concerns about this research, please feel free to contact the researcher: Ms. Pretty Mohlala at T: +27 76 348 0494 and E: mohlalapretty@gmail.com or my research supervisor Professor Firoz Khan at T: +27 21 808 3037 and E: fkhan@sun.ac.za.

Alternatively, if you have questions regarding your rights as a research participant, contact Ms. Maléne Fouché [mfouche@sun.ac.za; 021 808 4622] at the Division for Research Development.

You have right to receive a copy of the Information and Consent form

If you are willing to participate in this study please sign the attached Declaration of Consent and hand it to the investigator

DECLARATION OF CONSENT BY THE PARTICIPANT
--

As the participant I confirm that:

- I have read the above information and it is written in a language that I am comfortable with.
- I have had a chance to ask questions and all my questions have been answered.
- All issues related to privacy, and the confidentiality and use of the information I provide, have been explained.

By signing below, I _____ (name of participant) agree to take part in this research study, as conducted by _____ (name of principal investigator).

Signature of Participant

Date

DECLARATION BY THE PRINCIPAL INVESTIGATOR
--

As the principal investigator, I hereby declare that the information contained in this document has been thoroughly explained to the participant. I also declare that the participant has been encouraged (and has been given ample time) to ask any questions. In addition, I would like to select the following option:

	The conversation with the participant was conducted in a language in which the participant is fluent.
	The conversation with the participant was conducted with the assistance of a translator (who has signed a non-disclosure agreement), and this “Consent Form” is available to the participant in a language in which the participant is fluent.

Signature of Principal Investigator

Date

5. Research Guiding Questions: Sample

The Role of Cooperatives in Community Development: The case of Motloulela Farming Cooperative in Fetakgomo Tubatse Local Municipality

RESEARCH INTERVIEW QUESTIONS

Demographic Information of the cooperative members

- Gender of the participant
- Age of the participant
- Marital status
- Participant's level of education
- Employment status
- Household income

Questions with regard to Motloulela Farming Cooperative

Motloulela Farming Cooperative

- Who is the founder of MFC?
- What motivated the initiation of MFC?

Employment opportunities

- Is your cooperative providing employment within the community?

If yes,

- How many employees do you have?
- How many are permanently employed?
- How many are seasonally employed?
- How much do you pay your seasonal employees per hour?
- How much do you pay your permanent employees per hour?

If no,

- What can be done to ensure employment opportunities within the community?

Financial performance (2017 financial year)

- What was your total turnover during 2017 financial year?
- If you have profit what do you do with it?
- Did you receive any kind of sponsorships/donations?
- If yes, what kind of sponsorship did you receive? And how much was it?
- And if no, how do you finance your cooperative?
- Do you have any loan financing?
- If yes, when did you receive it? Where did you get from and how much was it?
- How much have you paid so far?
- And how much do you pay monthly?
- Do you have members' contribution?
- If yes, how much does each member contribute and how often? E.g. Weekly/Monthly /annually
- Do you have any membership fee?
- If yes, how much is membership fee? And when do you pay it? E.g. when you join

Skills development

- Have you received any training in your cooperative?
- If yes, what kind of training?
- If no, what is the cause of not getting any training?

The role of cooperatives (Poverty reduction)

- Do you think your cooperative is contributing anything towards poverty reduction within members' households?
- If yes, what are the indicators which shows that your cooperative is fighting poverty?
- If no, what do you lack to fight poverty amongst members' households?
- Do you think your cooperative is contributing anything toward poverty reduction within the community?
- If yes, what are the indicators which shows that your cooperative is fighting poverty?
- If no, what do you lack to fight poverty within the community?

- What kind of assistance do you need for your cooperative to fight against poverty within members' households and the community?

Considerable benefits of the MFC to the village

- Are the community members benefiting from the MFC?
- If yes, what benefits are you providing? E.g. discounted prices
- Do you think there is anything that you can do to bring better improvement in the community?